



# ANNUAL REPORT

# 2025



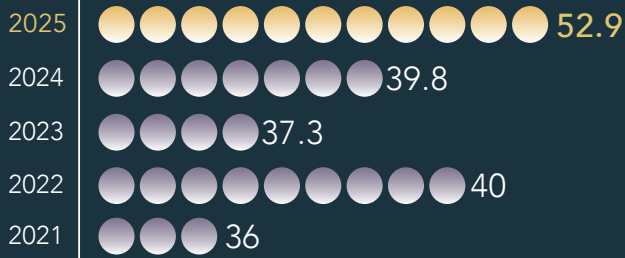
# Plant Location In **KAZAKHSTAN**



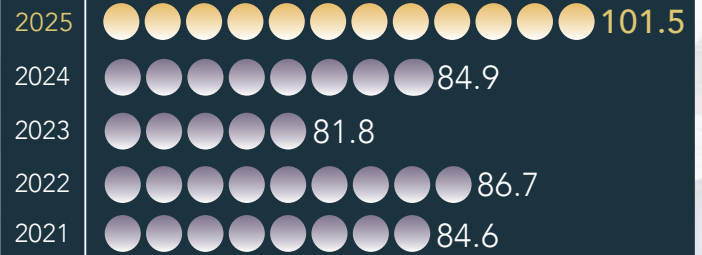
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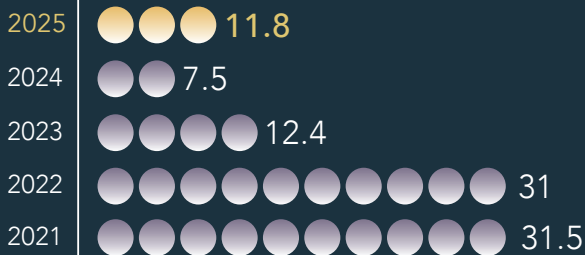
# Financial Highlights



Revenue (KZT Billion)

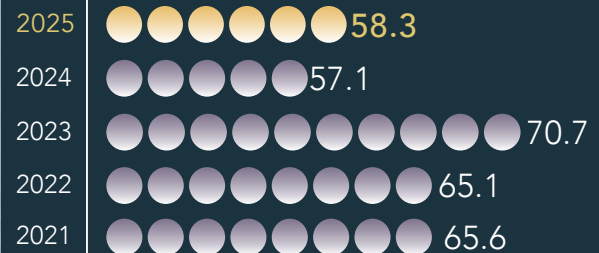


Revenue (USD Million)

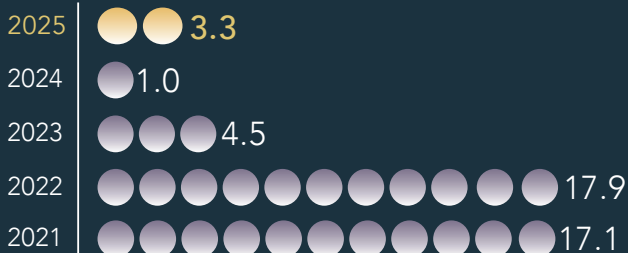


EBITDA\* (USDMillion)

*\*excluding foreign exchange gain/losses arising on devaluation of the Tenge*

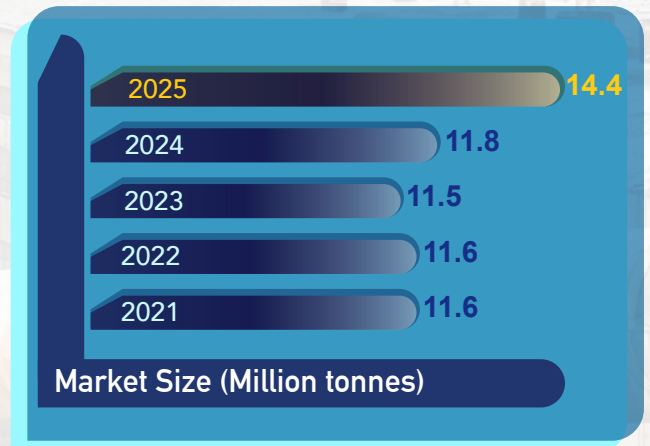
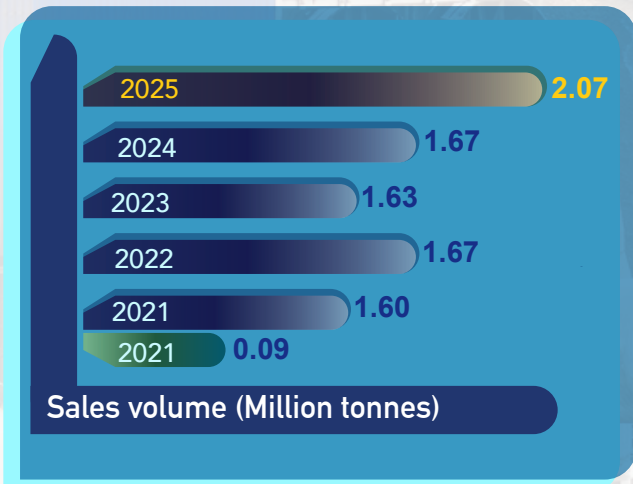


Shareholders Funds (USDMillion)

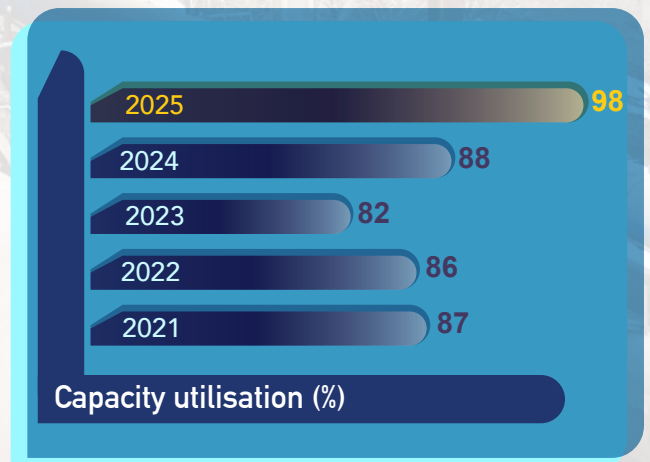
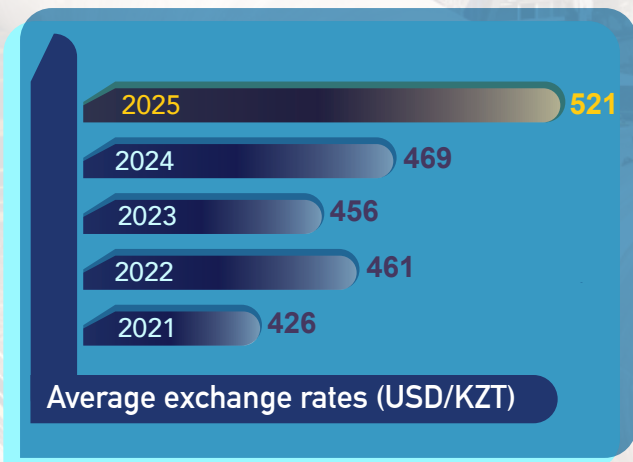


Profit After Tax (USDMillion)

# Operational and Market Data



 Domestic  
 Export



# Financial Data

Data	2021	2022	2023	2024	2025
Gross profit margin (%)	47	43	30	28	28
Profit after tax margin (%)	20	21	6	1	3
Net earnings per share (cents)	8	8	2	0.5	1.5
Return on shareholders funds (%)	26	27	6	2	6
NTA Per Share (cents per share)	30	30	32	26	27
Number of shares issued (million)	219	219	219	219	219

# CORPORATE INFORMATION

## Listing

London Stock Exchange AIM, London  
(Since 15 September 2005)

## AIM Stock Code

STCM

## Country of Incorporation

Federal Territory of Labuan, Malaysia

## Company Registration

LL04433

## Registered Office

Brumby Centre  
Lot 42, Jalan Muhibbah  
87000 Federal Territory of Labuan  
Malaysia

## Kuala Lumpur Office

Suite 10.1, 10th Floor  
Rohas Perkasa, West Wing  
No.8, Jalan Perak  
50450 Kuala Lumpur Malaysia

## Labuan Office

Suite No. 4, Unit Level 9(E)  
Main Office Tower, Financial Park Labuan  
Jalan Merdeka  
87000 Federal Territory of Labuan  
Malaysia

## Main Country of Operation

(Operating Subsidiaries Address)

472380, Aktau Village  
Karaganda Region  
Republic of Kazakhstan

## Company Secretary

TMF Trust Labuan Limited

## Nominated Advisor

Strand Hanson Limited  
26 Mount Row  
London  
W1K 3 SQ, United Kingdom

## Broker

Strand Hanson Limited  
26 Mount Row  
London  
W1K 3 SQ, United Kingdom

## Group Auditor

Moore Stephens Associates PLT  
Unit 3.3A, 3rd Floor, Surian Tower  
No. 1 Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor

## UK Registrar

Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ

## Bankers

Halyk Bank JSC  
Maybank Berhad  
OCBC Bank Malaysia Berhad

## Solicitor

BMF Group LLP  
Alatau Business Center  
151 Abay Street, Almaty  
050009, Republic of Kazakhstan

# Chairman's Statement



While residential construction growth is expected to continue at a moderate pace, infrastructure and non-residential projects are likely to remain significant contributors to overall demand. At the same time, the Board remains mindful of potential risks, including cost inflation, exchange rate volatility and competitive pressures from imports in the southern regions that may eventually spill in the central market. We will be watching for any change of momentum in the market to adapt our strategy quickly.

Dear Shareholders,

After 27 years as Chief Executive Officer of the Company, I have transitioned to the role of Executive Chairman while leaving the CEO role in the capable hands of Petr Durnev. In this new capacity, I look forward to supporting Steppe Cement as it enters its next expansion phase.

Surprisingly, the Kazakh cement market has strengthened following a period of sustained competition and margin pressure over the past three years. Cement demand in Kazakhstan increased by 21%, resulting in higher sales volumes and pricing conditions in local currency terms. Consequently, industry utilisation levels have moved upwards.

The year ended 31 December 2025 was characterised by a strong recovery in construction activity in Kazakhstan. According to official statistics, the total volume of construction work increased by 15.9% year-on-year to KZT 10.7 trillion or 6% of GDP. This expansion was driven mostly by residential construction (estimated at 65%) where 20 million square meters of housing were commissioned, followed by infrastructure (construction of roads, railways and related projects) and by non-residential buildings.

The residential housing sector was driven by the private sector that provided 90% of the supply while public housing was 10%.



*New crane for Line 6 preheater tower.*



*New bag filter for clay chamber.*

Construction growth was geographically widespread, with increased activity recorded in most regions, including significant expansion in the major urban centres of Almaty, Shymkent and Astana and, as well as in the industrial regions.

In addition to residential construction, there was continued investment in social infrastructure, including the commissioning of schools, healthcare facilities and other public buildings during the year.

The outlook for the Kazakh construction sector remains positive. Population growth of more than 200,000 people per year (now reaching 20.5 million), growing urbanisation particularly in the south, residential development and infrastructure investment means that GDP per capita now equals or exceeds that of Turkey or Malaysia.

While residential construction growth is expected to continue at a moderate pace, infrastructure and non-residential projects are likely to remain significant contributors to overall demand. At the same time, the Board remains mindful of potential risks, including cost inflation, exchange rate volatility and competitive pressures from imports in the southern regions that may eventually spill in the central market. We will be watching for any change of momentum in the market to adapt our strategy quickly.

The Company is well positioned to benefit from this environment, supported by its established market position, strong operational capabilities, experienced management team and a very

sound balance sheet. Its location, near the major industrial and urban centres of Astana, Karaganda and Temirtau, and near key raw material sources including limestone, clay, coal, iron ore and slag, continues to be a significant strategic advantage.

The production facilities operated at high utilisation rates for much of the year, reflecting both improved market conditions and the benefits of ongoing operational improvements. Management maintained a disciplined approach to cost control, enabling the Company to respond effectively to increased demand despite continued inflationary pressures, particularly in energy, transport and labour. Import volumes also increased during the year, reflecting regional supply dynamics and price differentials.

The management continues to focus on operational excellence and disciplined expansion. During the year, management implemented a series of improvements that allowed to increase clinker production by 11%.

Following this success, the Board agreed an expansion plan to take production from 2 to 2.5 million tonnes with a budget of USD30 million that includes a new cooler, a new raw mill, rebuilding of the riser duct, new stage 4 cyclones, modifications to the kiln drive, kiln seal, coal mill and cooler heat recovery. The expansion will provide reduced per tonne consumption of coal and electricity and doesn't require any increase in fixed expenses. There will be only a small increase in number of operators

for the new raw mill number 5 with a capacity of 120 tons per hour. Completion is expected by the summer of 2027. We will be providing updates on the construction progress.

The cement making process consumes substantial amounts of energy and emits CO<sub>2</sub> both due to the heating of the materials as well as the chemical reactions in the process. The sector has traditionally reduced these emissions through capital investment, heat recovery projects, alternative fuels use and clinker substitution. The Company has historically reduced its emissions with the closure of the wet lines, the replacement of most of the process filters and substantial improvements in the heat recovery. The energy consumption and emissions are in line with similar factories around the world.

To comply with future ecological standards, Steppe is negotiating a framework agreement with the government that will set up targets in line with worldwide Best Available Technologies standard ("BAT") by 2035. The Company has already committed to spend USD5 million in the next two years to complete the full transition to bag filters



*Clay filter purging system*

from electrostatic precipitators. Once the agreement is completed, we expect the current emission tax to be substantially reduced from its current level of USD1.4 million per year.

The current production expansion underway together with the planned increase of slag use in the production of cement will substantially improve the ecological footprint and lower the energy consumption per tonne.

The Board will continue to keep a cautious approach to capital allocation, prioritising investments that deliver attractive returns while maintaining a strong balance sheet. We intend to use our cash flow to finance the majority of these investments, and we have arranged loans with local banks to cover the rest.

In addition, as part of its commitment to the communities in which it operates, the Company continues to support the village of Aktau through partnerships which have been in place since 1998. We sponsor numerous sport teams in the area and contribute to essential community infrastructure by undertaking major repairs in the heating systems and other municipal utilities. The Company also offers support to employees and ex-employees who experience health issues and provides free annual health medical check-ups to all employees who require them.

Following the improved trading performance in 2025, the Board is reviewing its approach to the allocation between capex and an increased dividend. The final decision will depend upon:

- the Company's cash generation and debt commitments during the year.
- ongoing and planned capital expenditure requirements; and
- prevailing market conditions and outlook.

In April 2026, we managed to complete the first stage of restructuring with the removal of two companies in the group: The intermediary holding Steppe Cement BV and Mechanical and Electrical in Malaysia. Currently the main operating companies in Kazakhstan are Karcement JSC and Central Asia Cement JSC both directly owned by Steppe Cement Bhd. Sdn. in Malaysia. With the current tax code and double taxation treaty in place with



Malaysia, the dividend withholding tax will be 5% up to USD2 million paid to the holding from each Kazakh company and 10% for any amount higher than that.

On 19 November 2025, the Company subscribed to the first tranche of bonds issued by its wholly owned subsidiary, Karcement, amounting to USD10 million pursuant to a sale and purchase agreement entered into by both parties. The bond carries a fixed annual coupon rate of 8%, payable quarterly, and has a maturity period of 10 years from the subscription date. Interest on the bonds is tax free.

The subscription forms part of the approved programme to issue up to USD50 million in bonds, intended initially to refinance the remaining USD13 million outstanding on the loan owed by Steppe Cement Ltd to Karcement. Depending on future market conditions, Karcement can also use this instrument to replace bank debt.

A further step in the restructuring process, involving a holding company already incorporated in the Astana International Finance Centre (AIFC), remains under consideration. Dividends paid by companies incorporated in AIFC to their holding companies are not subject to dividend withholding tax.

On the macroeconomic front, the Kazakhstan Tenge appreciated against the USD during 2025, and the trend has continued well into 2026. This is unusual, as the currency has historically depreciated by approximately 5% per year against the USD, broadly in line with inflation and interest-rate differentials. However, the current political conflicts, the privileged position of Kazakhstan as a big energy production country and its geographic position between China and Russia, point toward a positive short-term outcome for the currency.

Current inflation is 11% and the base interest rate is still high at 18%.

Finally, I would like to thank Mr Xavier Blutel for his many years of service to the Company, and welcome Saida Djarbolova as a new Independent Non-Executive Director. Together with the new CEO, Petr Durnev, Ms Djarbolova will help the Company in the relation with the Government and Kazakh institutions.

On behalf of the Board, I would like to thank our employees, management, customers and shareholders for their continued support.

Yours sincerely,

**Javier del Ser**  
Executive Chairman

# CEO's Statement



Given the strong market fundamentals and the available capacity within our existing infrastructure, we have taken the decision to proceed with a project to increase clinker production capacity on Line 6 from 3,000 tonnes to 4,500 tonnes per day. This project is expected to enable clinker production to exceed 2 million tonnes and cement production to reach approximately 2.5 million tonnes per year. The project is expected to cost USD30 million and is scheduled for completion in the summer of 2027.

Dear Shareholders,

2025 marked a year of recovery for Steppe Cement following a period of significant pressure on margins and profitability.

The operating environment remains challenging. Inflation, particularly in energy and logistics, continues to affect our cost base, while competition in the domestic market remains strong. However, unlike the previous two years, 2025 demonstrated that the actions we have taken are delivering tangible results.

