Annual Report 2023

STEPPE CEMENT

Plant Location In

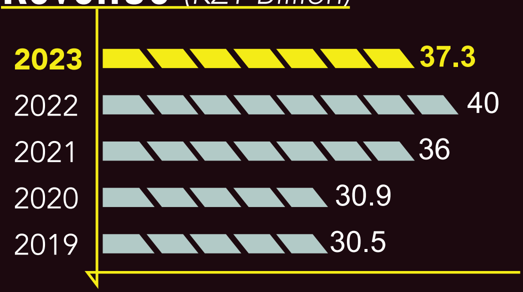
KAZAKHSTAN

STEPPE CEMENT

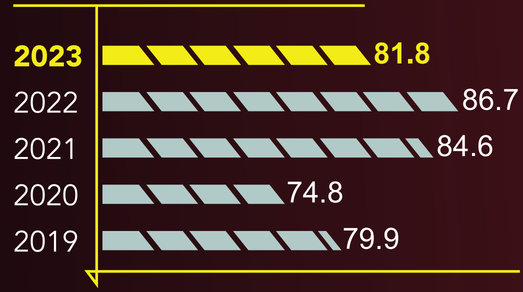
CONTENTS

Financial Highlights

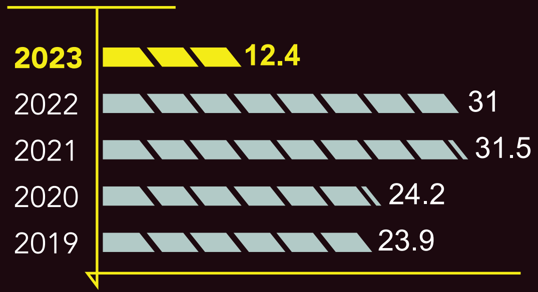
Revenue *(KZT Billion)*



Revenue *(USD Million)*

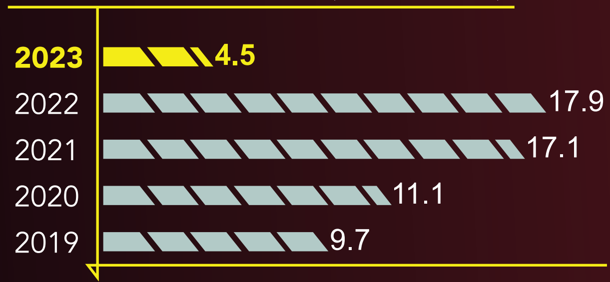


EBITDA* *(USDMillion)*

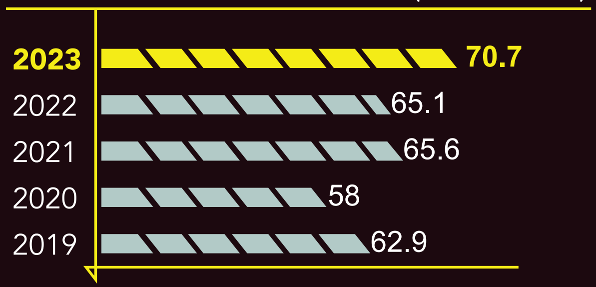


**excluding foreign exchange gain/losses arising on devaluation of the Tenge*

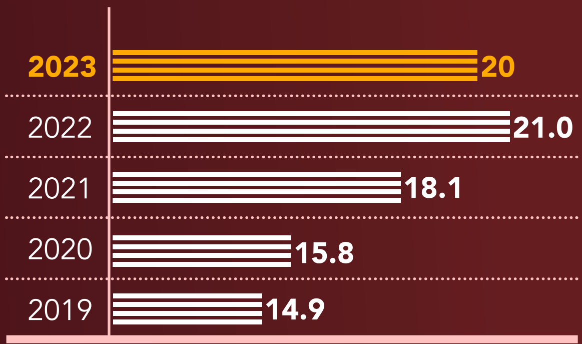
Profit After Tax *(USDMillion)*



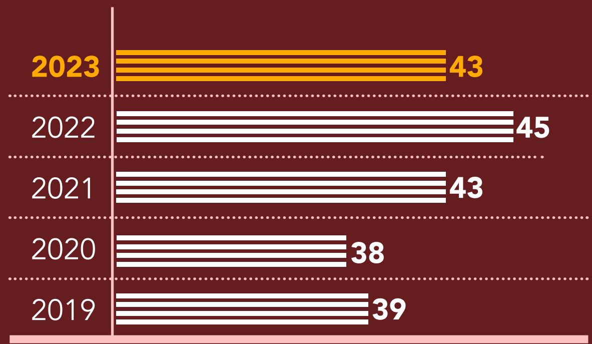
Shareholders Funds *(USDMillion)*



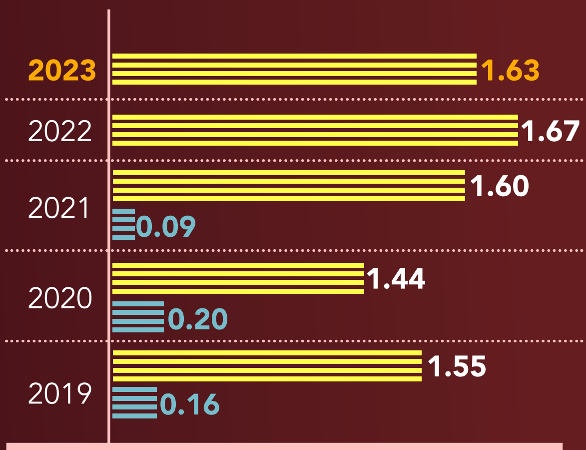
Operational and Market Data



Ex-factory price (KZT per tonne '000)

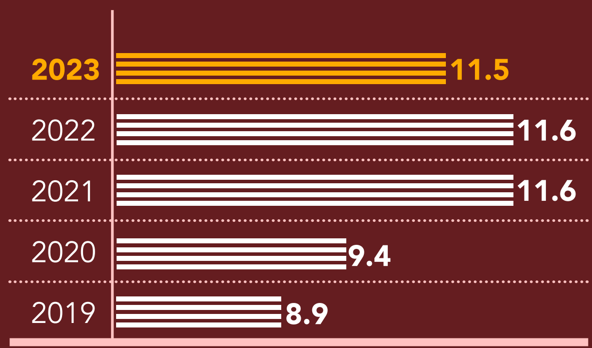


Ex-factory price (USD)

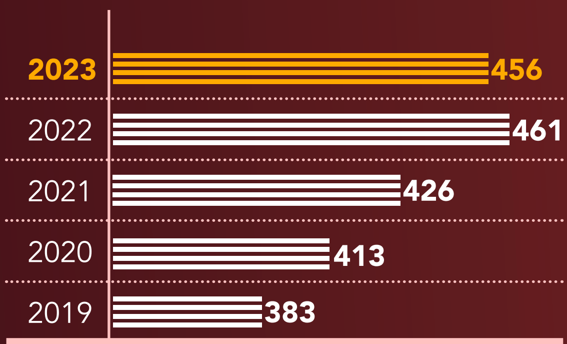


Sales volume (Million tonnes)

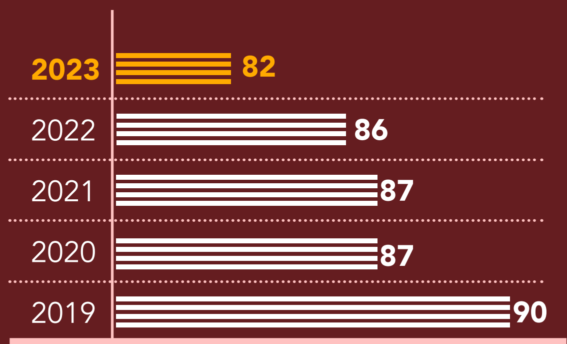
Export
Domestic



Market Size (Million tonnes)



Average exchange rates (USD/KZT)



Capacity utilisation (%)

Financial Data

Data	2019	2020	2021	2022	**2023**
Gross profit margin (%)	42	43	47	43	**30**
Profit after tax margin (%)	12	15	20	21	**6**
Net earnings per share (cents)	4	5	8	8	**2**
Return on shareholders funds (%)	15	19	26	27	**6**
NTA Per Share (cents per share)	29	26	30	30	**32**
Number of shares issued (million)	219	219	219	219	**219**

CORPORATE INFORMATION

Listings
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

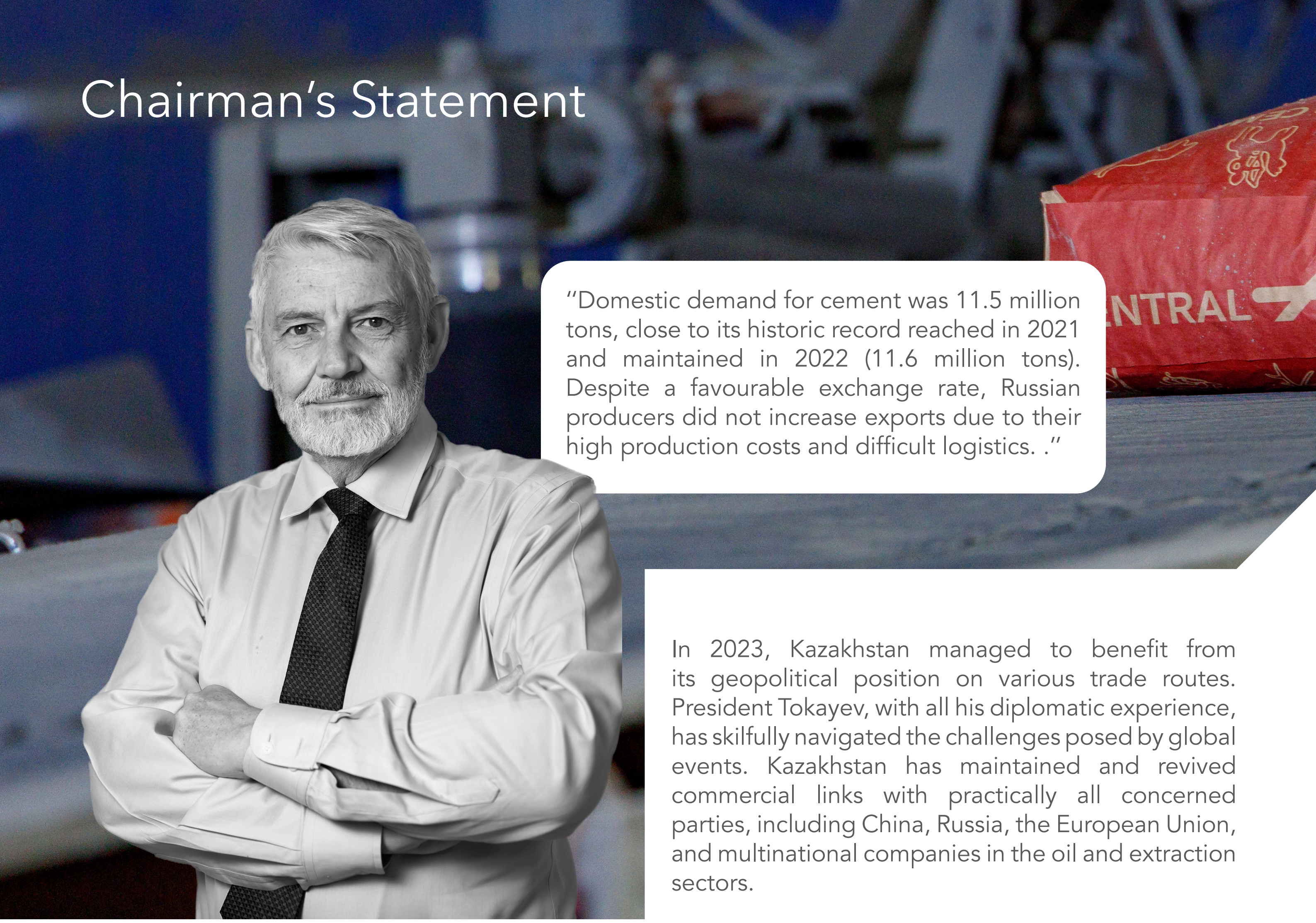
Group Auditor
Deloitte PLT
Suite 9, 4th Floor, Business Centre,
Wisma Wong Wo Lo, Jalan Tun Mustapha,
Labuan, 87000

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



"Domestic demand for cement was 11.5 million tons, close to its historic record reached in 2021 and maintained in 2022 (11.6 million tons). Despite a favourable exchange rate, Russian producers did not increase exports due to their high production costs and difficult logistics. ."

Dear Shareholders,

In 2023, Steppe Cement sold 1.63 million tons of cement, a slight decrease from the 1.67 million tons sold in 2022.

As you are aware, the profits from 2022 and 2023 have allowed for the payment of dividends, a course of action that the Board supports in principle.