The cement market in Kazakhstan experienced strong growth in 2025, increasing by over 20% to exceed 14 million tonnes. This expansion was supported by ongoing urbanisation and infrastructure development, with demand driven by population growth and housing construction despite a high interest rate environment.

The National Bank of Kazakhstan raised its base rate to 18%, maintaining this level into the first quarter of 2026. This reflects continued efforts to contain inflation, which reached 12.3% in 2025 and remained elevated at around 11% in the first quarter of 2026. High interest rates continue to constrain investment activity but have not materially reduced underlying demand in the construction sector.

The growth of the domestic market has increased its attractiveness for both imports and local producers. Cement imports rose to 1.02 million tonnes, while exports declined to 0.7 million tonnes, down from 0.9 million tonnes in 2024, reflecting increased competition and changing regional dynamics.

Steppe Cement maintained a 14.4% share of the Kazakhstan cement market, supported by increased production volumes.

We achieved a significant increase in production and sales volumes, exceeding 2.07 million tonnes, a 21% increase compared to the same period in 2024. This growth was partly supported by clinker inventories carried over from the previous year, as well as improved operational reliability and our ability to respond effectively to stronger market demand.

The improvements made to Line 6 in recent years are now delivering consistent results. Reliability has increased, production levels have risen, and cost efficiency has improved, providing a solid foundation for further growth. Following clinker production of 1.47 million tonnes in 2024 and a budget of 1.55 million tonnes for 2025, actual production reached 1.63 million tonnes for the year.

Key financial and performance indicators	Year ended 31-Dec 2025	Year ended 31-Dec-2024	Change (%)
Sales tonnes of cement sold (million)	2.07	1.71	21%
Consolidated turnover (KZT million)	52.9	39.8	33%
Consolidated turnover (USD million)	101.5	84.9	20%
Gross Profit (USD million)	28.3	23.4	21%
Consolidated profit before tax (USD million)	5.3	0.1	5100%
Consolidated profit after tax (USD million)	3.3	1.0	220%
Profit per share (US cents)	1.51	0.46	217%
Shareholders' funds (USD million)	58.3	57.1	2%
Average exchange rate (KZT/USD)	521	469	11%
Exchange rate as at year end (KZT/USD)	503	523	(4%)
Cash Position (USD million)	11.4	6.1	89%

In 2025, we returned to a more sustainable and resilient level of profitability.

Revenue increased to USD 101.5 million, up 20% year-on-year, while gross profit rose to USD 28.3 million. EBITDA increased to USD 11.8 million from USD 7.5 million in 2024. Net profit increased to USD 3.3 million, more than tripling compared to the previous year.

This recovery was driven by improved pricing, higher volumes, enhanced operational efficiency, and tighter cost control. While pricing remains under pressure, we have been able to partially offset cost inflation through disciplined commercial and operational management.

We ended the year with a strong cash position of USD 11.4 million, providing flexibility to navigate ongoing market volatility and to fund future investments.

We have successfully resolved the tax disputes of Karcement JSC. and Central Asia Cement JSC. The outcome of the case confirmed the robustness of our accounting practices and our disciplined approach to compliance.

Given the strong market fundamentals and the available capacity within our existing infrastructure, we have taken the decision to proceed with a project to increase clinker production capacity on Line 6 from 3,000 tonnes to 4,500 tonnes per day. This project is expected to enable clinker production to exceed 2 million tonnes and cement production to reach approximately 2.5 million tonnes per year. The project is expected to cost USD30 million and is scheduled for completion in the summer of 2027.

The project will be implemented using proven technologies, with Sinoma, an internationally recognised leader in the cement industry, engaged as the main contractor.

Our strategy remains unchanged:

- maximise operational efficiency,
- protect margins,
- and expand carefully, focusing only on opportunities that genuinely create value.

# CEO's Statement

We will continue to prioritise reliability improvements and targeted investments in our production lines. At the same time, we remain disciplined in capital allocation. We will continue to balance market share with profitability.

## Outlook

We expect market conditions in 2026 to remain stable, supported by underlying domestic demand and continued activity across key sectors. The Company will remain focused on maintaining current production levels, improving efficiency across the business, strengthening its competitive position, and preparing for the next phase of growth by utilising its available capacity expansion opportunities.

The past few years have continued to demonstrate the importance of resilience of the Company, with results from 2025 reflecting the effectiveness of the actions taken across the business to navigate a challenging operating environment while positioning the Company for long-term stability.

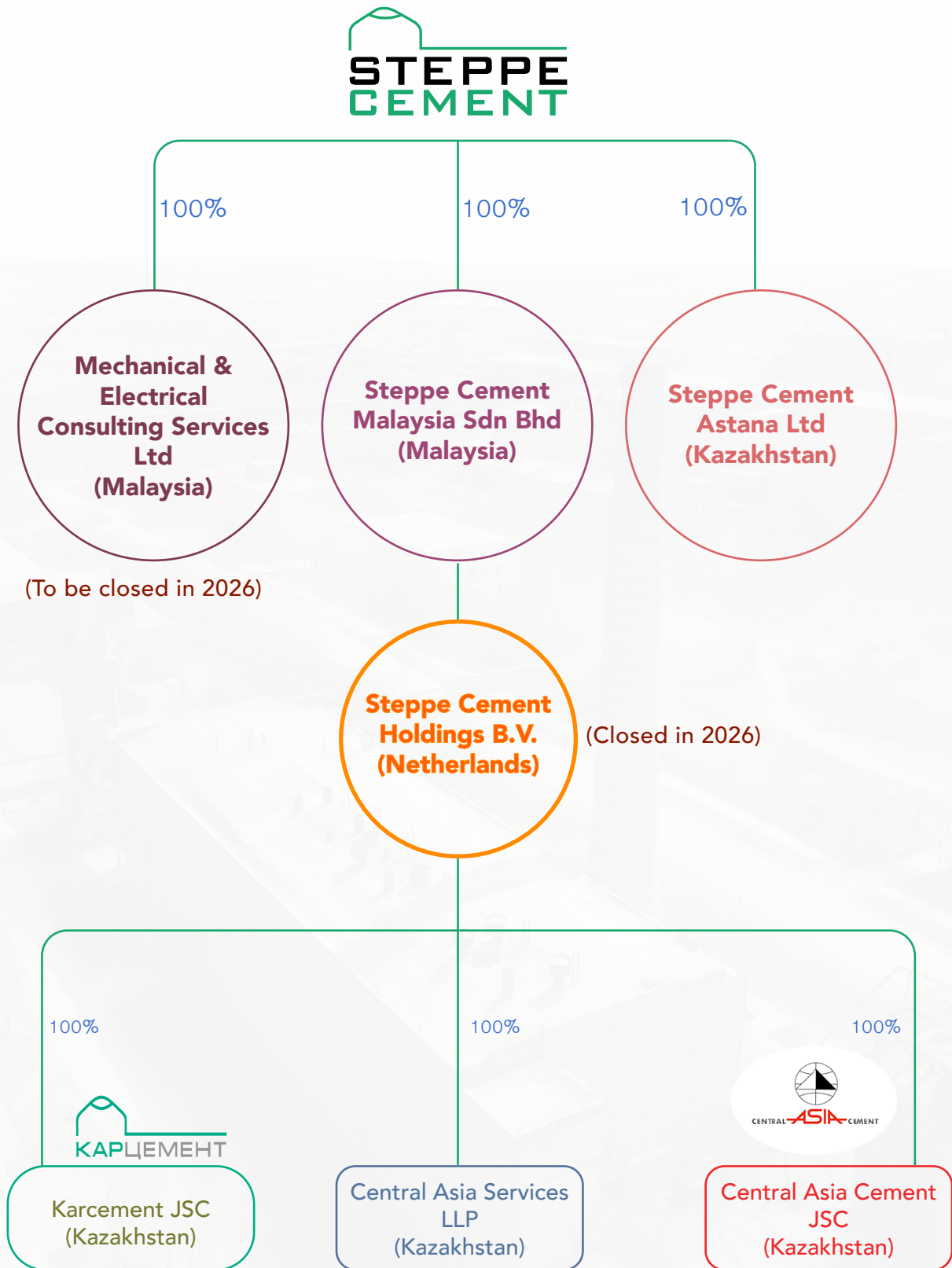
Sincerely,

**Petr Durnev**  
Chief Executive Officer





# GROUP STRUCTURE



# BOARD OF DIRECTORS



**Javier del Ser Perez, 60**, is a Chartered Engineer (Spain), master in Structural Engineering and has a degree in Finance from HEC. Javier has lived in Kazakhstan since 1996, when he was appointed as the Investment Adviser to a large investment fund focused on the country. It was through this role that Javier first became involved with the Group's cement business. He is the Chairman of the Company's operating subsidiaries, Central Asia Cement and Karcement. Javier has other business interests in Kazakhstan. Javier is also a Director of Steppe Cement Astana Ltd, Steppe Cement Holding B.V, Steppe Cement (M) Sdn Bhd and Mechanical and Electrical Consulting Services Ltd.



**Petr Durnev, 48**, joined the company in November 1998 as approximately the 3rd or 4th employee, initially serving as Marketing Director. He subsequently became General Director of Central Asia Cement (CAC) in 2013. His responsibilities have expanded to include marketing, general affairs, legal coordination, administration, government relations, and ecological compliance matters.



**Rupert Wood, 55**, has been involved in Emerging Market Equities since the mid-1990s, predominantly in Central and Eastern Europe. Starting his career at NatWest Markets in 1996 covering Emerging Europe as an Analyst and then in equity sales, he worked at CA-IB/Bank Austria and then at ING, where he managed distribution of Emerging Market Equities to institutional investors as Head of EMEA Equity Sales. He then joined Wood & Co as Head of Sales, before becoming Head of Equities and subsequently Senior Advisor. His wide capital markets experience has spanned the broader EMEA region including Central Asia, Turkey, the Gulf, South Africa, as well as Latin America. He holds degrees from the University of Oxford and the School of Slavonic and East European Studies (SSEES), now a part of University College London (UCL). He is a Board Advisor at Adtones, the mobile advertising technology platform.



**Wan Affan Azam Wan Azmi, 38**, is currently the Chief Operating Officer of Rohas-Euco Industries Berhad, a regional Utility infrastructure, Power & Energy and Telecommunication based company primarily focused on transmission towers and other engineering projects. He was a representative of the Malaysian contingent to the International Galvanizers Conference in Bangkok, Thailand. Wan Affan is involved in the rollout of the JENDELA project (Malaysian nationwide telecommunications expansion for 3G and 4G services), as well as the new 5G national rollout. Wan Affan joined the Board in 2022.



**Saida Djarbolova, 56**, brings extensive international banking experience, having worked at ING for many years, including roles as head of Kazakhstan and Ukraine operations. She has a financial background and has been offered multiple board positions in Kazakhstan since relocating from the Netherlands. Saida accepted the appointment, noting her historical connection to the company dating back to 1996.

# Senior Management



## CENTRAL ASIA CEMENT JSC

### **Petr Durnev, General Director**

A graduate of Academy Marketing Moscow. He has worked in CAC for 28 years rising from marketing executive to his present position. He oversees marketing, logistics, government relations and human resources.

### **Viktoriya Klimushkina, Finance Director**

Viktoriya Klimushkina is a Fellow of the Association of Chartered Certified Accountants (FCCA), and a Certified Public Accountant of the American Institute of Certified Public Accountants (CPA). She is experienced in Corporate Finance, Financial Reporting and Accounting, Risk Management and Internal Controls, Treasury and Insurance.

### **Zilya Khasanova, Chief Accountant**

She holds a Bachelor's Degree in Accounting and Audit from the Karagandy Economical University of Kazpotrebsouz and has worked for 34 years in the cement industry.

### **Oksana Horishenko, Personnel Manager**

Oksana Horishenko is a holder of a Master Degree in Document Management. She has 25 years of experience in Human Resource Management.



## KARCEMENT JSC

### **George Rozario Ramesh, General Director**

A Mechanical Engineer by profession with a Master Degree in Business Management (Finance & Marketing) from India. He has about 30 years of experience in the dry process cement industry in various countries (India, Malaysia & Singapore), handled plant improvement projects, operational reliability, methodology development and maintenance. Before joining Karcement in September 2007, he worked as Maintenance & Project Manager for Holcim (Malaysia) and prior to that, with Lafarge (Malaysia). He was the Project Manager of the Line 5 dry line modernization Project in Karcement which was successfully commissioned in 2014.

### **Srinivasa Reddy, Maintenance Head**

A Mechanical Engineer from India and a graduate from the National Institute of Technology, Warngal with strong academics. He joined us in 2008 with 19 years of dry process cement plants experience. His experience includes greenfield projects execution with latest art of technology built in machinery, plant operation, maintenance and optimization. He had vast experience in vertical mills, ball mills and modern kilns. He also worked in plant upgradation projects in his career. Before joining us, he was working with Holcim (ACC Limited, India) in plant operation, maintenance and optimization of 1 MTPA plant. Apart from maintenance, he has expertise in production and process optimization.

### **Mohammed Ismail, Head of Production, Process and Quality Assurance**

Mohammed Ismail, a Klin expert by profession. Having 35 years of vast experience in dry process cement industry in India and abroad, handled pyro profile, raw mix requirements and optimization, production and planning, refractory management, handling of alternative fuels (Hazardous and non-hazardous materials substitution rate till 30%), handling WHRS (Waste Heat Recovery System). Before joining Kar Cement, He served at VICAT cements in India as Deputy General Manager for Process Production and Quality Control for 7 years. Handled two green field projects, one in abroad Saudi Arabia in SPCC and two brown field projects in India.

### **Yevgeniya Orlova, Legal Department Chief**

Graduated from Karaganda State University with a Bachelor's Degree in Law and from Ural State University with a Master's Degree in Law. She joined Karcement in 2008 as a Lawyer, and from 2022 she was appointed Chief of the Legal Department.

### **Lidiya Timoshenko, Chief Accountant**

Graduated from Karaganda State Industrial University with a Bachelor's Degree in Accounting and Auditing. 18 years of experience as an Accountant in the manufacturing sector. She has been working in JSC Karcement for 10 years.

# Chairman's Statement on Governance

**We are pleased to present our 2025 Corporate Governance Statement. This Statement describes our approach to corporate governance and the governance practices in place at Steppe Cement and its subsidiaries.**

## OUR VISION

**To be Kazakhstan's leading, most sustainable, profitable, trusted and competitive cement producer.**

## OUR VALUES



# Corporate Governance

## CORPORATE GOVERNANCE

### The Board's role in Corporate Governance

The Board of Directors ("Board") is fully committed and strives to take the necessary measures to uphold the best principles and practices of corporate governance in the Group. Good corporate governance is fundamental to the Group's discharge of its corporate responsibilities and accountability to protect and enhance the financial performance and shareholders' value of the Group. The Board sets the tone by defining and demonstrating the Company's values and standards. The Board recognises that a robust corporate governance framework is essential to effective delivery of the strategy of the Group and ensure the highest standards of integrity.

### Chairman's role in Corporate Governance

The Chairman's role is to ensure that the governance structure remains relevant and appropriate, whilst supporting the Group's strategy and culture and ensuring that the Board delivers effective leadership in order to discharge its duties responsibly and effectively to ensure the long-term success of the Group.

### Compliance with QCA code

Steppe Cement complies with the latest Quoted Companies Alliance Corporate Governance Code ("QCA") guidelines published in 2018. Nonetheless, Steppe Cement adopts the principal requirements of the UK Combined Code of Corporate Governance (Combined Code), as far as practicable, to ensure high standards of corporate governance.

Steppe Cement is not required to comply with the Combined Code published by the UK Financial Reporting Council. The Combined Code applies to companies listed on the Main Board but not AIM companies.

The QCA has published a set of corporate governance guidelines for as a minimum standard to follow for companies, such as those listed on AIM, which adopt the QCA. The QCA guidelines are less rigorous than the Combined Code and recommendations, examples of which include the following:

- Separation of Chairman and Chief Executive Officer (CEO) roles - both roles should not be performed by the same individual.
- Independent Non-Executive Directors - at least two independent non-executive Directors, one of whom may be the Chairman.
- Establishment of Audit, Remuneration and Nomination Committees and that Audit and Remuneration Committees should comprise at least two independent Non-Executive Directors.
- Re-election of Directors - All Directors should be submitted to re-election at regular intervals subject to continued satisfactory performance of the Directors.
- Dialogue with shareholders - there should be a dialogue with shareholders based on mutual understanding of objectives.
- Matters reserved for the Board - there be a formal schedule of matters specifically reserved for the Board's decision.
- Timely information - the Board should be supplied with timely information to discharge its duties.
- Review of internal controls annually. The review should encompass all material controls including financial, operational and compliance controls and risk management systems

The application of the principles of the QCA code by Steppe Cement are published on Steppe Cement's website.

# Corporate Governance

## BOARD OF DIRECTORS

The Board's primary objective is to protect and enhance long-term shareholders' value. The Board is responsible for:

formulating the Group's strategic direction and major policies;

- review performance of the Group and monitor the achievement of management's goals;
- approval of the Group's financial statements, annual report and announcements;
- approval of Group's operational and capital budgets;
- approval of major contracts, capital expenditure, acquisitions and disposals;
- setting the remuneration, appointing, removing and creating succession policies for Directors and senior executives;
- the effectiveness and integrity of the Group's internal control and management information systems; and
- overall corporate governance of the Group.