However, as set out in RNS announcements there are significant challenges presented by changing legislation in relevant jurisdictions.

Over the past fourteen months the Board and management have been working continuously to explore all possible alternatives, concluding that the Capital repurchase announced on 5th of April 2024 and concluded on 23rd of May 2023 was the most effective method of distributing funds to shareholders. The Board has resolved to restructure existing group to minimize the number of jurisdictions in which it has incorporated entities, and a strategy has been developed to effect this over coming years.

In 2023, Kazakhstan managed to benefit from its geopolitical position on various trade routes. President Tokayev, with all his diplomatic experience, has skilfully navigated the challenges posed by global events. Kazakhstan has maintained and revived commercial links with practically all concerned parties, including China, Russia, the European Union, and multinational companies in the oil and extraction sectors.

Western sanctions do not seem to have had a significant detrimental effect on Kazakh trade with its larger neighbour, though there has been some impact. The Kazakh economy remains too closely intertwined, with the much larger neighbouring Russian economy to be disentangled.

Halyk bank estimates a 2023 GDP growth rate of approximately 5.1% far above prior expectations (3.2% in 2022). Think tanks such as World Economics Research (London), specialising in converting GDP into Purchasing Power Parity terms, report a 32% increase in GDP under their methodology, ranking Kazakhstan between Belgium and Switzerland in absolute value.

Inflation at 9.8% was substantially reduced compared to 2022 but remains a concern for its social impact on consumption and private investment. The government target for 2024 is between 5.5% and 7% but it is still hovering above 9% in the first quarter of 2024. The base lending rate stood at 15.75% in December. Gross fixed capital formation was strong but mostly attributable to a fiscal stimulus and private/public investment in transport infrastructure and other public investments. The Tenge, the national currency, weakened against the US dollar between August and November but has since recovered

and stabilized at the 2023 H1 level around 446 KZT per USD. It strengthened substantially against the Russian Ruble between January and July and has remained at about 5 KZT/RUB since then (+24% vs. January and +48% vs. the peak RUB value of July 2022).

How did this overall background influence the Company's activity and how did we react?

Domestic demand for cement was 11.5 million tons, close to its historic record reached in 2021 and maintained in 2022 (11.6 million tons). Despite a favourable exchange rate, Russian producers did not increase exports due to their high production costs and difficult logistics.

Strong competitive pressure from domestic producers is now a fact of life in South Kazakhstan. At the same time, railway rates have increased, wagons are scarce, and the network is extremely congested by transit to and from Russia and along the Silk Road. As a result, selling prices are moving down whilst logistics costs are inflated in the Almaty and Shymkent market.

In view of this, the Board and management have redefined their commercial strategy to capitalize on the Company's structural strengths:

Sales will be concentrated to the primary Karaganda and Astana markets, representing approximately three million tons of consumption. Every delivery which can be made by trucks will avoid the heavy and expensive costs associated to rail and directly reach the ultimate customer. We believe that we are the lowest cost producer in this market, close to coal mines and blast furnace slag supplies, and benefit from our proximity to the market, good roads, and weaker competition.

This strategy aims to maintain our market share without sacrificing margins in this inflationary and competitive environment. Being successful demands a high level of reliability from our factory. I am grateful to our technical team who achieved daily combined production of clinker in excess of 5,600 tons per day when both kilns were running concurrently. Recent improvements demonstrate an even better performance in January 2024. Several modifications were tailored and implemented at minimal cost. This continuous debottlenecking and process optimization will increasingly bear fruit. It is worth remembering that a better reliability not only translates into more productive capacity but also in lower energy consumption – every long stoppage calls for preheating of the kiln using expensive fuel.

This comprehensive strategy leads me to express an optimistic view for the future. The challenges encountered in the market and in terms of fiscal uncertainties are being responded to with adequate actions and strong determination.

The Board and I are grateful to our employees and management for their dedication, and to shareholders for their trust and loyalty. We are also glad to welcome Strand Hanson Limited as our new Nominated and Financial Adviser.

Xavier Blutel

Chairman,
Independent Non-Executive Director

CEO's Statement

"During 2023, Steppe Cement operated both lines at 82% of their combined capacity. Capacity has been increased by 0.1 million tonnes so far in 2024 after the modification to the preheater tower at line 6, which was completed in late 2023."

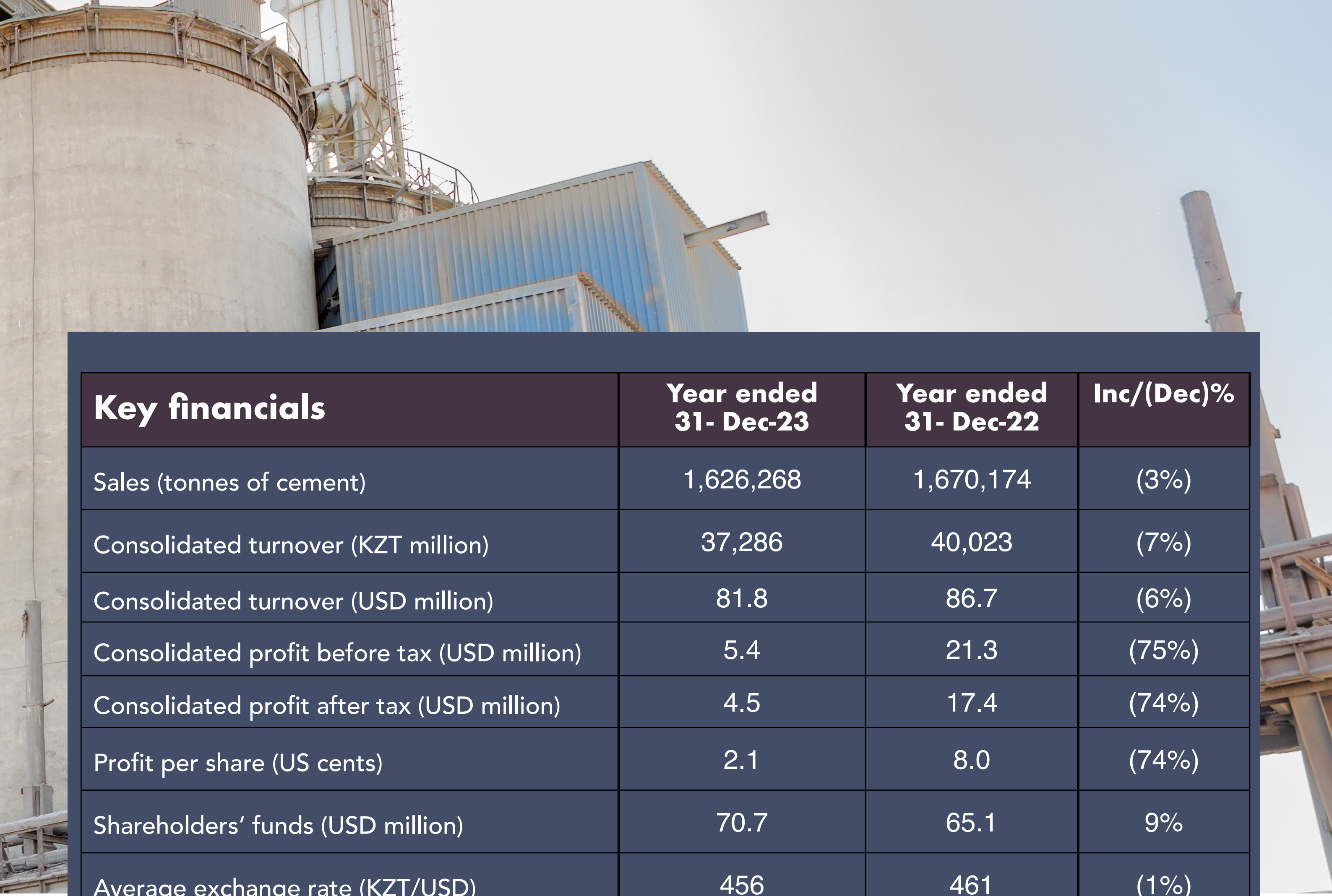
The political environment stabilised in Kazakhstan in 2023 benefiting the country through higher trade and transit of goods. Meanwhile, Kazakhstan's population, primarily concentrated in the southern regions, continues to grow reaching 20 million people by the end of 2023. The growth in the economy and population brought significant inflation across the board and specifically in the transport sector with logistical bottlenecks in the main corridors to Russia and China caused by the overload of the rail transport system.

In a more stable political environment, the cement market in Kazakhstan decreased slightly in 2023 to 11.5 million tonnes resulting in a per capita consumption of 575 kg/person per year. Looking ahead, significant population growth, lower interest rates and high commodity prices are expected to improve the housing construction sector in 2024.

Steppe Cement's sales volume decreased by 3% compared with the previous year, due to logistical difficulties in the railway system. Traffic to and from Russia, as well as transit from China, increased significantly in 2023. The Company's domestic sales increased by 4%, but exports were reduced to virtually zero.

Overall, cement imports into Kazakshtan mostly from Russia to the Aktobe region, decreased by 0.1 million tonnes to 0.5 million tonnes during the period, being equivalent to 4% of the total cement market. Exports from local producers increased slightly by 9% to 1.2 million tonnes during the year, with these being increasingly to Kyrgystan. Uzbekistan has commisioned a lot of new capacity that has brought lower prices such that exports from Kazakhstan are now less profitable. Exports remain concentrated towards the Tashkent and Bishkek areas which are very close to the three main producers in South Kazakhstan.

The Kazakhstan cement market has balanced demand and production levels, although some new entrants have won market share at the expense of historical players. Seasonal market demand decreased in the first quarter of the year due to weather conditions; and then bounced back in the summer season. The northen regions are more affected by this tendency and we expected this pattern to continue over the course of 2024. We therefore decided to build our stocks of clinker in the first quarter of 2024 in preparation for meeting demand later in the year.



Key financials	Year ended 31- Dec-23	Year ended 31- Dec-22	Inc/(Dec)%
Sales (tonnes of cement)	1,626,268	1,670,174	(3%)
Consolidated turnover (KZT million)	37,286	40,023	(7%)
Consolidated turnover (USD million)	81.8	86.7	(6%)
Consolidated profit before tax (USD million)	5.4	21.3	(75%)
Consolidated profit after tax (USD million)	4.5	17.4	(74%)
Profit per share (US cents)	2.1	8.0	(74%)
Shareholders' funds (USD million)	70.7	65.1	9%
Average exchange rate (KZT/USD)	456	461	(1%)
Exchange rate as at year end (KZT/USD)	454	462	(2%)

From early 2023, the Kazakhstan government stated its intention to lower inflation. However, at an annualized rate of 9.8% in 2024, it remains similar to 2023. The National Bank has reduced the base interest rate to 14.75% as of April 2024 from a peak of 16.75% in mid 2023. The interbank rate (TONIA) which was hovering at 9% from 2018 to early 2022, peaked at 17.5% in late 2022 and has now come down to 13%. Higher interest rates makes investment in house building as well as new cement capacity more difficult to justify.

In 2023, Steppe Cement recorded a net profit of USD4.5 million compared to a net profit of USD17.9 million in 2022, while EBITDA fell to USD12.4 million from USD 31 million. This reduction was mostly due to an increase in the cash cost of production of USD8 million due to inflation. The Company could not pass this increased cost to its clients due to strong competition from other cement producers. Other factors contributing to a higher cost of production were the higher transportation costs, despite the focus on markets closer to Karaganda, lower selling prices and lower sales volumes.

Steppe Cement's average cement selling prices decreased by 4% in KZT and USD, to USD50 per tonne delivered.

During 2023, Steppe Cement operated both lines at 82% of their combined capacity. Capacity has been increased by 0.1 million tonnes so far in 2024 after the modification to the preheater tower at line 6, which was completed in late 2023. This was part of a USD3.1 million CAPEX/ refurbishment programme to ensure the ability of our plant and equipment to efficiently meet future production requirements. It is expected that USD2.4 million will be invested in 2024 to continue this work. Further details on CAPEX are set out below.

Shareholders' funds increased to USD70.7 million at the end of 2023 from USD65.1 million at the end of 2022 as there was no dividend distributed. A capital repayment of approximately USD4.2 million was subsequently paid in June 2024.

CEO's Statement

It is also worth noting that our factory receives an allocation of CO_2 emissions from the government and it does not trade them, as we need them for production. There is a very small market for alternative fuels and they are so far not competitively priced versus coal. However we have started to use pyrolysis oil in lieu of diesel wherever possible. At the same time, the use of additives in the cement formula is limited by current regulations. Clients tend to prefer cement with a limited amount of additives, particularly in the winter season.