## BOARD PROCESSES

The Board has established a framework for the management of the Group including a system of internal control, risk management practices and the establishment of appropriate ethical standards. The Board holds regular meetings to discuss strategy, operational matters and any extraordinary meetings at such other times as may be necessary to address any specific and significant matters that may arise. The Board has determined that individual Directors have the right qualification and experience to perform their duties and responsibilities as Directors.

## BOARD COMPOSITION

The Board has two Independent non-executive Directors, out of a total of five Board Members. The Board composition reflects the balance of skills and expertise to ensure that these are in line with the Group's strategies.

There is a clear segregation of roles of between the Chairman and CEO. The Chairman is responsible for leadership and management of the Board and ensures that it operates effectively and fully discharges its responsibilities. The Board has delegated responsibility for the day-to-day management and operations of the Group in accordance with the objectives and strategies established by the Board to the CEO and the senior management.

One of the two Independent Non-Executive Directors is appointed as the Senior Independent Director to act as a sounding board and intermediary for the Chair, other board members and shareholders as necessary, as well as to leading the performance review of the Chair.

## Independence

The Independent Non-Executive Directors are responsible for providing independent advice and are considered by the Board to be independent of management and free from any business or relationship that would materially interfere with the exercise of independent judgment as a member. No one individual in the Board has unfettered powers of decision and no Director or group of Directors is able to unduly influence the Board's decision making. This enables the independent Directors to debate and constructively challenge the management on the Group's strategy, financial and operational matters.

## Selection and appointment of Directors

The mix of skills, business and industry experience of the Directors is considered to be appropriate for the proper and efficient functioning of the Board. The Board has delegated the functions of selection and appointment of Directors to the Nomination Committee, including the annual review of the structure, size, composition and balance of the Board.

Section 87(1) of the Labuan Companies Act provides that every Company shall have at least one director who may be a resident Director. Section 87(2) states that only an officer of a trust company established in Labuan shall act or be appointed as a resident Director. The Company's Articles provide that there shall be at least one and not more than 7 Directors.

# Corporate Governance

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required to supervise the Company adequately is determined within the limitations imposed by the Company's Articles and as circumstances demand.

## Performance evaluation

The Board conducts regular evaluations of its performance and the effectiveness of the Board Committees. The performance of the Chairman and individual Directors is continually assessed to ensure that each director continues to contribute effectively and demonstrates commitment to the role.

## Re-election of Directors

Every year, the Directors offer themselves for re-election and their re-election is subject to the shareholders approval at the Company's Annual General Meeting.

## Remuneration policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board has delegated the setting of broad remuneration policy to the Remuneration Committee. The purpose of the policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

## Independence advice and insurance

The Board may seek the advice of independent consultants at the Company's expense in relation to Director's rights and duties - the engagement is subject to prior approval of the Chairman and this will not be withheld unreasonably. The Company maintains a Directors' and Officers' Liability Insurance policy that provides appropriate cover in respect of legal action brought against its Directors.



# Corporate Governance

## BOARD COMMITTEES

The Board has established the Nomination Committee, the Remuneration Committee and the Audit Committee and delegated certain functions to these committees as set out in each Committee's Terms of Reference.

### Board Meetings

During the year ended 31 December 2025, board meetings were held.

The following is the attendance record of the directors:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Xavier Blutel (Independent Non-Executive Chairman)	5	5	4	5
Javier Del Ser Perez (Chief Executive Officer)	5	N/A	N/A	5
Rupert Wood (Independent Non-Executive Director)	5	5	4	5
Wan Affan Wan Azmi (Non-Executive Director)	5	-	-	-

### Subsequent Events

Subsequent to 31 December 2025, on 13 January 2026 Xavier Blutel resigned as Independent Non-Executive Chairman, Javier Del Ser Perez was appointed as Executive Chairman, Saida Djarbolova was appointed as Independent Non-Executive Director and Petr Durnev as Chief Executive Officer.

Committee meetings are normally held concurrently with, or shortly before, board meetings.

### Nomination Committee

The Committee comprises of majority independent Non-Executive Directors. The Terms of Reference of the Nomination Committee was approved by the Board. The Nomination Committee meets at least once a year.

The Nomination Committee's members comprise:

1. Rupert Wood (Chairman)
2. Javier Del Ser Perez
3. Saida Djarbolova

# Corporate Governance

The principal objectives of the Committee are to review that the Board structure, size, composition and the mix of skills and expertise to ensure that these are in line with the Group's strategies and to recommend to the Board the potential candidates for directorship. The selection criteria for selection and recruitment of the potential candidates for directorship shall include qualifications of the individual, experience, knowledge and achievements, credibility and background and ability of the candidates to contribute effectively to the Board and Group.

The functions of the Nomination Committee include:

- Review annually the structure, size and composition of the Board, taking into account the Group's strategies;
- Identify and nominate potential candidates to the Board for approval;
- Monitor the appointment process of Directors;
- Recommend to the Board for approval on the re-appointment of Directors;
- Oversee the succession planning of Directors taking into consideration of the Group's strategies;
- Report and make recommendations to the Board on the Committee's activities; and
- Review and update the Terms of Reference at least once a year.

## Remuneration Committee

The Remuneration Committee comprises entirely of independent Non-Executive Directors. The functions of the Remuneration Committee are governed by the Terms of Reference which were approved by the Board. The Remuneration Committee meets at least twice (2) a year. The principal objectives of the Committee are to ensure that the broad remuneration policy and practices of the Group

reflect the level of responsibilities, performance, relevant legal requirements and high standards of governance. In determining such policy, the Committee shall ensure that remuneration levels are appropriately and competitively set to attract, retain and motivate people of the highest quality.

The functions of the Remuneration Committee include:

- Determine and review the broad remuneration policy of the Chairman, CEO, Executive Directors and senior executives;
- Review the contracts for the Chairman, CEO, Executive Directors and the contractual terms;
- Obtain information on the remuneration of other listed companies of similar size and industry;
- Report and make recommendations to the Board on the Committee's activities; and
- Review and update the Terms of Reference every two (2) years, or more frequently as required to ensure its ongoing relevance and effectiveness.

The Remuneration Committee's members comprise:

1. Saida Djarbolova (Chair)
2. Rupert Wood

## Audit Committee

The Audit Committee comprises entirely of independent Non-Executive Directors. The functions of the Audit Committee are governed by the Terms of Reference which was approved by the Board. The Audit Committee meets at least three times (3) a year.

The principal objectives of the Committee are to monitor and review the adequacy, integrity and compliance of the Group's financial reporting and policies, internal controls system and procedures including risk management and compliance, and the external audit process. The Committee shall make the necessary recommendations to the Board to achieve its objectives.

# Corporate Governance

Details on the roles and responsibilities of the Audit Committee are described in the Audit Committee Report.

The Audit Committee's members comprise:

1. Rupert Wood (Chairman)
2. Saida Djarbolova

## BUSINESS CONDUCT AND ETHICS

In the course of business, the Board acknowledges the need to maintain high standards of business and ethical conduct by all Directors, management and employees of the Group. In this respect, the Group has the responsibility to observe local laws, customs and culture of each country in which it operates, in particular Kazakhstan, and to adopt the high standards of business practice, procedure and integrity. All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

### Conflict of interest

All Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists for a Director on a board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

## INVESTOR RELATIONS

The Board recognises and values the importance of managing its relationship with the investing community. The Board is committed and communicates regularly with shareholders on the Group's strategy, financial performance, developments and prospects via issuance of annual and interim financial statements to shareholders, stock exchange announcements and in meetings.

The Group's management meets regularly with fund managers, analysts and shareholders to convey information about the development of the Group's performance and operations in Kazakhstan.

## Annual General Meeting

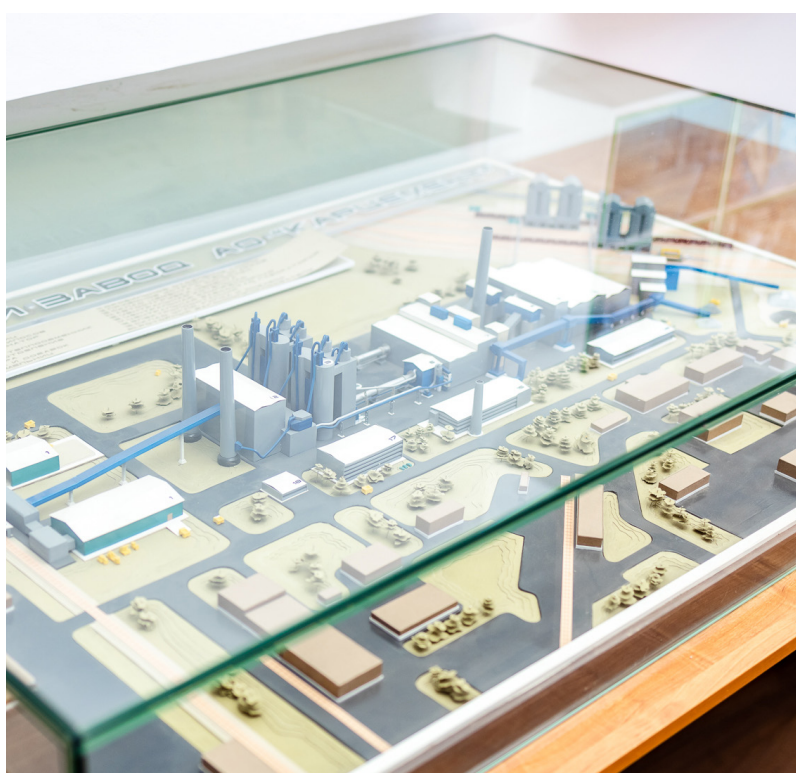
The Annual General Meeting ("AGM") provides the main forum and opportunity for discussion and interaction between the Board and the shareholders. The Board encourages the active participation of shareholders, both individuals and institutional at the AGM on important and relevant matters. The results of the AGM are announced via Regulatory News Service to the public after the AGM.

## INTERNAL CONTROL

The Board places importance on the maintenance of a strong internal control system in the Group, including compliance and risk management practices, to ensure good corporate governance. The Board regularly evaluates and monitors the effectiveness of the internal control system.

### Purpose

The Group's internal control system is designed to safeguard the Group's assets and enhance the shareholders investments. The Group's internal control system is designed to manage rather than fully eliminate the risk of failure to achieve business objectives. Therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.



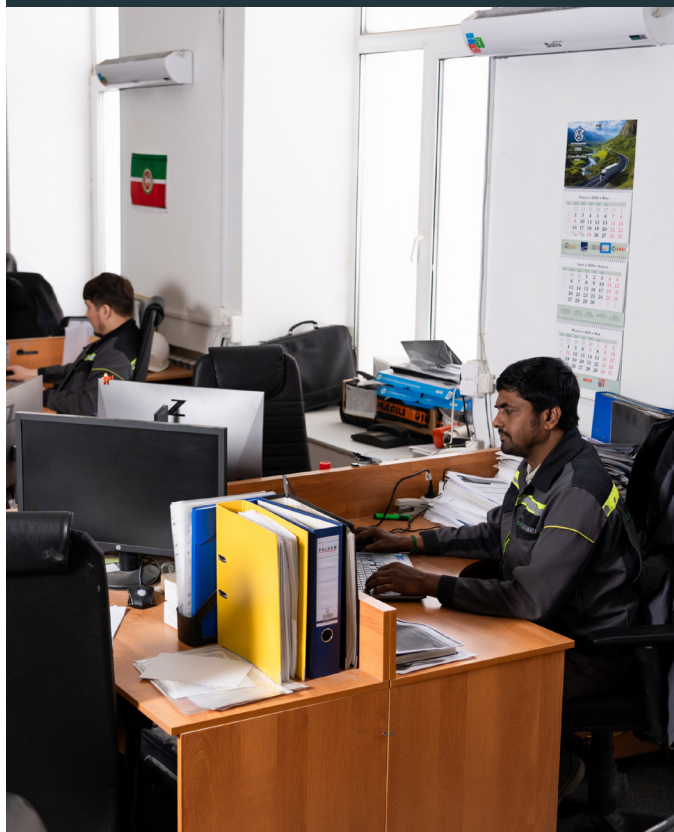
## Key elements

The key elements of the Group's internal control system are:

- Control - an organisational structure is in place with clearly defined levels of responsibility and authority together with appropriate reporting procedures, particularly with respect to financial information and capital expenditure.
- Financial Reporting and Budgeting - A financial reporting and budgeting system with an annual budget approved by the Directors has been established to monitor the performance of the subsidiaries. The management evaluates the actual against budget to identify and explain the causes of the significant variances for appropriate action. The budgets are revised regularly taking into internal and external variables such as performance, costs, capital expenditure requirements, macro outlook and other relevant factors.
- Risk Management and Compliance - Risk management and compliance policies, controls and practices are in place for the Group to identify, assess, manage and monitor key business risks and exposure and for evaluation of their financial impact and other implications.

## Monitoring and review mechanism

The Audit Committee is tasked to monitor and review the adequacy and effectiveness of the internal control system and procedures including risk management and compliance. The Group's internal audit function is responsible for conducting internal audits based on the risk-based audit plan approved annually by the Audit Committee. The internal audit function provides regular reports to the Audit Committee highlighting the observations, recommendations and management action to improve the internal control system. The scope of work, authority and resources of the internal audit function are reviewed by the Audit Committee at annually. The Audit Committee also deliberates on control issues highlighted by the external auditors during the course of statutory audits.



# Nomination Committee Report 2025

## Dear Shareholder

The Nomination Committee had a more active year than usual, starting with the discussion around succession planning and Board structure once the Chairman of the Board (and Independent Non-Executive Director), Mr Xavier Blutel, announced his intention to retire.

With a view to the future, the Committee settled upon the previous CEO, Javier del Ser, stepping up to become Executive Chairman, whilst the long serving General Director of CAC, Petr Durnev, became CEO and has joined the Board.

The search for an Independent Non-Executive Director to join the Board, as well as the interview process, were overseen by the Committee. Candidates were from a range of backgrounds, including those from the cement industry, knowledge of the region and emerging markets (with Kazakh experience a focus), and international finance.

The Committee met regularly to discuss the candidates and reflect upon the pros and cons, before coming to a short list where relevant experience of the local operating environment, time availability and overall compatibility were weighed.

The Committee finally elected to recommend Saida Djarbalova to the Board, bringing over twenty years' experience in international finance and banking, including as a former country head for ING in Kazakhstan and in Ukraine. We are delighted that she has joined the Board, becoming the Chair of the Remuneration Committee as well as joining the Nomination and Audit Committees.

**Rupert Wood**

Chair of the Nomination Committee

# Remuneration Committee Report 2025

Dear Shareholder,

It is with great pleasure that I write to you as the new Chair of the Remuneration Committee to provide an overview of the work undertaken by the Committee in 2025.

The Committee met four times through the year.

January 2025 saw the Committee recommend to the Board that the (broadly indexed) increase of workers' salaries by 8.6% be approved. A further increase in January 2026 of 11% was also recommended and approved. As ever, the Committee, alongside the Board, pays close attention to worker compensation levels, benchmarking against the national average as well as that of the Karaganda region. We remain broadly in line with both of these comparables.

Additionally, the Committee endorsed the management recommendation for a quarter and a half month bonus in August and November for employees in Kazakhstan, which was proposed to and approved by the Board.

No performance-related bonuses were paid to the CEO and the general directors of the local subsidiaries in line with traditional approach.

Given the changes to the Board composition, with the General Director of CAC moving up to become the CEO of the Group and the CEO becoming the Executive Chair, a review of Executive compensation as well as Non-Executive Directors' fees was undertaken.

The Committee recommended to the Board that the starting 2026, new CEO receive an additional USD10,000 in remuneration resulting in USD147,414 starting 2026 (subject to USD/KZT exchange rate), while the compensation level of the Executive Chair was left unchanged, albeit with an adjustment for local inflation.

In light of the additional responsibilities of the incoming Senior Independent Director, an additional USD5,000 was viewed as appropriate.

The outgoing Committee also recommended to the Board that the incoming Independent Non-Executive Director also receive an additional USD5,000 for committee memberships, as well as Chairing the Remuneration Committee henceforth.

The overview of Board compensation for 2024-2025 is as below:

Director Remuneration	The Group		The Company	
	2025	2024	2025	2024
	USD	USD	USD	USD
Xavier Blutel	50,000	50,000	50,000	50,000
Javier der Ser Perez	338,248	346,448	90,000	30,000
Rupert Wood	40,000	40,000	40,000	40,000
Wan Affan Azam Bin Azmi	30,000	30,000	-	-

# Remuneration Committee Report 2025 (cont'd)

The compensation of CEO Javier del Ser has been restated in comparison with the 2024 report, increasing from USD 310,829 to USD 346,448, in order to correct an omission in the earlier audited report. Furthermore, a portion of his remuneration has been reallocated from subsidiaries to the Company as part of an internal restructuring process.

It is worth noting that approximately 60% of executive management compensation, including that of the CEO and Executive Chairman, is denominated in KZT, which results in fluctuations in the USD-equivalent remuneration.

I believe that the decisions made in 2025 reflect a balanced and transparent approach to remuneration across the organisation. The Committee will continue to work towards maintaining and further strengthening governance standards in this area.

**Saida Djarbolova**  
Chair, Remuneration Committee



# Audit Committee Report 2025

## Dear Shareholder

2025 saw the Committee active in reviewing various aspects of the Company's operations, as well as the minimisation of risks to your Company and supervising the Annual Audit, which forms the basis of this Annual Report.

The Committee once again oversaw the engagement with Moore, our Auditor for 2025. The process was smoothed by greater familiarity on both sides, as well as the experience gained during the 2024 audit, with the planning phase working to a schedule to expedite the publication of the 2025 Annual Report and Accounts. Being in its second year of auditing the Company and having no other business engagement with the Company than the audit, the Committee is satisfied that the auditor maintains its independence.