Production and operating costs

Line 5 worked at 80% of its capacity, producing 878,184 tonnes of cement, while Line 6 worked at 83% and produced 748,084 tonnes. As mentioned above, the Company expects higher figures for 2024 as clinker production has already increased by 27% in the first quarter of 2024.

In 2023, cost per tonne of cement increased by 19% in KZT which was a higher rate than the official inflation figure published by the National Bank of Kazakhstan of 9.8%. Electricity tariffs increased by 38%, coal costs by 21%, railway tariffs by 28%, diesel costs by 8%, salary expenses by 20% and wagon rental increased by 90% as our long term rental agreement had to be renewed, but it was partly offset by our higher rental revenue in winter through leasing out the wagons when not in use. These increases were implemented in the first half of 2023 after the official inflation figure for 2022 of 20.3% was published.

The average production cost of clinker increased from USD23/tonne to USD29/tonne, while the cost of cement increased from USD27/tonne to USD33/tonne in 2023.

Selling expenses, reflecting mostly cement delivery costs, inceased to USD8.1/tonne from USD6.7/tonne last year. The inflation in railway transport was much higher but we concentrated our sales in nearby markets by truck delivery, thereby reducing our reliance on the railway lines. General and administrative expenses also increased to USD7.1 million in 2023 from USD6.2 million in 2022 as a consequence of salary increases.

On 31 March 2024 the Company had 794 employees, a 2% decrease compared with the previous year.

In 2023, finance costs were USD 0.9 million, 13% lower than in 2022, mostly as a result of decreased interest paid on loans and current banking fees. Other income of USD1.8 million during the period reflects mostly the income from the rental of the Company's railway wagons when they are not being used in winter.

Capital investment

Capital investment reduced significantly to USD3.1 million during the year following the reduction in margins. The Company managed to complete three major projects in 2023 which were financed by internal cash flow:

- the implemation of a new separator for cement mill two, at a cost of USD 2 million, which was finally commissioned in March 2024 and which has so far increased its capacity by 25% since its installation;
- the preheater raiser duct's extension by 24 meters to improve the preheater calcination in line 6 which has shown very positive results in terms of capacity and heat consumption; and
- the conversion of raw mill 3's separator into a dynamic separator to support the increased production of line 6 by 10% when completed.

The Company has plans for a further USD2.4 million investment in 2024 including:

- the conversion of the raw mill 3 separator, from static to dynamic, at a cost of USD1 million to increase capacity, reliability, quality and to reduce electricity consumption;
- the modification of the line 6 cooler extraction system at a cost of USD 0.35 million to improve reliability and reduce heat losses; and
- software and hardware upgrades in the control system at a cost of USD0.7 million to allow further automatisation of the factory.

Financing

Commercial interest rates in Kazakhstan remain high at 14.5% after having reached 20% per annum in 2023. The government has reactivated the subsidised credit lines under certain conditions and the Company intends to apply to obtain them to finance capex whenever possible. At the end of 2023, the Company's total loans outstanding were stable at USD6.5 million versus USD6.7 million in 2022. Long-term loans decreased to USD2.8 million from USD3.9million, while short term loans increased to USD3.6 million from USD2.8 million. All the loans had subsidized interest rates.

Taking the cash on hand into consideration, the Company ended 2023 with zero net debt, excluding IFRS 16 leases, mostly rental wagons.

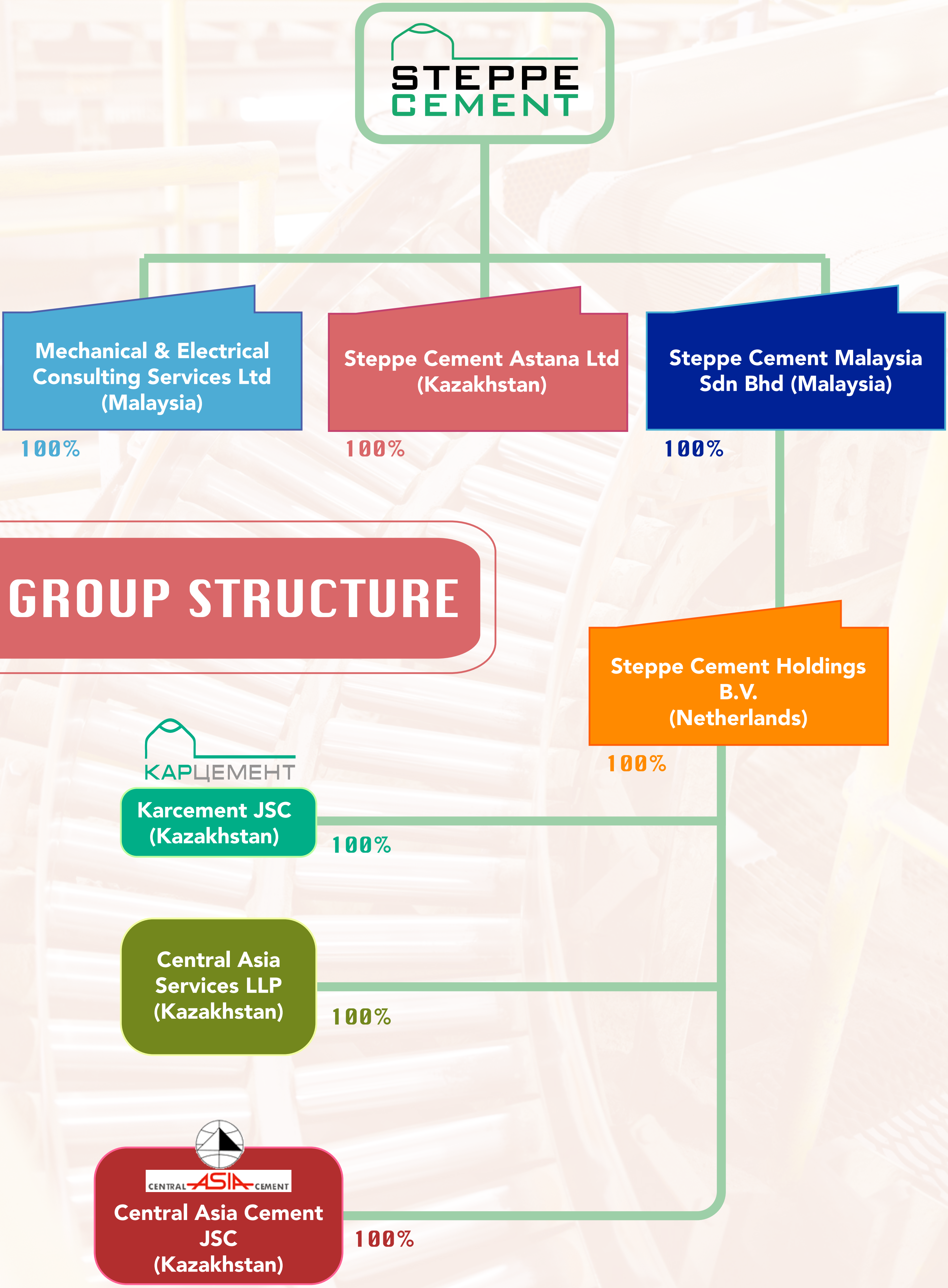
Steppe maintains its short term credit lines as a stand by including:

- KZT 1 billion short term in a government subsidized program in KZT at 6% per annum
- KZT 2 billion from Halyk Bank at 6% p.a. in USD or 20% in KZT.

The KZT strenghtened by 1% against the USD with an average exchange rate of 456 KZT/USD in 2023 vs 461 KZT/USD in 2022.

Javier del Ser Perez
Chief Executive Officer

GROUP STRUCTURE



BOARD OF DIRECTORS

XAVIER BLUTEL

Chairman,
Independent Non-Executive Director

Xavier Blutel, 69, spent 33 years as an International Executive in capital intensive industries such as the cement industry, with Italcementi Group and Ciments Français Group, and the petrochemicals industry. Besides managing various operations in numerous countries, he was actively involved in screening approach, negotiation and integration of new acquisitions, disposals of non-core businesses and potential mergers. He also spent 6 years (2002-2007) in international lobbying and developed and implemented the Sustainable Development approach in Italcementi Group. He was formerly a director of Shymkent JSC and Beton ATA LLP from 2008 to 2013.

JAVIER DEL SER PEREZ

Chief Executive Officer

Javier del Ser Perez, 58, 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 Holding B.V, Steppe Cement (M) Sdn Bhd and Mechanical and Electrical Consulting Services Ltd.

RUPERT WOOD

Independent Non-Executive Director

Rupert Wood, 53, 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

Non-Independent
Non-Executive Director

Wan Affan Azam Wan Azmi, 36, 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.

Senior Management

Central Asia Cement JSC

Peter Durnev, General Director

A graduate of Academy Marketing Moscow. He has worked in CAC for 27 years rising from marketing executive to his present position. He oversees marketing, logistics, government relations and human resources.

Derek Kuan Boon San, Finance Director

Derek Kuan is a member of Malaysian Institute of Certified Public Accountants (MICPA). His expertise encompasses audit, financial reporting, internal control procedures, corporate finance and investment evaluation.

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.

Irina Poluychik, Personnel Manager

An economist by qualification. She specializes in human "resources" matters. She has been with CAC for 39 years.

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 9 years.

Chairman's Statement on Governance

We are pleased to present our 2023 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

- DEDICATION TO CUSTOMERS
- QUALITY OF PRODUCT & SERVICES
- SAFEGUARD AND ENHANCE ASSET VALUE
- EMPOWER AND RESPECT EMPLOYEES
- BE ACCOUNTABLE AT ALL LEVELS

SHAREHOLDERS

STEPPE CEMENT BOARD

- BOARD AUDIT COMMITTEE
- BOARD REMUNERATION COMMITTEE
- BOARD NOMINATIONS & GOVERNANCE COMMITTEE

MANAGEMENT

CHIEF EXECUTIVE OFFICER

EXECUTIVE LEADERSHIP AND OPERATIONAL MANAGEMENT

The Board reserves certain power for itself and delegates certain authority and responsiblitity for day-to-day management of our business. The Group CEO in turn delegates certain authorities and responsibilities to senior executives. These delegations are regularly reviewed and confirmed

Chairman’s Statement on Governance

In my capacity as independent non-executive Chairman of the Board, I pay utmost attention to the governance of our company. As an AIM-listed company Steppe Cement follows the Quoted Companies Alliance (QCA) Governance Code, but the Board, its committees, and I, try to be as precise and effective in the definition, implementation, and compliance of what it means in practice.

Beyond well-known external requirements, I believe that an effective set of governance principles is key for the long-term sustainability and profitability of a cement producer.

In my view, good and efficient governance of a company should ensure that at least three objectives are properly pursued and constantly monitored, namely:

- Safeguarding the Company’s assets and licence to operate in what is a capital-intensive industry with a local market. This includes maintaining or replacing plant, property and equipment, and protecting our operating and mining licences.
- Providing a decent cash return to shareholders whenever possible.
- Ensuring that the Company continuously builds on its strengths, identifies and corrects its weaknesses in an economic manner.

In light of those objectives, it is worth highlighting some key events which led me and the Board to test and improve the solidity of our governance in 2023:

TAX ISSUES, DIVIDEND PAYMENT AND INVESTOR RELATIONS

As communicated before and in this report, changes in taxation in Malaysia and uncertainties in the tax treatment in the Netherlands created a substantial risk of cash erosion in our ordinary dividend flow. Despite repeated requests to reputable tax advisers, no assurance could be obtained regarding the potential impact of these changes. To provide a short-term alternative solution to the payment of a dividend to shareholders, the Board reached the conclusion that a capital reduction would allow an initial cash payment to the Company’s shareholders in 2024, and intends to undertake a legal restructuring in the chain of ownership of some of the Company’s subsidiaries which will provide an efficient and permanent answer to the Company’s new tax environment. Further updates will be announced in due course.

The composition of the Company’s board, in particular the complementarity of our directors, was very instrumental in this process. The board constitutes a Malaysian director familiar with the practices of our country of incorporation, a British director experienced in London financial markets and UK rules, a CEO Javier del Ser, and me with my extensive industrial practice in this industry, including in Kazakhstan.

After considering the merits of various candidates, the Board elected Strand Hanson as their new Nominated Adviser and Broker in place of RFC Ambrian. A full, comprehensive due diligence process was undertaken as part of their onboarding process.

CONFLICT IN UKRAINE AND SANCTIONS

Central Asia Cement and Karaganda Cement, our two operational companies, are the main source of profit to Steppe Cement Limited and operate in Kazakhstan. It is well known that cement is sold within a limited radius around the factories as it is a weighty commodity and is therefore geographically restricted by transportation costs which can easily exceed the production cost. Due to our geographical position, we do not sell any cement to Russia. However, we have various suppliers in Russia for certain essential components none of which are subject to sanctions. The Company also confirms that no payment had been made via Russian banks under sanctions. We have a sanctions policy formalised and protocols in place to monitor adherence to this.