Whilst the restructuring process has been drawn out and complex, the main restructuring of your Company's subsidiaries has largely been completed. The subsidiary, Steppe Cement B.V., domiciled in the Netherlands, is being wound up. Its shareholdings in the key operating subsidiaries Karcement and CAC, as well as CAS, are now held by Steppe Cement Sdn. Bhd., the Malaysian company, which itself in turn remains held by Steppe Cement Ltd, the Labuan company of which you are a shareholder. This restructuring should allow for the resumption of more normal dividend payments to shareholders instead of capital reductions, albeit with a (relatively low) Withholding Tax payable as dividends are streamed to the parent company.

Alongside the Board, the Committee kept a close eye on the Company's efforts to manage its ecological footprint, an issue which is increasingly becoming a focus for the government. Ecological taxes could potentially become an existential issue for much of Kazakh industry, your Company included. The government's ecological programme to reduce emissions and overall pollution continues to evolve. With this in mind, and with a view to both improving our emission levels (notably for sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), CO<sub>2</sub> and dust), we continue to invest in better technology, for example replacing electrostatic filters with more efficient, but costly, bag filters. Moreover, the significant investment we are making in Line 6 will improve our energy efficiency, thereby improving our CO<sub>2</sub> emissions (per tonne). Our long-term environmental capex from 2025 to 2035 stands at some \$9.1m currently. We have engaged consultants to assist with a BAT (Best Available Technology) programme and are holding discussions with the Ecology Ministry to establish a path to mitigate our environmental footprint and reduce our emission taxes which totalled KZT690m in 2025.

Last year also saw the continuation of the Company's efforts to defend itself from tax claims from the tax department in Kazakhstan. Large claims, detailed in the notes to last year's Annual Report, had been made against both CAC and Karcement. The legal department and management team made vigorous efforts to contest these claims, culminating in rulings by the Supreme Court, in favour of both CAC and Karcement.

Our search for a Head of Internal Audit proved unsuccessful, with either experience, salary expectation or location proving to be a stumbling block. We have renewed the search with the assistance of our new Committee member and now have new candidates, from which we hope to select one in the coming months.

The Committee met five times throughout the year, as well as holding many calls, including with the auditor.

**Rupert Wood**  
Audit Committee Chairman

# Environmental and Social Responsibility

## Our Approach

Steppe Cement recognises that long-term business sustainability depends not only on operational and financial performance, but also on responsible environmental management, workforce engagement and maintaining constructive relationships with regulators, customers and the communities in which we operate.

As one of Kazakhstan's largest cement producers, the Group operates in an industry with inherently significant environmental impacts, particularly in relation to energy consumption, atmospheric emissions and carbon dioxide generation. We therefore seek to manage these impacts responsibly while maintaining the competitiveness and resilience of our operations.

The Board believes that a pragmatic and transparent approach to environmental and social ("E&S") matters is consistent with the principles of the QCA Corporate Governance Code and the QCA Environmental and Social Guide. The Company's approach is focused on those E&S matters considered most material to the Group's operations and stakeholders.

## Corporate Values

The Group's core operating values are:

- maintaining safe and reliable industrial operations;
- operating in compliance with environmental and industrial regulations;
- preserving long-term relationships with employees, customers, suppliers and local communities;
- maintaining disciplined financial management and operational efficiency;
- investing in production reliability and environmental improvement;
- acting transparently with shareholders and regulators.

The Company recognises that cement manufacturing has unavoidable environmental impacts, particularly in relation to greenhouse gas emissions arising from clinker production. While technological alternatives remain limited in Kazakhstan and globally, the Group seeks to improve energy efficiency, reduce emissions intensity where practical, and progressively align operations with evolving environmental standards and best available technologies ("BAT").

## Leadership, Oversight and Governance

The Board retains overall responsibility for oversight of environmental and social matters, including climate-related risks, environmental compliance, workforce matters and health and safety performance.

Environmental and operational matters are reviewed regularly by executive management and reported to the Board through operational and financial updates. Day-to-day responsibility for implementation of environmental controls, emissions monitoring, industrial safety and workforce management rests with the operational management team at KarCement JSC.

The Board considers environmental compliance and operational reliability to be strategically linked. Investment decisions relating to production upgrades, filtration systems, monitoring equipment and kiln efficiency are therefore assessed not only on financial returns but also on their environmental and operational benefits.

The Group continues to monitor developments in Kazakhstan's environmental legislation, including evolving BAT requirements, emissions regulation and the potential development of emissions trading mechanisms.

# Environmental and Social Responsibility (cont'd)

## Material Environmental and Social Issues

The Board considers the following matters to be the most material environmental and social topics affecting the Group:

Environmental Topics	Social and Governance Topics
CO <sub>2</sub> emissions from clinker production	Workforce safety and industrial health
Dust, NO <sub>x</sub> and SO <sub>x</sub> emissions	Employee retention and remuneration
Energy efficiency and electricity consumption	Skills retention and technical training
Waste management and alternative fuels	Local community relations
Environmental compliance and BAT implementation	Regulatory compliance and transparency
Water and raw material usage	Long-term licence to operate

These matters were identified based on:

- the operational characteristics of cement manufacturing;
- discussions with management and operational personnel;
- shareholder and regulatory expectations;
- environmental developments in Kazakhstan and internationally;
- the Group's operational risk profile.

## Environmental Performance

The company operates within the standards required in Kazakhstan:

Key Environmental metrics	2025	2024	Target
Cement production (tonnes)	2.06m	1.71m	
Clinker production (tonnes)	1.63m	1.47m	
CO <sub>2</sub> intensity per tonne of cement	0.681	0.684	0.65-0.95
Clinker factor	0.84	0.85	0.8
Number of environmental incidents	1	0	0
NO <sub>x</sub> Kg per ton of clinker	1.4		0.5-1.5
SO <sub>x</sub> Kg per ton of clinker	0.4		0.1-1.2

## Emissions and Environmental Compliance

The Group continues to invest in environmental compliance and emissions monitoring systems across the plant.

Bag filters have been installed on all significant production lines and major emission points.

Continuous emissions monitoring systems ("CEMs") are progressively being implemented to improve emissions measurement and operational oversight.

The Company continues to work with regulators regarding long-term programs for the reduction of dust emissions, nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>)

The Group aims to comply with Kazakhstan's evolving environmental framework and anticipated BAT requirements while maintaining economically sustainable operations.

# Environmental and Social Responsibility (cont'd)

## Carbon Emissions and Clinker Substitution

Cement production generates substantial carbon dioxide emissions due both to:

- the combustion of fuels required to achieve kiln temperatures of approximately 1,500°C; and
- the calcination process inherent in clinker production.

Over recent years the Group has increased the use of blast furnace slag as a clinker substitute in certain cement products, reducing clinker content and associated CO<sub>2</sub> emissions per tonne of cement where product standards and customer requirements permit. The group intends to increase the use of slag and limestone in the coming years to reduce the clinker usage and the intensity of CO<sub>2</sub>.

The Group continues to evaluate opportunities to improve thermal efficiency and reduce specific energy consumption. However, management recognises that commercially viable low-carbon alternatives for large-scale cement production remain limited in the Group's operating markets.

## Alternative Fuels and Waste Management

The use of alternative fuels remains a long-term opportunity for reducing emissions intensity within the cement industry. However, the development of such solutions in Kazakhstan remains constrained by the limited availability of organised waste collection, sorting and processing infrastructure.

The Group continues to monitor regulatory and infrastructure developments that may support future use of alternative fuels or waste-derived energy sources.

## Operational Efficiency and Resource Management

Operational reliability and energy efficiency remain important priorities for the Group.

Recent investment programmes have focused on:

- kiln reliability improvements;
- pre-calciner upgrades;
- automation systems;
- emissions monitoring systems;
- optimisation of heat and electricity consumption.
- Management believes that improving operational stability and reducing unplanned shutdowns contribute both to lower production costs and lower environmental impact per tonne produced.

## Health, Safety and Employees

The Group seeks to maintain safe working conditions across its operations and continues to invest in industrial safety procedures, operational training and equipment maintenance.

The cement industry remains technically specialised. Accordingly, the Group focuses on:

- retaining experienced operational personnel;
- maintaining competitive remuneration;
- supporting workforce stability;
- improving technical capabilities.

# Environmental and Social Responsibility (cont'd)

The Group's average headcount remained broadly stable during 2025, although selected non-core activities, mostly transportation, continue to be outsourced where operationally appropriate.

Health and safety procedures are integrated into operational management processes and monitored continuously at plant level.

<b>Metric</b>	<b>2025</b>	<b>2024</b>
Lost time injuries, days	265	161
Employee headcount	792	794
Average training hours per employee	32	34
Employee turnover	18%	25%

## Communities and Stakeholder Engagement

The Group's principal operations are located in the Karaganda region of Kazakhstan, where the Company remains an important local employer and industrial operator.

Management seeks to maintain constructive relationships with:

- employees;
- local authorities and environmental regulators;
- suppliers and customers;
- local community.

The Group recognises that maintaining its long-term licence to operate depends upon continued compliance, responsible operational conduct and transparent engagement with stakeholders.

## Future Priorities

The Group's near and medium-term environmental and social priorities include:

continued compliance with Kazakhstan environmental legislation and BAT developments and signing a long-term framework agreement;

further improvement of emissions monitoring capabilities;

continued optimization of kiln efficiency and energy consumption through increase of tonnage produce per hour with the same equipment;

evaluation of future clinker substitution opportunities including slag and limestone;

disciplined environmental capital expenditure aligned with operational priorities and financial sustainability;

maintaining workforce stability and operational safety.

The Group expects environmental regulation affecting the cement industry to continue evolving over the coming years and will adapt its investment and operational plans accordingly



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2025  
(In United States Dollar)

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# INDEPENDENT AUDITORS' REPORT

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Steppe Cement Ltd which comprise the statements of financial position as at 31 December 2025, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 42 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards and the Labuan Companies Act 1990.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

We have determined that there are no key audit matters to communicate in our report.

# INDEPENDENT AUDITORS' REPORT (cont'd)

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of Annual Report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with International Financial Reporting Standards and the Labuan Companies Act 1990. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT (cont'd)

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITORS' REPORT (cont'd)

## Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

This report is made solely to the members the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act 1990 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORE STEPHENS ASSOCIATES PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AAL0162)

CHUAH SOO HUAT  
03002/07/2026 J  
Chartered Accountant

Labuan

Date: 25 May 2026

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
Revenue	4	101,544,792	84,923,700	1,949,442	1,490,402
Cost of sales		<u>(73,284,281)</u>	<u>(61,566,422)</u>	<u>-</u>	<u>-</u>
Gross profit		28,260,511	23,357,278	1,949,442	1,490,402
Other income		2,442,342	2,298,646	38,906	87,639
Selling expenses		(13,548,123)	(11,871,228)	-	-
Administrative expenses		(7,916,398)	(8,569,663)	(944,113)	(495,069)
Other expenses		(3,399,119)	(3,841,247)	-	-
Net addition of impairment losses on financial assets	5(c)	<u>(120,077)</u>	<u>(91,838)</u>	<u>-</u>	<u>-</u>
<b>Profit from operations</b>		5,719,136	1,281,948	1,044,235	1,082,972
Finance cost	5(b)	<u>(371,877)</u>	<u>(1,230,368)</u>	<u>-</u>	<u>-</u>
<b>Profit before tax</b>	5	5,347,259	51,580	1,044,235	1,082,972
Tax (expense)/credit	6	<u>(2,029,527)</u>	<u>945,710</u>	<u>-</u>	<u>-</u>
<b>Profit net of tax, for the financial year</b>		<u>3,317,732</u>	<u>997,290</u>	<u>1,044,235</u>	<u>1,082,972</u>
<b>Basic and diluted earnings per ordinary share (cents)</b>	7	<u>1.51</u>	<u>0.46</u>		

**STATEMENTS OF COMPREHENSIVE INCOME (cont'd)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
<b>Profit net of tax, for the financial year</b>		<u>3,317,732</u>	<u>997,290</u>	<u>1,044,235</u>	<u>1,082,972</u>
<b>Other comprehensive income for the financial year:</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Exchange differences arising from translation of foreign operations	19	2,298,651	(8,704,850)	-	-
Asset revaluation surplus, net of deferred tax	19	<u>-</u>	<u>2,424,546</u>	<u>-</u>	<u>-</u>
<b>Total other comprehensive income for the financial year</b>		<u>2,298,651</u>	<u>(6,280,304)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the financial year</b>		<u><u>5,616,383</u></u>	<u><u>(5,283,014)</u></u>	<u><u>1,044,235</u></u>	<u><u>1,082,972</u></u>
<b>Profit for the financial year attributed to Owners of the Company</b>		<u><u>3,317,732</u></u>	<u><u>997,290</u></u>	<u><u>1,044,235</u></u>	<u><u>1,082,972</u></u>
<b>Total other comprehensive income attributed to Owners of the Company</b>		<u><u>2,298,651</u></u>	<u><u>(6,280,304)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Total comprehensive income attributable to Owners of the Company</b>		<u><u>2,298,651</u></u>	<u><u>(6,280,304)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	45,439,173	46,364,479	-	-
Right-of-use asset	9	14,894	19,062	-	-
Investments in subsidiaries	10	-	-	36,151,930	36,199,699
Other assets	11	251,718	307,878	-	-
Amounts due from subsidiaries	12	-	-	13,400,000	27,000,000
Investment in bond	13	-	-	10,000,000	-
		<u>45,705,785</u>	<u>46,691,419</u>	<u>59,551,930</u>	<u>63,199,699</u>
<b>Current assets</b>					
Inventories	14	19,046,491	20,314,140	-	-
Trade receivables	15	128,749	600,953	-	-
Other receivables	16	4,482,678	3,406,663	4,661	7,736
Amounts due from subsidiaries	12	-	-	508,735	211,094
Tax recoverable		927,764	2,098,186	-	-
Cash and cash equivalents	17	<u>11,432,961</u>	<u>6,063,506</u>	<u>267,025</u>	<u>116,999</u>
		<u>36,018,643</u>	<u>32,483,448</u>	<u>780,421</u>	<u>335,829</u>
<b>TOTAL ASSETS</b>		<u><u>81,724,428</u></u>	<u><u>79,174,867</u></u>	<u><u>60,332,351</u></u>	<u><u>63,535,528</u></u>

# STATEMENTS OF FINANCIAL POSITION (cont'd)

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	18	61,049,924	65,399,924	61,049,924	65,399,924
Asset revaluation reserve	19	3,368,552	3,669,267	-	-
Foreign translation reserve	19	(131,584,049)	(133,882,700)	-	-
Retained earnings/ (Accumulated losses)	19	<u>125,482,974</u>	<u>121,864,527</u>	<u>(1,021,007)</u>	<u>(2,065,242)</u>
<b>TOTAL EQUITY</b>		<u>58,317,401</u>	<u>57,051,018</u>	<u>60,028,917</u>	<u>63,334,682</u>
<b>Non-current liabilities</b>					
Borrowings	20	1,754,412	2,071,991	-	-
Deferred tax liabilities	21	2,919,403	2,557,498	-	-
Deferred income	22	1,674,434	1,839,899	-	-
Lease liability	23	25,386	16,978	-	-
Provision for site restoration	24	<u>36,079</u>	<u>31,701</u>	-	-
		<u>6,409,714</u>	<u>6,518,067</u>	-	-
<b>Current liabilities</b>					
Borrowings	20	866,164	3,121,028	-	-
Deferred income	22	140,018	184,756	-	-
Lease liability	23	4,775	3,763	-	-
Trade payables	25	10,468,339	6,669,584	-	-
Other payables	26	<u>5,518,017</u>	<u>5,626,651</u>	<u>303,434</u>	<u>200,846</u>
		<u>16,997,313</u>	<u>15,605,782</u>	<u>303,434</u>	<u>200,846</u>
<b>TOTAL LIABILITIES</b>		<u>23,407,027</u>	<u>22,123,849</u>	<u>303,434</u>	<u>200,846</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>81,724,428</u>	<u>79,174,867</u>	<u>60,332,351</u>	<u>63,535,528</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2024 Group	Note	Attributable to Owners of the Company				Total Equity USD
		Share capital USD	Asset revaluation reserve USD	Foreign translation reserve USD	Distributable Retained earnings USD	
<b>At 1 January</b>		73,760,924	1,515,896	(125,177,850)	120,596,062	70,695,032
Profit for the financial year		-	-	-	997,290	997,290
<b>Other comprehensive income</b>						
Asset revaluation surplus, net of deferred tax	19	-	2,424,546	-	-	2,424,546
Exchange differences arising from translation of foreign operations	19	-	-	(8,704,850)	-	(8,704,850)
Realisation of depreciated asset revaluation reserve	19	-	(271,175)	-	271,175	-
Total other comprehensive income for the financial year		-	2,153,371	(8,704,850)	271,175	(6,280,304)
<b>Total comprehensive income for the financial year</b>		-	2,153,371	(8,704,850)	1,268,465	(5,283,014)
<b>Transaction with Owners of the Company</b>						
Capital repayment, representing total transaction with Owners of the Company	18	(8,361,000)	-	-	-	(8,361,000)
<b>At 31 December</b>		65,399,924	3,669,267	(133,882,700)	121,864,527	57,051,018

# STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2025 Group (cont'd)	Note	Attributable to Owners of the Company				Total Equity USD
		Share capital USD	Asset revaluation reserve USD	Foreign translation reserve USD	Distributable Retained earnings USD	
<b>At 1 January</b>		65,399,924	3,669,267	(133,882,700)	121,864,527	57,051,018
Profit for the financial year		-	-	-	3,317,732	3,317,732
<b>Other comprehensive income</b>						
Exchange differences arising from translation of foreign operations	19	-	-	2,298,651	-	2,298,651
Realisation of depreciated asset revaluation reserve	19	-	(300,715)	-	300,715	-
Total other comprehensive income for the financial year		-	(300,715)	2,298,651	300,715	2,298,651
<b>Total comprehensive income for the financial year</b>		-	(300,715)	2,298,651	3,618,447	5,616,383
<b>Transaction with Owners of the Company</b>						
Capital repayment, representing total transaction with Owners of the Company	18	(4,350,000)	-	-	-	(4,350,000)
<b>At 31 December</b>		61,049,924	3,368,552	(131,584,049)	125,482,974	58,317,401

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Share capital USD	Accumulated losses USD	Total equity USD
<b>Company</b>				
<b>At 1 January 2024</b>		73,760,924	(3,148,214)	70,612,710
Capital repayment, representing total transaction with Owners of the Company		(8,361,000)	-	(8,361,000)
Profit net of tax, representing total comprehensive income for the financial year		-	1,082,972	1,082,972
<b>At 31 December 2024/1 January 2025</b>		65,399,924	(2,065,242)	63,334,682
Capital repayment, representing total transaction with Owners of the Company	18	(4,350,000)	-	(4,350,000)
Profit net of tax, representing total comprehensive income for the financial year		-	1,044,235	1,044,235
<b>At 31 December 2025</b>		<u>61,049,924</u>	<u>(1,021,007)</u>	<u>60,028,917</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
<b>Cash Flows from Operating Activities</b>					
Profit before tax		5,347,259	51,580	1,044,235	1,082,972
<i>Adjustments for:</i>					
Amortisation of deferred income		(147,035)	(226,254)	-	-
Depreciation of property, plant and equipment		5,248,443	5,527,933	-	-
Depreciation of right-of-use asset		4,784	5,319	-	-
Loss on disposal of property, plant and equipment		75,707	1,243,611	-	-
Revaluation deficit on property, plant and equipment*		-	237,250	-	-
Allowance/(reversal) for inventories obsolescences		178,154	(1,492,166)	-	-
Net addition of impairment loss on financial assets	5(c)	120,077	91,838	-	-
Impairment loss on investments in subsidiaries		-	-	47,769	-
Written off of bad debts		7,152	-	-	-
Waiver of debts		-	-	51,039	-
Interest income		(1,107,693)	(594,633)	(1,950,418)	(1,578,041)
Interest expenses		371,877	1,230,368	-	-
Unrealised loss/(gain) on foreign exchange		339	24,287	(473)	2,114
Operating profit/(loss) before changes in working capital		10,099,064	6,099,133	(807,848)	(492,955)
<i>Changes in working capital:</i>					
Deferred income		(141,992)	19,122	-	-
Inventories		1,154,500	1,367,621	-	-
Payables		3,072,951	1,340,737	102,588	35,660
Receivables		(522,531)	2,418,484	3,075	2,897
<b>Cash from/(used in) operations</b>		13,661,992	11,245,097	(702,185)	(454,398)
Income tax paid		(568,751)	(109,443)	-	-
Interest paid		(281,755)	(627,387)	-	-
Interest received		1,107,693	594,633	976	2,147,925
<b>Net cash from/(used in) operating activities</b>		13,919,179	11,102,900	(701,209)	1,693,527

\* Revaluation deficit on property, plant and equipment with no corresponding prior revaluation surplus

**STATEMENTS OF CASH FLOWS (cont'd)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
(cont'd)					
<b>Cash Flows from Investing Activities</b>					
Proceeds from disposal of property, plant and equipment		22,195	187,768	-	-
Acquisition of property, plant and equipment	8(a)	(1,883,087)	(1,470,704)	-	-
Acquisition of bond		-	-	(10,000,000)	-
Repayment from subsidiaries		-	-	15,200,762	2,161,091
<b>Net cash (used in)/from investing activities</b>		<u>(1,860,892)</u>	<u>(1,282,936)</u>	<u>5,200,762</u>	<u>2,161,091</u>
<b>Cash Flows from Financing Activities</b>					
Capital repayment	18	(4,350,000)	(8,361,000)	(4,350,000)	(8,361,000)
Drawdown of borrowings	(ii)	2,273,105	11,407,546	-	-
Repayment of borrowings	(ii)	(5,039,691)	(12,499,814)	-	-
Repayment of lease liability	(i)(ii)	-	(3,442)	-	-
Advance from related parties		688	-	-	-
<b>Net cash used in financing activities</b>		<u>(7,115,898)</u>	<u>(9,456,710)</u>	<u>(4,350,000)</u>	<u>(8,361,000)</u>
<b>Net increase/(decrease) cash and cash equivalents</b>		4,942,389	363,254	149,553	(4,506,382)
Effect of foreign exchange rate changes		427,066	(735,185)	473	(314)
Cash and cash equivalents at beginning of the financial year		<u>6,063,506</u>	<u>6,435,437</u>	<u>116,999</u>	<u>4,623,695</u>
<b>Cash and cash equivalents at end of the financial year</b>		<u>11,432,961</u>	<u>6,063,506</u>	<u>267,025</u>	<u>116,999</u>

## STATEMENTS OF CASH FLOWS (cont'd)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(i) Cash outflow for leases as a lessee are as follows:

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
<b>Included in net cash from/(used in) operating activities:</b>				
- Interest paid in relation to lease liability	(3,816)	(4,997)	-	-
- Payment related to short-term leases	(311,821)	(287,391)	(4,308)	(3,892)
<b>Included in net cash used in financing activities:</b>				
Payment for the principal portion of lease liability	-	(3,442)	-	-
<b>Total cash outflows for leases</b>	<b>(315,637)</b>	<b>(295,830)</b>	<b>(4,308)</b>	<b>(3,892)</b>

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

Group	Borrowings USD	Lease liability USD
<b>2025</b>		
At beginning of the financial year	5,193,019	20,741
Drawdown	2,273,105	-
Repayment	(5,039,691)	-
Net changes from financing cash flows	(2,766,586)	-
interest expense	364,739	3,816
interest paid	(281,755)	-
Foreign exchange	111,159	5,604
At end of the financial year	<u>2,620,576</u>	<u>30,161</u>

**STATEMENTS OF CASH FLOWS (cont'd)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

<b>Group (cont'd)</b>	<b>Borrowings</b>	<b>Lease</b>
<b>2024</b>	<b>USD</b>	<b>liability</b>
<b>USD</b>	<b>USD</b>	<b>USD</b>
At beginning of the financial year	6,483,960	26,591
Drawdown	11,407,546	-
Repayment	(12,499,814)	(3,442)
Net changes from financing cash flows	(1,092,268)	(3,442)
interest expense	1,222,069	4,997
interest accrued	5,292	-
interest paid	(622,390)	(4,997)
Foreign exchange	(803,644)	(2,408)
At end of the financial year	<u>5,193,019</u>	<u>20,741</u>

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 1. CORPORATE INFORMATION

The Company is a limited liability company, incorporated and domiciled in Labuan, Malaysia. The Company's shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

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

The principal activity of the Company is investment holding. The principal activities and other information of its subsidiaries are disclosed in Note 10. There has been no significant change in the nature of these activities of the Group and the Company during the financial year.

The financial statements of the Group and the Company were authorised for issue in accordance with a Board of Directors' resolution dated 26 May 2026.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the Labuan Companies Act 1990.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

#### (i) Accounting pronouncement that is effective and adopted during the financial year

Amendments to IAS 121	Lack of Exchangeability
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The adoption of the above accounting pronouncement did not have any significant effect on the financial statements of the Group and of the Company.

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:

*Effective for financial periods beginning on or after 1 January 2026*

Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instrument
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 107,	Annual Improvement to MFRS Accounting Standards – Volume 11
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 2. BASIS OF PREPARATION (cont'd)

#### (a) Statement of compliance (cont'd)

#### (ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted (cont'd)

*Effective for financial periods beginning on or after 1 January 2027*

IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19 and Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency

*Effective date to be announced*

Amendments to IFRS 10 and IAS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any significant effect to the financial statements of the Group and of the Company upon their initial applications except as described below:

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 will replace IAS 1, Presentation of Financial Statements and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal.
- Management-defined performance measures are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting IFRS 18.

#### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 2. BASIS OF PREPARATION (cont'd)

#### (c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). These financial statements are presented in United States Dollar ("USD"), which is the Company's functional currency.

#### (d) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

##### (i) Impairment loss on financial assets

The Group makes loss allowance for doubtful receivables and advances paid to third parties. Significant judgement is used to estimate doubtful receivables. Loss allowance for doubtful receivables is established based on an expected credit loss model. The Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. The primary factors that the Group considers whether a receivable is impaired is its overdue status, collection history and forward-looking macro-economic factors.

##### (ii) Provision for inventory obsolescences

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. OTHER MATERIAL ACCOUNTING POLICIES

#### (a) Basis of consolidation

##### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant power activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

##### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (b) Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

#### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

#### **Amortised cost**

The amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(c)(i)] where the effective interest rate is applied to the amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (b) Financial instruments (cont'd)

All financial assets are subject to impairment assessment under Note 3(c)(i).

##### *Financial liabilities*

##### **Amortised cost**

The financial liabilities of the Group and the Company are initially recognised at amortised cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (b) Financial instruments (cont'd)

##### (v) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (c) Impairment of assets

##### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL is a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

- (i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

##### Simplified approach – trade receivables

The Group and the Company apply the simplified approach to providing ECL for all trade receivables as permitted by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where applicable.

##### General approach – other financial instruments

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (c) Impairment of assets (cont'd)

##### (i) Financial assets (cont'd)

###### General approach – other financial instruments (cont'd)

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and to the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset suffers from past due events.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

###### Credit impaired financial assets

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

#### (c) Impairment of assets (cont'd)

##### (i) Financial assets (cont'd)

###### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

##### (ii) Non-financial assets

The carrying amounts of non-financial assets (other than inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 4. REVENUE

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
<i>Revenue from contract with customers</i>				
<b>Point in time</b>				
Sale of cement	<u>101,535,704</u>	<u>84,911,788</u>	<u>-</u>	<u>-</u>
<b>Over time</b>				
Transmission and distribution of electricity	9,088	11,912	-	-
Interest income	<u>-</u>	<u>-</u>	<u>1,949,442</u>	<u>1,490,402</u>
	<u>9,088</u>	<u>11,912</u>	<u>1,949,442</u>	<u>1,490,402</u>
	<u>101,544,792</u>	<u>84,923,700</u>	<u>1,949,442</u>	<u>1,490,402</u>

The Group applied the practical expedient under IFRS 15 not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period as all unsatisfied contracts with customers are expected to be fulfilled within one year.

#### *Material accounting policy information*

##### *Sale of cement*

Revenue is recognised at a point in time when control of the promised goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customer has full ownership of the goods and bears the risks of loss and damage in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately for customers without credit terms granted.

##### *Transmission and distribution of electricity*

Transmission of electricity is determined to be a single performance obligation satisfied over time and represents a promise to transfer to the customer a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer.

##### *Interest income*

Interest income is recognised on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
Auditors' remuneration:					
- Statutory audit		135,075	188,097	45,000	50,000
Amortisation of deferred income	22	(147,035)	(226,254)	-	-
Depreciation of property, plant and equipment	8	5,248,443	5,527,933	-	-
Depreciation of right-of-use asset	9	4,784	5,319	-	-
Loss on disposal of property, plant and equipment		75,707	1,243,611	-	-
Revaluation deficit on property, plant and equipment*		-	237,250	-	-
Allowance/(reversal) for inventories obsolescences	14	178,154	(1,492,166)	-	-
Written off of bad debts		7,152	-	-	-
Waiver of debts		-	-	51,039	-
Impairment loss on investments in subsidiaries		-	-	47,769	-
Short-term lease		311,821	287,391	4,308	3,892
Rental income		(697,113)	(839,628)	-	-
Employee benefits expense	5(a)	8,522,241	8,061,133	553,264	193,264
Interest income:					
- Bank balances		(1,107,693)	(594,633)	(976)	(87,639)
Interest expenses	5(b)	371,877	1,230,368	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 5. PROFIT BEFORE TAX (cont'd)

Note	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
(cont'd)				
Loss/(gain) on foreign exchange:				
- Realised	826,561	690,148	(37,457)	17,201
- Unrealised	<u>339</u>	<u>24,287</u>	<u>(473)</u>	<u>2,114</u>

\* Revaluation deficit on property, plant and equipment with no corresponding prior revaluation surplus

(a) Employee benefits expense comprise of:

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
<b>Staff costs</b>				
Salaries, bonus and wages	7,026,225	6,560,668	398,301	36,598
Contributions to statutory contribution	883,720	889,206	12,472	9,263
Other emoluments	<u>112,700</u>	<u>106,702</u>	<u>22,491</u>	<u>27,403</u>
	<u>8,022,645</u>	<u>7,556,576</u>	<u>433,264</u>	<u>73,264</u>
<b>Directors of the Company</b>				
Fees	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
<b>Directors of subsidiaries</b>				
Fees	29,857	34,433	-	-
Salaries	345,868	346,499	-	-
Contributions to statutory contribution	<u>3,871</u>	<u>3,625</u>	<u>-</u>	<u>-</u>
	<u>379,596</u>	<u>384,557</u>	<u>-</u>	<u>-</u>
Total employees benefit expenses	<u>8,522,241</u>	<u>8,061,133</u>	<u>553,264</u>	<u>193,264</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 5. PROFIT BEFORE TAX (cont'd)

(b) Interest expenses comprise of:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
Interest expense on:		
- Borrowings	364,739	1,222,069
- Lease liability	3,816	4,997
- Others	<u>3,322</u>	<u>3,302</u>
	<u><u>371,877</u></u>	<u><u>1,230,368</u></u>

(c) Net addition/(reversal) of impairment loss on financial assets comprise of the following:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
Allowance for expected credit losses on:		
- trade receivables	111,499	33,340
- other receivables	<u>35,585</u>	<u>73,929</u>
	<u>147,084</u>	<u>107,269</u>
Reversal of allowance for expected credit losses on:		
- trade receivables	(5,785)	-
- other receivables	<u>(21,222)</u>	<u>(15,431)</u>
	<u>(27,007)</u>	<u>(15,431)</u>
	<u><u>120,077</u></u>	<u><u>91,838</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 6. TAX EXPENSE/(CREDIT)

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
<b>Current tax:</b>				
- Current year	1,777,607	564	-	-
- Under/(over) provision in prior year	<u>3,918</u>	<u>(131,779)</u>	<u>-</u>	<u>-</u>
	<u>1,781,525</u>	<u>(131,215)</u>	<u>-</u>	<u>-</u>
<b>Deferred tax (Note 21):</b>				
- Origination/(reversal) of temporary differences	179,912	(541,948)	-	-
- Under/(over) provision in prior year	<u>68,090</u>	<u>(272,547)</u>	<u>-</u>	<u>-</u>
	<u>248,002</u>	<u>(814,495)</u>	<u>-</u>	<u>-</u>
Tax expense/(credit) for the financial year	<u>2,029,527</u>	<u>(945,710)</u>	<u>-</u>	<u>-</u>

Under the Labuan Business Activity Tax Act, 1990 ("LBATA"), no tax is chargeable on the Company's Labuan non-trading activities for the current and prior years of assessment. Effective 1 January 2019, a Labuan company carrying on Labuan trading activities shall be charged at a tax rate of 3% on the chargeable profits of the Labuan company for a particular year of assessment.

The profits earned by the subsidiaries incorporated in the Republic of Kazakhstan are subject to the prevailing statutory tax rate of 20% (2024: 20%) and Malaysian and Netherland subsidiaries are subject to statutory tax rates of 24% (2024: 24%) and 25% (2024: 25%) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 6. TAX (EXPENSE)/CREDIT (cont'd)

A reconciliation of income tax expenses applicable to profit before tax at the applicable statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
Profit before tax	<u>5,347,259</u>	<u>51,580</u>	<u>1,044,235</u>	<u>1,082,972</u>
Tax expense calculated at domestic tax rate of 3% (2024: 3%)	160,418	1,547	31,327	32,489
Effect of different tax rates in other countries	904,669	(814,196)	-	-
Tax effect arising from non-deductible expenses	892,432	271,265	-	-
Income not subject to tax	-	-	(31,327)	(32,489)
Under/(over)provision of income tax expense in prior year	3,918	(131,779)	-	-
Under/(over)provision of deferred tax in prior year	<u>68,090</u>	<u>(272,547)</u>	<u>-</u>	<u>-</u>
Tax expense/(credit) for the financial year	<u>2,029,527</u>	<u>(945,710)</u>	<u>-</u>	<u>-</u>

Non-deductible expenses mainly comprise current year expenses that are not deductible under applicable local tax legislation, specifically in Kazakhstan where the Group primarily operates, as well as additional income tax and deferred tax in respect of prior years following changes in the taxable base guided by the local tax authorities.