Chairman's Statement on Governance

COMPETITIVE AND INFLATIONARY PRESSURES

The Board and management have decided to concentrate sales in the primary market, in close proximity to the factory (Karaganda, Astana, and the Northeast of the country) and leave Almaty and the South. This region has overcapacity (installed historically by other cement producers), which can no longer be absorbed by exports to Uzbekistan, creating an over supply in the Almaty region with the associated impacts on pricing. Increased congestion of the railway network remained an issue, especially with increased transit to and from Russia. The Company has managed this logistical bottleneck by supplying increasing volumes directly by truck to end-users.

SOCIAL RESPONSIBILITY

- Our factory is the main employer in the vicinity. We encourage dialogue between our management and the local authorities, and our remuneration committee checks that the salaries paid to employees are in line with industry standards. We also make sure that the lowest salaries are adjusted to ensure a minimum standard of living.

- In terms of CO_2 emissions, the 'cap-and-trade' scheme for the allocation of emissions allowances foreseen in Kazakhstan has not yet been defined. However, the Company is taking a permanent effort to reduce the clinker content in cement by replacing it with blast furnace slag within the accepted limits of the product standard. Combustion and the chemical reaction generating CO_2 are necessary for producing clinker only, and slag is available near the factory from the large steel mill in TemirTau. Moreover, various improvements in the preheater tower and kilns provide an improved thermal efficiency. In other words, less CO_2 emitted per ton of cement produced. Although it has become common practice for cement producers operating in the western world to burn 'alternative fuels' by recovering various waste, this is not yet achievable in Kazakhstan as no collection or economic model exists to provide these types of fuels.

ORGANIZATION AND MANAGEMENT

The office in Kuala-Lumpur, which continuously monitors the operations of the subsidiaries, assists the Board with its decision-making. At least two meetings with the Board are held in the factory every year with detailed presentations and Q&A with the local management.

Of paramount importance is the need to attract and retain key personnel in a remote region of Kazakhstan. For the first time, after a succession of expatriates, in 2024, the Company hired a highly qualified citizen of Kazakhstan in the position of local finance director. As support, at the parent company level we have strengthened our finance team with new hires in order to cope with new challenges and benefit from a more attractive environment for professionals.

ACTIVITIES OF THE BOARD AND ITS COMMITTEES

During 2024, the tax issues and restructuring alternatives formed a very significant part of every Board meeting, some of which were entirely dedicated to this matter. The CEO and certain directors had additional discussions between themselves and contact with external advisers and auditors in the various countries where the group companies are incorporated.

Chairman's Statement on Governance

You can see the activity of the Board and its Committees in the table below, and in their respective report:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Xavier Blutel (Chairman) (Independent Non-Executive Director)	8	4	4	4
Javier del Ser Perez (Chief Executive officer)	8	N/A	N/A	4
Rupert Wood (Independent Non-Executive Director)	8	4	4	4
Wan Affan Wan Azmi (Non-Independent Non-Executive Director)	8	-	-	-

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 should 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.

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

At least half of the Board comprises of Independent Non-Executive Directors. 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.

INDEPENDENCE

The 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. 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 adequately. The Company 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.

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 2023, 8 board meetings were held.

The following is the attendance record of the Directors:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Xavier Blutel (Chairman) (Independent Non-Executive Director)	8	4	4	4
Javier Del Ser Perez (Chief Executive Officer)	8	N/A	N/A	4
Rupert Wood (Independent Non-Executive Director)	8	4	4	4
Wan Affan Wan Azmi (Non-Independent Non-Executive Director)	8	-	-	-

Committee meetings are held concurrently with the board meetings.

Corporate Governance

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. Xavier Blutel

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 the 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 was 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. Xavier Blutel (Chairman)
2. Rupert Wood

Corporate Governance

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.

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. Xavier Blutel

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's 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 annually. The Audit Committee also deliberates on control issues highlighted by the external auditors during the course of statutory audits.

Nomination Committee Report 2023

Dear Shareholder

The Nomination Committee (the "Committee") met four times in 2023 alongside the formal Board meetings.

It is with great sadness that at the end of the year the long-time adviser to the Company, Rinat Muhamedshin, passed away after a lengthy illness. Mr Muhamedshin helped the Company from its earliest days and was a stalwart supporter of the business. Following consideration of several candidates, the Nomination Committee recommended the appointment of Zhana Seidalina to the Board of Karcement in his place.

At the end of 2023, the Company managed to recruit Viktoria Klimushkina from the Arcelor-Mittal plant in nearby Temirtau. Ms Klimushkina is highly experienced and is familiar with working in both the domestic Kazakh setting as well as within the international finance environment as part of a global multi-national. She is currently working with Derek Kuan and will be taking over responsibility as Finance Director in the Summer, when Derek moves back to Malaysia where he will be in charge of the finance department at Steppe Cement Sdn Bhd, the Malaysian subsidiary. We would like to thank Derek for his hard work and dedication during his time in Aktau.

During the course of 2023, the Company also established a wholly owned subsidiary in the Astana International Financial Centre ("AIFC"), with a view to explore options around how the Company's new legal framework and support service infrastructure might be used to streamline the Company's operations and structure. As of 2023, this Company has one Director, the CEO, Javier del Ser, with Piotr Durnev as the General Director, as recommended by the Nomination Committee to the Board.

The Committee also reviewed and updated its Terms of Reference in July, which were approved by the Board. The membership of the Board Committees was reviewed during the year with the conclusion that the existing membership remained appropriate. The Committee Members thus put themselves forward and were returned for a further term.

Rupert Wood
Chairman of the Nomination Committee

Remuneration Committee Report 2023

The Remuneration Committee met four times in 2023.

Overall, remuneration practice for all employees, although not strictly within the scope for this Committee, are systematically reviewed.

Management's remuneration packages have increased during the year, with pay increases applied in January. General pay increases were divided into two phases throughout 2023.

The average salaries of the Company's employees remained comparable to the average national salary in the industry and in the vicinity of the factory. As was the case in 2022, it was considered necessary to increase the lowest salaries beyond the rate of general inflation, as CPI index does not accurately reflect the actual cost of living. Local authorities have continuously pressured local businesses to address this discrepancy.

Individual salary increases for key personnel were approved as well as retainer fees for an external legal adviser.Bonuses were granted to several senior managers, excluding production managers, due to underperformance in the conduct of operations late in 2022.