#### *Pillar Two Model Rules*

The Group and the Company have applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 Income Taxes) issued on 2 June 2023. Accordingly, the Group and the Company neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 7. EARNINGS PER SHARE

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
Profit after tax attributable to the Owners of the Company (USD)	<u>3,317,732</u>	<u>997,290</u>
Number of ordinary shares at beginning/end of the financial year (unit)	<u>219,000,000</u>	<u>219,000,000</u>
Weighted average number of ordinary shares in issue (unit)	<u>219,000,000</u>	<u>219,000,000</u>
Basic/dilluted earnings per ordinary share (cents)	<u><u>1.51</u></u>	<u><u>0.46</u></u>

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

There are no dilutive instruments outstanding for the financial years ended 31 December 2025 and 2024.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 8. PROPERTY, PLANT AND EQUIPMENT

	At Valuation		At Cost					Total USD
	Freehold land and land improvement USD	Buildings USD	Machinery and equipment USD	Railway wagons USD	Stand-by equipment and major spare parts USD	Construction in progress USD	Other assets USD	
<b>Group 2025 Cost/Valuation</b>								
At 1 January	1,806,919	5,730,514	66,754,692	5,591,628	6,896,814	1,414,716	10,212,942	98,408,225
Additions [Note 8(a)]	-	-	343,873	-	328,391	1,544,258	373,043	2,589,565
Transfers	-	211,400	430,102	1,001,176	(450,644)	(1,335,964)	143,930	-
Disposals	-	(76,566)	(41,401)	-	(16,834)	-	(133,969)	(268,770)
Foreign currency translation	75,394	244,152	2,871,033	270,759	278,013	66,820	445,023	4,251,194
At 31 December	1,882,313	6,109,500	70,358,299	6,863,563	7,035,740	1,689,830	11,040,969	104,980,214
<b>Accumulated depreciation</b>								
At 1 January	-	47,607	43,700,502	2,780,727	-	-	5,514,910	52,043,746
Depreciation charge for the financial year	-	325,069	3,847,174	342,943	-	-	733,257	5,248,443
Transfers	-	(4)	4	-	-	-	-	-
Disposals	-	(2,578)	(39,682)	-	-	-	(128,608)	(170,868)
Foreign currency translation	-	14,048	2,024,091	128,854	-	-	252,727	2,419,720
At 31 December	-	384,142	49,532,089	3,252,524	-	-	6,372,286	59,541,041
<b>Carrying amount</b>								
At 31 December	1,882,313	5,725,358	20,826,210	3,611,039	7,035,740	1,689,830	4,668,683	45,439,173

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At Valuation			At Cost				
	Freehold land and land improvement USD	Buildings USD	Machinery and equipment USD	Railway wagons USD	Stand-by equipment and spare parts USD	Construction in progress USD	Other assets USD	Total USD
<b>Group (cont'd) 2024</b>								
<b>Cost/Valuation</b>								
At 1 January	1,612,452	7,834,867	73,846,167	6,419,751	5,154,972	2,859,794	12,292,120	110,020,123
Additions [Note 8(a)]	-	4,521	315,387	-	2,723,427	3,524,478	372,512	6,940,325
Transfers	-	141,268	3,691,718	19,780	(34,912)	(4,716,711)	898,857	-
Revaluation upward	454,132	2,570,312	-	-	-	-	-	3,024,444
Revaluation deficit*	-	(237,250)	-	-	-	-	-	(237,250)
Revaluation adjustment	-	(3,652,412)	-	-	-	-	-	(3,652,412)
Disposals	-	(22,884)	(857,417)	-	(2,622)	-	(1,768,242)	(2,651,165)
Foreign currency translation	(259,665)	(907,908)	(10,241,163)	(847,903)	(944,051)	(252,845)	(1,582,305)	(15,035,840)
At 31 December	1,806,919	5,730,514	66,754,692	5,591,628	6,896,814	1,414,716	10,212,942	98,408,225
<b>Accumulated depreciation</b>								
At 1 January	-	3,432,247	47,095,379	2,865,270	-	-	6,083,699	59,476,595
Depreciation charge for the financial year	-	402,507	4,018,820	326,970	-	-	779,636	5,527,933
Transfers	-	4	(4)	-	-	-	-	-
Disposals	-	(22,760)	(677,180)	-	-	-	(519,846)	(1,219,786)
Revaluation adjustment	-	(3,652,412)	-	-	-	-	-	(3,652,412)
Foreign currency translation	-	(111,979)	(6,736,513)	(411,513)	-	-	(828,579)	(8,088,584)
At 31 December	-	47,607	43,700,502	2,780,727	-	-	5,514,910	52,043,746
<b>Carrying amount</b>								
At 31 December	1,806,919	5,682,907	23,054,190	2,810,901	6,896,814	1,414,716	4,698,032	46,364,479

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

\* Revaluation deficit on buildings with no corresponding prior revaluation surplus

#### (a) Acquisition of property, plant and equipment

	<b>2025</b> <b>USD</b>	<b>2024</b> <b>USD</b>
Cash purchase	1,883,087	1,470,704
Transfer from inventories - spare parts	<u>706,478</u>	<u>5,469,621</u>
	<u><u>2,589,565</u></u>	<u><u>6,940,325</u></u>

#### (b) Revaluation of land and buildings

Land and buildings were revalued on 31 December 2024 by an independent professional valuer based on the market approach for freehold land and depreciated replacement cost for buildings respectively with the income approach using discounted cash flows method as counter check.

Valuation of land was arrived at by reference to market evidence of transaction prices for comparable properties. This method is based on recent market transactions and asking prices for similar properties in the same region. Key assumptions used include the use of comparable sales data, with adjustments made for differences in location, plot size, zoning restrictions, and access to infrastructure. The valuation also considered the marketability and liquidity of the land, taking into account current demand and supply conditions in the local property market and where necessary, location-based adjustment factors were applied to reflect regional market differences. The valuation of land is classified to be a Level 3 measurement in the fair value hierarchy

Valuation of buildings was arrived at using the lower of the income method and depreciated replacement cost method.

The depreciated replacement cost method was determined based on market benchmarks for similar industrial assets in Kazakhstan, adjusted for local construction costs and inflation-indexed unit rates. Estimates of useful lives and physical condition were derived from technical inspections and assessments of remaining economic utility. Deductions were made for physical depreciation, as well as functional and economic obsolescence, reflecting factors such as outdated design, reduced operational efficiency, and prevailing market or technological conditions. This method has been used due to the specialised nature of the buildings, for which market-based evidence is not available.

The income method involved the use of discounted cash flows taking into consideration financial projections till 2029, cement sales volumes and prices, operating expenses, adjustments for inflations and foreign currency exposures and discounted at an estimated weighted cost of capital of 18.3%.

Accordingly, the valuation of buildings is classified as a Level 3 measurement in the fair value hierarchy as it incorporates significant unobservable inputs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### (b) Revaluation of land and buildings

If the Group's land and buildings are measured using the cost model, the net carrying amount would be as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
Land and buildings	1,017	131,513

#### (c) Assets pledged as security

As at the reporting date, property, plant and equipment of a subsidiary company with a net book value of USD6,499,103 (2024: USD7,045,156) are pledged as collateral for the government subsidised loan (Note 20).

#### Material accounting policy information

##### (i) Recognition and measurement

##### Property, plant and equipment except for land and buildings and construction in progress

Property, plant and equipment except for land and buildings are carried at historical cost less accumulated depreciation and any recognised impairment loss. The initial cost of property, plant and equipment consists of its purchase price, including import duties, taxes and any directly attributable cost to bring the property, plant and equipment to its working condition and location for its intended use.

##### Revaluation of Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at their revalued amounts in the statement of financial position, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on revaluation of such land and buildings is recognised in other comprehensive income and revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case, the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### Material accounting policy information (cont'd)

#### (i) Recognition and measurement (cont'd)

##### Revaluation of Land and buildings (cont'd)

Revaluation surplus is transferred directly to retained earnings as and when the revalued asset is used by the Group. The amount of the surplus transferred is calculated as the difference between depreciation calculated based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

##### Construction in progress

Assets during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. No depreciation is provided on construction in progress, and such assets will be presented in the appropriate categories of property, plant and equipment when they are completed and ready for intended use and depreciated accordingly.

#### (ii) Depreciation

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

<b>Buildings</b>	<b>25 years</b>
<b>Machinery and equipment</b>	<b>14 years</b>
<b>Railway wagons</b>	<b>20 years</b>
<b>Other assets</b>	<b>5 - 10 years</b>

Freehold land and land improvement is not depreciated.

Depreciation on stand-by equipment and major spare parts begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 9. RIGHT-OF-USE ASSET

	Group	
	2025 USD	2024 USD
<b>Premises Cost</b>		
At 1 January	23,826	29,445
Addition	-	26,591
Expiry of lease	-	(29,445)
Foreign currency translation	994	(2,765)
At 31 December	<u>24,820</u>	<u>23,826</u>
<b>Accumulated depreciation</b>		
At 1 January	4,764	29,445
Charge for the financial year	4,784	5,319
Expiry of lease	-	(29,445)
Foreign currency translation	378	(555)
At 31 December	<u>9,926</u>	<u>4,764</u>
<b>Net carrying amount</b>		
At 31 December	<u>14,894</u>	<u>19,062</u>

The Group has entered into lease agreements for its premises. The lease term for the premises is 5 years. This lease does not contain any renewal or extension options. The Group does not have an option to purchase the leased asset at the end of the lease term.

The lease of premises was entered into with a related party.

The expenses charged to profit and loss during the financial year are as follows:

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
Depreciation of right of use asset	4,784	5,319	-	-
Interest expense on lease liability	3,816	4,997	-	-
Short-term leases	<u>311,821</u>	<u>287,391</u>	<u>4,308</u>	<u>3,892</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025 USD	2024 USD
<b>Unquoted shares, at cost</b>		
At beginning/end of the financial year	40,199,700	40,199,700
Less: Accumulated impairment loss		
At beginning of the financial year	(4,000,001)	(4,000,001)
Addition	(47,769)	-
At end of the financial year	(4,047,770)	(4,000,001)
<b>Net carrying amount</b>	<b>36,151,930</b>	<b>36,199,699</b>

The details of subsidiaries are as follows:

Name of companies	Country of incorporation and principal place of business	Effective equity interest		Principal activities
		2025 %	2024 %	
Steppe Cement (M) Sdn. Bhd. ("SCM")	Malaysia	100	100	Investment holding
Mechanical & Electrical Consulting Services Ltd. ("MECS Ltd")	Malaysia	100	100	Provision of consultancy services
Steppe Cement Astana Limited ("SCA") *	Republic of Kazakhstan	100	100	Investment holding
<b>Indirect Subsidiary:</b>				
<i>Held through SCM:</i>				
Steppe Cement Holdings B.V. ("SCH BV") *	Netherlands	100	100	Investment holding
<i>Held through SCH BV:</i>				
Central Asia Cement JSC ("CAC JSC")	Republic of Kazakhstan	100	100	Production and sale of cement
Karcement JSC ("KAC JSC")	Republic of Kazakhstan	100	100	Production and sale of clinker
Central Asia Services LLP ("CAS LLP") *	Republic of Kazakhstan	100	100	Transmission and distribution of electricity

\* The financial statements of these subsidiaries were not required to be audited. The management accounts of these subsidiaries were included in the consolidation and have been reviewed by the external auditors to the extent appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 11. OTHER ASSETS

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
Site restoration fund [Note (i)]	222,029	185,971
Others	<u>29,689</u>	<u>121,907</u>
	<u><u>251,718</u></u>	<u><u>307,878</u></u>

- (i) A subsidiary entered into a Subsurface Use Contract for mining of limestone and loam in Karaganda, Kazakhstan and is obliged to contribute 1% out of the total expenditure incurred on extraction of limestone and loam from the quarry annually to the site restoration fund. In accordance with the Law on Land of the Republic of Kazakhstan and resource usage and environmental rehabilitations, the subsidiary will be obliged to provide additional resources in the event the site restoration fund is insufficient to cover actual site restoration and abandonment costs in the future.

### 12. AMOUNTS DUE FROM SUBSIDIARIES

	<b>Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
Amounts due from subsidiaries:		
- Current	508,735	211,094
- Non-current	<u>13,400,000</u>	<u>27,000,000</u>
	<u><u>13,908,735</u></u>	<u><u>27,211,094</u></u>

These amounts are non-trade, unsecured, interest-free and collectible on demand except for an amount of USD13,400,000 (2024: USD27,000,000) which is repayable by year 2033 or earlier or at a later date to be determined. This loan bears interest rates ranging from 8.0% to 9.6% per annum (2024: 8.0% per annum).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 13. INVESTMENT IN BOND

On 19 November 2025, the Company subscribed to the first tranche of bonds issued by its subsidiary, Karcement JSC, amounting to USD10,000,000 pursuant to a Sale and Purchase Agreement ("SPA") entered between the Company and its subsidiary. The subscription forms part of the bond programme of up to USD50,000,000.

The bond bears a fixed coupon rate of 8% per annum, payable quarterly, and have a maturity period of 10 years from the subscription date. Interest income is recognised using the effective interest method.

As at the reporting date, the carrying amount of the bonds is USD10,000,000 (2024: USD Nil).

The remaining tranches under the bond programme have not been subscribed as at the reporting date.

### 14. INVENTORIES

	Group	
	2025 USD	2024 USD
Spare parts	6,793,814	5,674,147
Work in progress	654,310	725,727
Refractory materials for furnaces	5,321,412	4,260,335
Finished goods	3,089,123	6,526,921
Raw materials	2,938,868	2,702,751
Packing materials	168,745	225,450
Fuel	43,681	28,018
Others	<u>845,930</u>	<u>770,348</u>
	19,855,883	20,913,697
Less: Allowance for inventories obsolescences		
At beginning of the financial year	(599,557)	(2,228,170)
(Addition)/reversal	(178,154)	1,492,166
Foreign currency translation	<u>(31,681)</u>	<u>136,447</u>
At end of the financial year	<u>(809,392)</u>	<u>(599,557)</u>
	<u>19,046,491</u>	<u>20,314,140</u>

(a) The cost of inventories of the Group recognised as an expense during the financial year was USD73,284,281 (2024: USD61,566,422).

(b) During the financial year, the Group recognised an allowance for inventories obsolescence of RM178,154 (2024: reversal of RM1,492,166) based on management's assessment of the condition and ageing profile of inventories.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 14. INVENTORIES (cont'd)

The reversal of allowance for inventories obsolescence in the prior financial year arose from subsequent utilisation and sale of inventories previously provided for, following a reassessment of their recoverability. The reversal has been recognised in profit or loss under cost of sales.

The allowance for inventories obsolescence is recognised in "cost of sales" in the profit or loss of the Group.

(c) As of 31 December 2025, the inventories of USD5,815,948 (2024: USD6,440,998) were pledged to secure Halyk Bank of Kazakhstan JSC working capital facilities as disclosed Note 20.

#### *Material accounting policy information*

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price, less all estimated costs of completion and the estimated costs necessary to make the sale.

### 15. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
External parties	931,825	1,266,587
Less: Allowance for impairment losses	<u>(803,076)</u>	<u>(665,634)</u>
	<u><u>128,749</u></u>	<u><u>600,953</u></u>

The Group enters into sales contracts with trade customers on either advance deposits or credit terms with approximately 82% (2024: 95%) of revenue being on advance deposit terms. The remaining revenue of approximately 18% (2024: 5%) under credit terms is subject to the Group's normal trade credit term of 30 days (2024: 30 days).

Movement in the allowance for impairment loss on trade receivables is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
At 1 January	665,634	732,238
Addition	111,499	33,340
Reversal	(5,785)	-
Foreign currency translation	<u>31,728</u>	<u>(99,944)</u>
At 31 December	<u><u>803,076</u></u>	<u><u>665,634</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 16. OTHER RECEIVABLES

	Note	Group		Company	
		2025 USD	2024 USD	2025 USD	2024 USD
Advance payment to supplier		3,094,849	1,657,831	-	-
Less: Allowance for impairment losses	(a)	<u>(233,147)</u>	<u>(253,902)</u>	-	-
Advance payment to supplier, net		<u>2,861,702</u>	<u>1,403,929</u>	-	-
Other receivables		323,450	586,275	-	-
Less: Allowance for impairment losses	(b)	<u>(136,355)</u>	<u>(95,456)</u>	-	-
Other receivables, net		<u>187,095</u>	<u>490,819</u>	-	-
Prepayments		116,806	249,156	4,661	7,076
Deposits		709	1,304	-	660
Value added tax ("VAT")		1,103,076	929,120	-	-
Other taxes receivable		<u>213,290</u>	<u>332,335</u>	-	-
		<u>4,482,678</u>	<u>3,406,663</u>	<u>4,661</u>	<u>7,736</u>

(a) Movement of allowance for impairment losses on advances paid to third parties is as follows:

	Group	
	2025 USD	2024 USD
At 1 January	253,902	246,722
Addition	-	59,723
Reversal	(21,222)	(15,431)
Written off	(8,998)	-
Foreign currency translation	<u>9,465</u>	<u>(37,112)</u>
At 31 December	<u>233,147</u>	<u>253,902</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 16. OTHER RECEIVABLES (cont'd)

(b) Movement of allowance for impairment losses on other receivables is as follows:

	Group	
	2025 USD	2024 USD
At 1 January	95,456	95,281
Addition	35,585	14,206
Foreign currency translation	5,314	(14,031)
At 31 December	<u>136,355</u>	<u>95,456</u>

#### 17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
Cash in hand and at banks	479,156	198,772	267,025	116,999
Short-term deposits	<u>10,953,805</u>	<u>5,864,734</u>	<u>-</u>	<u>-</u>
	<u>11,432,961</u>	<u>6,063,506</u>	<u>267,025</u>	<u>116,999</u>

The Group had short term deposits on demand in Halyk Bank of Kazakhstan JSC and Bank Centre Credit JSC at the interest rate ranging from 14.0% to 17.5% per annum (2024: 13.3% to 14.9% per annum) and Malayan Banking Berhad at the interest rate of nil per annum (2024: 5.3% per annum). Short-term deposits have maturity period less than 3 months (2024: less than 3 months).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2025 Unit	2024 Unit	2025 USD	2024 USD
<b>Issued and fully paid:</b>				
At 1 January	219,000,000	219,000,000	65,399,924	73,760,924
Capital repayment	-	-	(4,350,000)	(8,361,000)
At 31 December	<u>219,000,000</u>	<u>219,000,000</u>	<u>61,049,924</u>	<u>65,399,924</u>

The ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### Capital repayment

##### 2024

In 2024, the Company undertook two capital repayment exercises whereby, on 6 June 2024, the share capital was reduced from USD73,760,924 to USD69,599,924 through a capital repayment of USD4,161,000 in cash, paid in Great Britain Pound ("GBP") and subsequently, on 31 December 2024, a further capital repayment was effected, reducing the share capital from USD69,599,924 to USD65,399,924 via a capital repayment of USD4,200,000 in cash, also paid in GBP.

##### 2025

During the financial year, the Company undertook a capital repayment exercise whereby, on 23 December 2025, the share capital was reduced from USD65,399,924 to USD61,049,924 through a capital repayment of USD4,350,000 in cash, paid in GBP.

In both instances, the number of ordinary shares remained unchanged at 219,000,000 shares.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 19. RESERVES

#### *Asset revaluation reserve*

Revaluation reserve represents the reserve arising from the revaluation of land and buildings (net of deferred tax) of subsidiaries (CAC JSC, KAC JSC and CAS LLP) performed by an independent valuation appraiser. The policy on the realisation of this reserve is set out in Note 8.

#### *Foreign translation reserve*

The foreign currency translation reserve reflects exchange differences arising from the translation of subsidiaries of which the Group's main operating subsidiaries' functional currency are denominated in Kazakhstani Tenge ("KZT") into the Group's presentation and functional currency ("USD").

The significant balance at the reporting date primarily results from cumulative impacts of historical KZT devaluations (from approximately 133,000KZT:1USD in 2005 to approximately 502,000KZT:1USD as at 31 December 2025), and the movement in the reserve during the financial year reflects the ongoing effects of exchange rate volatility between the KZT and USD.

#### *Retained earnings*

Any dividend distributions to be made by foreign subsidiary companies are subject to dividend withholding tax ranging from 15% to 25% which may be reduced to 5% or waived subject to compliance with the relevant tax treaties requirements. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of these subsidiary companies as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Under the Malaysian tax law, any dividend income received by Malaysian subsidiary companies will be credited into an exempt income account from which tax-exempt dividends can be distributed. There is no withholding tax on dividends distributed by Malaysian subsidiary companies. However, in the tabling of Budget 2022, the Government had announced that foreign source income ("FSI") will be taxed from 1 January 2022. However, subsequent amendments have provided clarity and relief. Specifically, resident individuals in Malaysia are exempt from tax on FSI remitted into Malaysia, provided that the income has been subjected to tax in its country of origin and this exemption period has been extended to 31 December 2036.

Under the Labuan Business Activity Tax Act, 1990, any dividends received by the Company from Steppe Cement (M) Sdn. Bhd., a subsidiary company incorporated in Malaysia, will be exempted from tax. There is no withholding tax on dividends distributed to its shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 20. BORROWINGS

	Group	
	2025 USD	2024 USD
<b>Secured</b>		
Bank loans	<u>2,620,576</u>	<u>5,193,019</u>
<b>Present value of borrowings:</b>		
Repayable within 1 year	866,164	3,121,028
Repayable between 1 and 2 years	957,062	1,047,026
Repayable between 2 and 5 years	797,350	1,024,965
	<u>1,754,412</u>	<u>2,071,991</u>
	<u>2,620,576</u>	<u>5,193,019</u>
<b>Represented by:</b>		
Current portion	866,164	3,121,028
Non-current portion	<u>1,754,412</u>	<u>2,071,991</u>
	<u>2,620,576</u>	<u>5,193,019</u>

In June 2015, the subsidiaries (CAC JSC and KAC JSC) entered into an agreement under the government programme with Halyk Bank of Kazakhstan JSC to open credit lines for working and capital expenditure purposes for a period of 10 years at a rate of 6.0% per annum. This facility was subsequently extended to 2029.

The loans were discounted at an interest rate of 14.0% to the net present value reflecting the fair value of the loans at the time of their receipt. The differences between the discounted value of loans at the market rate and the nominal amount of loans at the date of receipt were recognised as government grants.

These borrowings are secured by property, plant and equipment and inventories as disclosed in Note 8 and Note 14 respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 20. BORROWINGS (cont'd)

	Currency	Maturity month	Interest rate	Group	
				2025	2024
				USD	USD
Halyk Bank JSC for capital expenditure	KZT	June 2025	6% p.a.	-	684,169
	KZT	September to November 2025	6% p.a.	-	2,424,514
	KZT	December 2027	6% p.a.	612,563	927,794
	KZT	February to November 2029	6% p.a.	2,001,580	1,144,197
Accrued interest				6,433	12,345
Total outstanding				<u>2,620,576</u>	<u>5,193,019</u>

#### 21. DEFERRED TAX LIABILITIES

	Group	
	2025	2024
	USD	USD
At beginning of the financial year	2,557,498	3,168,141
Recognised in profit or loss (Note 6)	248,002	(814,495)
Recognised in equity	-	600,090
Foreign currency translation	113,903	(396,238)
At end of the financial year	<u>2,919,403</u>	<u>2,557,498</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 21. DEFERRED TAX LIABILITIES (cont'd)

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

Group	At 1.1.2025 USD	Exchange rate differences USD	Recognised in profit or loss USD	At 31.12.2025 USD
Property, plant and equipment	3,853,283	152,618	(218,183)	3,787,718
Allowance for inventories obsolescences	(138,607)	(6,330)	32,457	(112,480)
Allowance for impairment loss on receivables	(131,975)	(7,323)	(48,588)	(187,886)
Accrued unused leaves	(47,894)	(2,390)	(10,463)	(60,747)
Payables	(3,587)	(2,782)	(70,386)	(76,755)
Tax losses	(630,770)	(2,628)	633,398	-
Deferred income	(247,344)	(11,482)	(31,043)	(289,869)
Others	(95,608)	(5,780)	(39,190)	(140,578)
	<u>2,557,498</u>	<u>113,903</u>	<u>248,002</u>	<u>2,919,403</u>

Group	At 1.1.2024 USD	Exchange rate differences USD	Recognised in profit or loss USD	Recognised in equity USD	At 31.12.2024 USD
Property, plant and equipment	4,147,980	(575,743)	(319,044)	600,090	3,853,283
Allowance for inventories obsolescences	(308,019)	23,448	145,964	-	(138,607)
Allowance for impairment loss on receivables	(185,692)	21,072	32,645	-	(131,975)
Accrued unused leaves	(39,223)	6,773	(15,444)	-	(47,894)
Payables	(64,291)	2,411	58,293	-	(3,587)
Tax losses	(22,008)	73,869	(682,631)	-	(630,770)
Deferred income	(218,393)	35,473	(64,424)	-	(247,344)
Others	(142,213)	16,459	30,146	-	(95,608)
	<u>3,168,141</u>	<u>(396,238)</u>	<u>(814,495)</u>	<u>600,090</u>	<u>2,557,498</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 22. DEFERRED INCOME

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
At the beginning of the financial year	2,024,655	2,545,661
(Reversal)/addition	(141,992)	19,122
Amortisation	(147,035)	(226,254)
Foreign currency translation	<u>78,824</u>	<u>(313,874)</u>
At the end of the financial year	<u>1,814,452</u>	<u>2,024,655</u>
<b>Represented by:</b>		
Current portion	140,018	184,756
Non-current portion	<u>1,674,434</u>	<u>1,839,899</u>
	<u>1,814,452</u>	<u>2,024,655</u>

#### *Material accounting policy information*

Deferred income represents government grant in the form of lower than market interest rates on government subsidised loan for capital expenditure from Halyk Bank of Kazakhstan JSC. It represents the difference between the initial carrying amount of the loan measured at fair value using interest rate of 14% per annum and the proceeds received and is amortised to profit or loss as other income over the useful lives of the related assets.

During financial year, the Group recognised USD147,035 (2024: USD266,254) in profit or loss as other income on a straight-line basis over the useful lives of these related assets.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 23. LEASE LIABILITY

	Group	
	2025	2024
	USD	USD
<b>Future minimum lease payments:</b>		
- not later than 1 year	7,879	7,564
- later than 1 year but not later than 2 years	7,880	7,564
- later than 2 years but not later than 5 years	<u>20,355</u>	<u>15,127</u>
	36,114	30,255
Less: Unexpired finance charges	<u>(5,953)</u>	<u>(9,514)</u>
Total present value of minimum lease payments	<u><u>30,161</u></u>	<u><u>20,741</u></u>
<b>Present value of lease liabilities:</b>		
- not later than 1 year	4,775	3,763
- later than 1 year but not later than 2 years	5,820	4,584
- later than 2 years but not later than 5 years	<u>19,566</u>	<u>12,394</u>
	<u><u>30,161</u></u>	<u><u>20,741</u></u>
<b>Represented by:</b>		
Current portion	4,775	3,763
Non-current portion	<u>25,386</u>	<u>16,978</u>
	<u><u>30,161</u></u>	<u><u>20,741</u></u>

The lease liability of the Group bears effective interest rate of 19.93% (2024: 19.93%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 24. PROVISION FOR SITE RESTORATION

The provision for site restoration has been recognised based on current legal and regulatory requirements in the Republic of Kazakhstan relating to mine closure and rehabilitation. The provision represents the present value of expected costs to decommission and restore the site, discounted at a rate of 9.25% (2024: 9.25%). The estimation of these costs is subject to significant uncertainties, including potential changes in regulatory requirements, available decommissioning and rehabilitation methods, discount and inflation rates, and the expected timing of closure activities.

The movement of provision for site restoration is shown below:

	Group	
	2025 USD	2024 USD
At the beginning of the financial year	31,701	193,303
Unwinding of discount	2,944	3,004
Change in estimates	-	(154,932)
Foreign currency translation	1,434	(9,674)
At the end of the financial year	<u>36,079</u>	<u>31,701</u>

#### 25. TRADE PAYABLES

The normal trade credit term granted to the Group is 1 to 30 days (2024: 1 to 30 days).

#### 26. OTHER PAYABLES

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
Advances from customers	3,227,960	3,769,764	-	-
Accruals	1,208,381	1,080,261	303,434	150,846
Other taxes payable	1,052,228	740,931	-	-
Other payables	29,448	35,695	-	50,000
	<u>5,518,017</u>	<u>5,626,651</u>	<u>303,434</u>	<u>200,846</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 27. RELATED PARTY DISCLOSURES

#### (a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with the subsidiaries, Directors, key management personnel and related companies. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

#### (b) Related party transactions

The related party transactions of the Group and the Company are shown below.

	2025 USD	2024 USD
<b>Group</b>		
<b>Transaction with a related party</b>		
Office rental	<u>4,308</u>	<u>3,892</u>
<b>Company</b>		
<b>Transactions with subsidiaries</b>		
<i>SCM</i>		
Advance to	106,841	159,100
Assignment of debt	160,267	-
<i>SCH BV</i>		
Advance to	160,267	-
Assignment of debt	(160,267)	-
<i>KAC JSC</i>		
Interest income	2,264,442	2,181,602
Repayment from	(15,796,729)	(3,020,000)
Subscription of bond	10,000,000	-
Assignment of debt		
<i>SCA</i>		
Advance to	1,000	1,000
<i>MECS Ltd</i>		
Interest income assigned	(315,000)	(691,200)
Waiver of debt	(51,039)	-
Advance to	<u>327,859</u>	<u>698,809</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 27. RELATED PARTY DISCLOSURES (cont'd)

#### (b) Related party transactions (cont'd)

The related party balances are disclosed in Note 12.

#### (c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel are made up of all the Directors and certain senior management personnel of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to Directors and key management personnel are as follows:

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
Short-term benefits	<u>846,372</u>	<u>892,121</u>	<u>223,123</u>	<u>120,000</u>

Short-term benefits include contributions paid by the Group to defined contribution plans amounting to USD34,047 (2024: USD29,584) and USD4,634 (2024: Nil) respectively.

### 28. SEGMENTAL REPORTING

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to the cement operating segment in Kazakhstan.

### 29. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

The Group's and the Company's financial assets and liabilities are all categorised at amortised cost.

#### Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, interest rate risk, liquidity risk and foreign exchange risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises primarily from its receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

##### Trade receivables

###### Risk management objectives, policies and processes for managing the risk

The Group's manages its credit risk by, firstly minimising its exposure by transacting approximately 82% (2024: 95%) of its revenue via advance deposits to be received prior to delivery. For the remaining approximately 18% (2024: 5%) exposure, management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit ratings. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired. The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

There are no significant changes as compared to previous years.

###### Exposure to credit risk, credit quality and collateral

The Group's maximum exposure to credit risk is represented by the carrying amounts of financial assets recognised in the statements of financial position at the reporting date. While the Group generally does not hold physical collateral, it does obtain credit enhancement in the form of advance received from certain trade debtors, which mitigates the risk of default by reducing the outstanding exposure.

###### Concentration of credit risk

The Group and the Company determine concentration of credit risk by monitoring the profiles of their trade receivables on an ongoing basis.

At the reporting date, approximately 48% (2024: 61%) of the Group's gross trade receivables were due from 3 (2024: 10) customers.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (i) Credit risk (cont'd)

##### Trade receivables (cont'd)

##### Recognition and measurement of impairment loss

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivable are collectively assessed and estimated using the following provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

The recoverability of trade 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 receivables is determined based on conditions prevailing and information available at the end of the reporting period. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. None of the trade receivables that have been written off is subject to enforcement activities.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the reporting date:

	Gross USD	Impairment losses USD	Net USD
<b>Group 2025</b>			
<b>Trade receivables</b>			
Not past due	59,471	(88)	59,383
Past due:			
Less than 90 days	5,693	(22)	5,671
91 days to 180 days	19,721	(292)	19,429
181 days to 270 days	7,874	(169)	7,705
271 days to 360 days	839,066	(802,505)	36,561
	872,354	(802,988)	69,366
	931,825	(803,076)	128,749

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

#### (i) Credit risk (cont'd)

##### Trade receivable (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the reporting date: (cont'd)

Group (cont'd) 2024 Trade receivables	Gross USD	Impairment losses USD	Net USD
Not past due	<u>185,575</u>	<u>-</u>	<u>185,575</u>
Past due:			
Less than 90 days	61,491	-	61,491
91 days to 180 days	9,325	(1,192)	8,133
181 days to 270 days	66,450	(3,081)	63,369
271 days to 360 days	937,827	(661,203)	276,624
More than 360 days	5,919	(158)	5,761
	<u>1,081,012</u>	<u>(665,634)</u>	<u>415,378</u>
	<u>1,266,587</u>	<u>(665,634)</u>	<u>600,953</u>

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

##### Receivables that are past due but not impaired

The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. These debtors relate mostly to customers with slower repayment patterns, for whom there is no history of default and certain balances were settled subsequent to the reporting date.

##### Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (i) Credit risk (cont'd)

###### Other receivables and deposits

Credit risk is assessed individually by evaluating the financial strength and creditworthiness of each counterparty. As at the reporting date, the maximum exposure to credit risk in respect of other receivables is represented by their carrying amounts in the statements of financial position. The Group applies the general approach to impairment and measures the loss allowance for other receivables at an amount equal to the 12-month expected credit losses, unless a significant increase in credit risk has occurred, in which case lifetime expected credit losses is recognised. The impairment loss recognised during the financial year in respect of other receivables is disclosed in Note 16.

###### Inter-company loans and advances

###### Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the abilities of the subsidiaries to repay the loans and advances on an individual basis.

###### Exposure to credit risk, credit quality and collateral

As at the reporting date, the maximum exposure to credit risk is represented by its carrying amount in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

###### Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the reporting date, there were no indications of impairment loss in respect of amounts due from subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (ii) Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets.

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date was:

	<b>Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
<b>Floating rate instrument:</b>		
Amounts due from subsidiaries	<u>13,400,000</u>	<u>-</u>

The following table detailed the sensitivity analysis on the floating rate instrument to a reasonably possible change in the interest rate as at the end of the reporting date, with all other variables held constant:

	<b>Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>USD</b>	<b>USD</b>
<b>Effects on profit after tax/equity</b>		
Increase of 100 basis points	(129,980)	-
Decrease of 100 basis points	<u>129,980</u>	<u>-</u>
<b>Effects on equity</b>		
Increase of 100 basis points	(129,980)	-
Decrease of 100 basis points	<u>129,980</u>	<u>-</u>

##### (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in a currency other than the functional currency the Group entities. The currencies giving rise to this risk consist of Great Britain Pound ("GBP"), Euro ("EUR"), Malaysian Ringgit ("MYR"), Kazakhstani Tenge ("KZT") and Russian Ruble ("RUB") and USD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

#### (iii) Foreign currency risk (cont'd)

##### Exposure to foreign currency risk (cont'd)

The Group's significant exposure to foreign currency (currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group 2025	EUR USD	GBP USD	KZT USD	MYR USD	RUB USD	Total USD
<b>Financial assets</b>						
Other receivables	-	-	1,596	-	-	1,596
Cash and cash equivalents	<u>69</u>	<u>8,707</u>	<u>-</u>	<u>17,860</u>	<u>-</u>	<u>26,636</u>
	<u>69</u>	<u>8,707</u>	<u>1,596</u>	<u>17,860</u>	<u>-</u>	<u>28,232</u>
<b>Financial liability</b>						
Trade payables	<u>(13,774)</u>	<u>-</u>	<u>(26,056)</u>	<u>-</u>	<u>(59,479)</u>	<u>(99,309)</u>
	<u>(13,705)</u>	<u>8,707</u>	<u>(24,460)</u>	<u>17,860</u>	<u>(59,479)</u>	<u>(71,077)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

#### (iii) Foreign currency risk (cont'd)

##### Exposure to foreign currency risk (cont'd)

The Group's significant exposure to foreign currency (currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was: (cont'd)

Group (cont'd) 2024	EUR USD	GBP USD	KZT USD	MYR USD	RUB USD	Total USD
<b>Financial assets</b>						
Trade receivables	-	-	15,009	-	-	15,009
Other receivables	-	-	9,394	-	-	9,394
Cash and cash equivalents	61	3,650	-	13,457	-	17,168
	<u>61</u>	<u>3,650</u>	<u>24,403</u>	<u>13,457</u>	<u>-</u>	<u>41,571</u>
<b>Financial liability</b>						
Trade payables	(250,047)	-	(44,462)	-	(36,629)	(331,138)
	<u>(249,986)</u>	<u>3,650</u>	<u>(20,059)</u>	<u>13,457</u>	<u>(36,629)</u>	<u>(289,567)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

#### (iii) Foreign currency risk (cont'd)

##### Exposure to foreign currency risk (cont'd)

The Company's significant exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

Company 2025	EUR USD	GBP USD	MYR USD	Total USD
<b>Financial asset</b>				
Cash and cash equivalents	69	4,889	6,968	11,926
<b>2024</b>				
<b>Financial asset</b>				
Cash and cash equivalents	61	93	12,869	13,023

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

##### (iii) Foreign currency risk (cont'd)

##### Exposure to foreign currency risk (cont'd)

#### Foreign currency risk sensitivity analysis

The foreign currencies exchange rate changes against USD would not have material impact on the profit after tax and equity of the Group and of the Company.

##### (iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of financial assets and liabilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that repayment and fundings needs are met. In addition, the Group and the Company maintain sufficient levels of funds at a reasonable level to its overall debt position to meet its working capital requirements.

As at the reporting date, the subsidiaries (CAC JSC and KAC JSC) have working capital facilities of USD4 million (2024: USD3.8 million) with Halyk Bank of Kazakhstan JSC available for drawdown at the discretion of the Directors. The Group expects to meet its other obligations from operating cash flows and proceeds from maturing financial assets.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 29. FINANCIAL INSTRUMENTS (cont'd)

#### Financial Risk Management Objectives and Policies (cont'd)

#### (iv) Liquidity risk (cont'd)

The following table sets out the maturity profile the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows:

Group 2025	Carrying amount USD	Contractual Cash Flows ----->				
		Contractual cash flows USD	On demand/ Within 1 year USD	Between 1 and 2 years USD	Between 2 and 5 years USD	More than 5 years USD
<b>Financial liabilities</b>						
Trade payables	10,468,339	10,468,339	10,468,339	-	-	-
Other payables	5,518,017	5,518,017	5,518,017	-	-	-
Borrowings	2,620,576	3,257,666	1,199,186	1,137,601	920,879	-
Lease liability	30,161	36,114	7,879	7,880	20,355	-
Provision for site restoration	36,079	169,785	-	-	-	169,785
	<u>18,673,172</u>	<u>19,449,921</u>	<u>17,193,421</u>	<u>1,145,481</u>	<u>941,234</u>	<u>169,785</u>
<b>2024</b>						
<b>Financial liabilities</b>						
Trade payables	6,669,584	6,669,584	6,669,584	-	-	-
Other payables	5,626,651	5,626,651	5,626,651	-	-	-
Borrowings	5,193,019	5,671,500	3,331,666	861,363	1,478,471	-
Lease liability	20,741	30,255	7,564	7,564	15,127	-
Provision for site restoration	31,701	162,985	-	-	-	162,985
	<u>17,541,696</u>	<u>18,160,975</u>	<u>15,635,465</u>	<u>868,927</u>	<u>1,493,598</u>	<u>162,985</u>

All of the Company's financial liabilities as at the end of the reporting period either mature within one year or repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 30. FAIR VALUES INFORMATION

#### Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure property under the revaluation model in the statements of financial position are disclosed in Note 8(b).

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

#### Financial instruments other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of the financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and the insignificant impact of discounting.

The fair value of long-term borrowings obtained under a government programme is determined by discounting expected future cash flows using market interest rates for similar instruments, with adjustments to reflect the below-market terms arising from the government subsidy and the Group's own credit risk.

### 31. CAPITAL COMMITMENTS

The Group has outstanding amount of contractual commitments for the acquisition of property, plant and equipment of USD2,491,409 (2024: USD798,927) as at the reporting date.

### 32. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manages its capital based on debt-to-equity ratio. The Group's and the Company's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as total borrowings divided by total equity.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 32. CAPITAL MANAGEMENT (cont'd)

The debt-to-equity ratios of the Group and the Company as at the reporting date are as follows:

	Group		Company	
	2025 USD	2024 USD	2025 USD	2024 USD
Lease liability	30,161	20,741	-	-
Borrowings	<u>2,620,576</u>	<u>5,193,019</u>	-	-
Total debts	2,650,737	5,213,760	-	-
Total equity	<u>58,317,401</u>	<u>57,051,018</u>	<u>60,028,917</u>	<u>63,334,682</u>
Debt-to-equity ratio (%)	<u>4.55%</u>	<u>9.14%</u>	*	*

\* Denotes not meaningful

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to external imposed capital requirements.

### 33. MATERIAL LITIGATIONS

#### a) Tax Audit

Laws and regulations affecting business in the Republic of Kazakhstan continue to change rapidly. The Group subsidiaries' interpretation of such legislation as applied to their operating activities may be challenged by the relevant authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for five calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. The subsidiaries believe that they have provided adequately for tax liabilities based on their interpretations of tax legislation.

#### CAC JSC

Following a tax audit by the Department of State Revenues of the Karaganda Region covering the financial years 2017 to 2020, CAC JSC received a notification and audit report on 13 January 2023 assessing additional taxes and penalties amounting to KZT 2.15 billion (approximately USD 4.28 million). CAC JSC disputed the assessment and initiated legal proceedings. In November 2023, the First Court ruled in favour of CAC JSC, overturning the primary tax assessments.

On 4 March 2025, the Supreme Court of the Republic of Kazakhstan issued its final ruling which was substantially in favour of CAC JSC. Pursuant to the final decision, CAC JSC was required to pay additional taxes of KZT 1.66 million (approximately USD 0.03 million), which have been fully settled. The remaining disputed assessments were resolved favourably. No further material exposure remains outstanding in respect of this matter.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 33. MATERIAL LITIGATION (cont'd)

#### a) Tax Audit (cont'd)

##### KAC JSC

In connection with a tax audit conducted by the Department of State Revenues of the Karaganda Region covering the years 2017 to 2020, KAC JSC received a notification (No. 250) and audit report (No. 250) on 14 February 2023 assessing additional taxes and penalties totalling KZT 1.83 billion (comprising KZT 1.33 billion in taxes and KZT 500 million in penalties) (approximately USD 3.64 million). KAC JSC subsequently filed multiple legal claims challenging the audit findings.

In July 2023, the Court of First partially ruled in KAC JSC's favour, including the reversal of reclassifications related to certain fixed assets and transactions with suppliers, while other claims were dismissed. Appeals filed thereafter led to mixed outcomes, and as at the reporting date, several matters remain pending before the Supreme Court of the Republic of Kazakhstan following cassation appeals submitted in January 2025. Based on the current status of the proceedings and advice of legal counsel, management considers the probability of an unfavourable outcome to be low.

On 1 October 2025, the Cassation Court of the Republic of Kazakhstan issued its final ruling which was substantially in favour of KAC JSC. Pursuant to the final decision, KAC JSC was required to pay additional taxes of KZT 47.5 million (approximately USD 0.1 million), all of which have been fully settled. The remaining disputed assessments were resolved favourably. No further material exposure remains outstanding in respect of this matter.

#### b) Judicial Review Application against the Director General of Inland Revenue ("DGIR") and Minister of Finance ("MOF") – MECS Ltd

With the economic substance regulations gazetted under the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2018 [P.U.(A) 392/2018] and the Labuan Business Activity Tax (Requirements for Labuan Business Activity) 2018 (Amendment) Regulations 2020 [P.U.(A) 375/2020], MECS Ltd had on 3 May 2021 filed an application for Judicial Review ("the 1st JR Application") before the High Court challenging both the Director General of Inland Revenue ("DGIR") and the Ministry of Finance's ("MOF") decisions.

However, new economic substance regulations were issued on 22 November 2021 [P.U.(A) 423/2021] ("PU(A) 423") which sought to impose substance requirements retrospectively with effect from 1 January 2019. With the gazetted PU(A) 423, the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2018 [P.U.(A) 392/2018] and the Labuan Business Activity Tax (Requirements for Labuan Business Activity) 2018 (Amendment) Regulations 2020 [P.U.(A) 375/2020] were revoked accordingly. On 18 February 2022, MECS Ltd filed another judicial review application ("2nd JR application") in the High Court of Sabah and Sarawak in the Federal Territory of Labuan with DGIR and the MOF named as respondents on this matter.

The hearing was then held on 13 June 2022 where the High Court Judge ruled in favour of MECS Ltd and quashed the DGIR and the MOF's decision, among others, and held that the gazetted PU(A) 423 has no retrospective effect to MECS Ltd. The DGIR and MOF have then filed an appeal to the Court of Appeal against the High Court's decision.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 33. MATERIAL LITIGATION (cont'd)

b) Judicial Review Application against the Director General of Inland Revenue ("DGIR") and Minister of Finance ("MOF") – MECS Ltd (cont'd)

On 6 November 2022, MECS Ltd filed a Notice of Motion to strike out the MOF's Appeal. The hearing of MECS Ltd's Striking Out Motion was held on 12 May 2023. Following the hearing, the Court of Appeal ruled in favour of MECS Ltd and struck out the MOF's Appeal. Subsequently, MECS Ltd filed a Striking Out Motion on 8 September 2023 to strike out the DGIR's Appeal at the Court of Appeal, the hearing date for which was fixed for 26 September 2024.

A further challenge has also been filed by MECS Ltd before the High Court on 18 February 2022 ("the 2nd JR application") to challenge the effect of PU(A) 423/2021. On 29 June 2022, the High Court Judge granted leave for the 2nd JR application filed by MECS Ltd to proceed to be heard on its merits.

On 3 August 2022, the DGIR filed an application for stay of proceeding of the 2nd JR Application on the basis that an appeal against the High Court's decision have been filed by the same ("DGIR's Stay Application"). On 26 July 2023, the High Court dismissed the DGIR's Stay Application. The hearing of the 2nd JR Application on merits was held on 20 May 2024 and 8 October 2024.

On 10 December 2024, the parties recorded a Consent Order before the High Court confirming that the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2021 [P.U. (A) 423/2021] shall apply only from the subsidiary's first full 12-month financial or accounting period commencing on or after 23 November 2021 (hereinafter referred to as "the First Annual Period" and shall not apply to MECS Ltd prior to the First Annual Period.

As of 20 May 2025, both the 1st and 2nd JR Applications have been finally concluded with no further appeals pending before the Courts.

c) Electricity Consumption Allocation Dispute

The Group (through its subsidiary, CAC JSC) was involved in a legal proceeding as plaintiff against Kazakhstan Electricity Grid Operating Company JSC (KEGOC) and Karagandy Zharyk LLP, as defendants, in relation to the allocation of electricity consumption volumes.

In November 2025, the court of first instance ruled partially in favour of the Group, determining that certain electricity volumes amounting to approximately 937,532 kWh had been incorrectly attributed to the Group for the period from February to August 2025. The court ordered the defendants to exclude these volumes from the electricity balance and to make corresponding adjustments.

The defendants subsequently filed an appeal. In February 2026, the appellate court dismissed the appeals and upheld the original decision.

Based on the current court decision, the legal case has been concluded in favour of the Group. However, the defendants retain the right to file a cassation appeal within the statutory period.

Based on the current status, the Group does not expect any material financial impact arising from this matter.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 25 Aug 2025, an indirect subsidiary of the Company, SCH BV, commenced members' voluntary winding up. The liquidation process is in progress as at the reporting date and the appointment of a liquidator has not been completed.
- (b) On 25 November 2025, a resolution was passed in MECS Ltd to voluntarily winding-up pursuant to Section 131(1) of the Labuan Companies Act 1990, applying Section 439(1)(b) of the Companies Act 2016. The winding-up process will be carried out in accordance with applicable laws and regulations. As at 31 December 2025, the appointment of a liquidator is in progress and has not been finalised.

Accordingly, the Group has not lost control over the subsidiary as at the reporting date, and no deconsolidation has been recognised in these financial statements.

## STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 6 to 64 are drawn up in accordance with International Financial Reporting Standards and the Labuan Companies Act 1990 so as to give true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of their financial performance and their cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 May 2026.

**JAVIER DEL SER PEREZ**  
Director

**RUPERT CHARLES HUMPHREY WOOD**  
Director

# NOTICE OF THE 2026 AGM

NOTICE IS HEREBY GIVEN that the 2026 ANNUAL GENERAL MEETING of the Company will be held at the office of Steppe Cement Ltd, Suite 10.1, 10th Floor, West Wing, Rohas Perkasa, 8, Jalan Tun Perak, Kuala Lumpur, Malaysia on Friday, 26th June 2026 at 4.00p.m. for the purpose of considering and if thought fit, passing the following Resolutions:

## ORDINARY RESOLUTIONS

### **1. ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

To receive and adopt the audited financial statements for year ended 31 December 2025.

### **2. RE-ELECTION OF DIRECTORS**

To re-elect the following Directors who offered themselves for re-election:

- 2.1 Javier Del Ser Perez
- 2.2 Rupert Wood
- 2.3 Wan Affan Azam Bin Wan Azmi
- 2.4 Saida Djarbolova
- 2.5 Petr Durnev

### **3. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE LABUAN COMPANIES ACT, 1990.**

BY ORDER OF THE BOARD

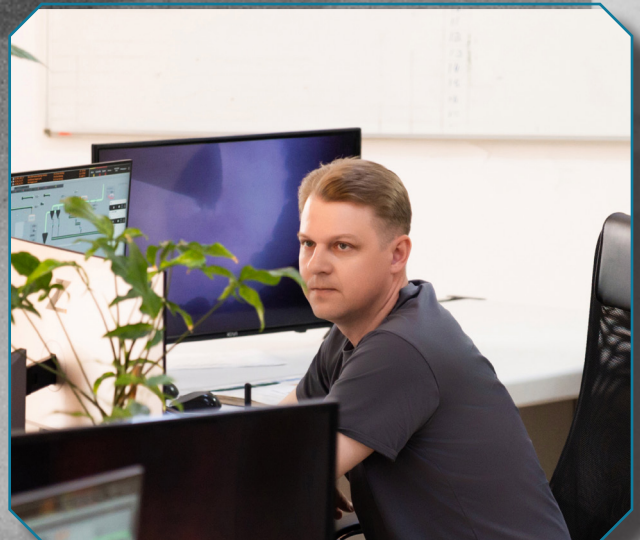
**JAVIER DEL SER PEREZ**

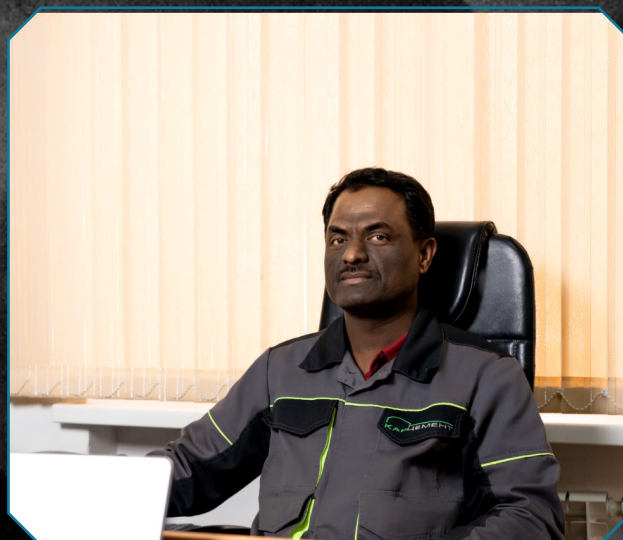
Chairman

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to appoint and vote instead of him.
2. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer, unless the appointer, is a corporation or other form of legal entity other than one or more individuals holding as joint owners, in which case the instrument appointing a proxy shall be in writing under the hand of an individual duly authorised by such corporation or legal entity to execute the same.
4. Shareholders will need to send a Form of Proxy. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions detailed by 9.00 a.m. BST on 24 June 2026.
5. Depositary Interest Holders need to instruct the custodian Computershare Company Nominees Limited how they wish to vote in accordance with the instructions on the Form of Instruction and voting instruction needs to be received by 5.00 p.m. BST on 23 June 2026.
6. Copies of the proxy form and form of instruction are available at the UK Registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road BS13 8AE.









**STEPPE**  
**CEMENT**

**STEPPE CEMENT LTD**  
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