The CEO's contract was renewed under the same terms, with remuneration including his fees as chairman of two subsidiaries.

	The Group		The Company	
Directors Remuneration	**2023 USD**	**2022 USD**	**2023 USD**	**2022 USD**
Xavier Blutel	**50,000**	50,000	**50,000**	50,000
Javier Del Ser Perez	**308,080**	305,342	**30,000**	30,000
Rupert Wood	**40,000**	40,000	**40,000**	40,000
Wan Affan Azam Bin Wan Azmi	**30,000**	14,137	**17,425**	14,137

The Board directors' remuneration was considered fair and remained unchanged. No other issues regarding Board members or Senior Executives had to be discussed in 2023.

Xavier Blutel
Chairman of the Remuneration Committee

Audit Committee Report 2023

Dear Shareholder

The Audit Committee (the "Committee") met four times during 2023 at quarterly Board meetings, as well as meeting on several other calls around the external-audit and the restructuring process.

The Committee held the usual calls with the auditor to set the fees and terms of reference for the 2023 audit and to review its progress. The external audit proceeded smoothly and was completed with no material issues raised.

The auditor, Deloitte, also continued with its provision of NAS ("Non-Audit Services") in our case, Tax Advisory Services, overseen and authorised by the Committee. The Committee monitored and reviewed the process of Deloitte's restructuring advice and confirmed that the external audit function remained independent of the provision of NAS. Meetings were also held with advisers on this process alongside management. This process proved to be more complex, and lengthy, than initially hoped.

As highlighted in the Chairman's Statement, taxation risk remains a key issue on an ongoing basis and one where the Audit Committee has paid close attention. Mitigating exposure to potential taxation risk in multiple jurisdictions has been at the forefront of the Committee's focus whilst monitoring the restructuring proposals.

2023 saw the selection and appointment of a new Nominated Adviser and Broker, Strand Hanson. The Committee worked with the Board and management to appoint Strand Hanson, and reviewed the documentation required for the onboarding process so as to ensure that the Company's policies were fully up to date. This process also saw the adoption of several new internal policies for enhanced oversight and management.

During the year, the Committee also reviewed the Company's cybersecurity policy. This remains a major risk area subject to continuous change. Recommendations were made to the Board to strengthen protocols and to ensure contingency planning in the event of a breach.

The Terms of Reference of the Audit Committee were reviewed and updated in July, when the members of the Committee put themselves forward and were returned for a further term.

Rupert Wood
Chairman of the Audit Committee

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(In United States Dollar)

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of STEPPE CEMENT LTD (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position as of 31 December 2023 of the Group and of the Company, statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 38 to 104.

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 of 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

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"), 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 a 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.

Key audit matter	How our audit addressed the key audit matter
<u>Revenue recognition</u> As of 31 December 2023, revenue from sale of cements amounts to USD81,742,101, which represented 99.9% of the Group's revenue. Revenue recognition is significant to our audit as the Group might have inappropriately accounted the revenue in advance. Refer to revenue accounting policy in Note 3 and 4 to the Financial Statements.	Our audit procedures included the following: • We have reviewed the terms and conditions of significant sale transactions to ensure that revenue is recognised in accordance with Group's accounting policy and the requirements of IFRS 15 Revenue from Contracts with Customers. • We have obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition and performed procedures to evaluate the design and implementation and operating effectiveness of such controls. • Performed statistical sampling test of details on revenue. • Performed one month cut-off review to ensure the sales are valid by tracing to the delivery documents and checked to the delivery or shipping term to ensure the control are transferred to the customer(s) and recorded in the correct accounting period. • Performed gross profit margin analysis.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended 31 December 2023.

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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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. 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 or the Company or to cease operations, or have no realistic alternative but to do so.

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:

- Indentify and assess the risk of material misstatement of the financial statements of the Group and of the Company, wether due to fraud or error, design and perfrom 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 for one resulting from error, as fraud may involve collusion, forgery, intentional ommisions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the 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 or 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 or the Company to cease to continue as a going concern.

- 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 of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant 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 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 of 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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AAL 0009)

WONG KING YU
Partner - 03194/06/2025 J
Chartered Accountant

Labuan,

STATEMENTS OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 USD	The Group 2022 (1) USD	The Company 2023 USD	The Company 2022 USD
Revenue	4	81,762,548	86,732,039	1,401,554	14,641,442
Cost of sales		(57,563,625)	(49,107,243)	-	-
Gross profit		24,198,923	37,624,796	1,401,554	14,641,442
Selling expenses		(13,225,616)	(11,260,494)	-	-
General and administrative expenses		(7,051,216)	(6,233,171)	(402,767)	(369,812)
Interest income		452,740	573,913	17,753	-
Finance costs	5	(910,441)	(1,048,888)	-	-
Impairment losses and gains (including reversals of impairment losses) on financial assets		381,377	(159,909)	-	-
Net foreign exchange (loss)/gain	6	(300,740)	(435,204)	55,437	(330,675)
Other income, net		1,848,195	2,630,033	-	-
Profit before income tax	7	5,393,222	21,691,076	1,071,977	13,940,955
Income tax expense	8	(867,801)	(3,807,706)	-	-
Profit for the year		4,525,421	17,883,370	1,071,977	13,940,955
Attributable to shareholders of the Company		4,525,421	17,883,370	1,071,977	13,940,955
Earnings per share:					
Basic and diluted (cents)	9	2.1	8.2		

(1) Some figures have been reclassified. See Note 33

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Profit for the year	4,525,421	17,883,370	1,071,977	13,940,955
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations	1,089,351	(5,829,119)	-	-
Total other comprehensive income/(loss)	1,089,351	(5,829,119)	-	-
Total comprehensive income for the year	5,614,772	12,054,251	1,071,977	13,940,955
Attributable to the shareholders of the Company	5,614,772	12,054,251	1,071,977	13,940,955

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2023

	Note	The Group 2023 USD	The Group 2022 USD	The Company 2023 USD	The Company 2022 USD
Assets					
Non-Current Assets					
Property, plant and equipment	10	50,543,528	49,361,749	-	-
Right-of-use assets	11	-	5,525	-	-
Investment in subsidiary companies	12	-	-	36,199,699	36,199,599
Loans to subsidiary company	27	-	-	30,020,000	30,050,000
Other assets	13	222,609	1,530,916	-	-
Total Non-Current Assets		50,766,137	50,898,190	66,219,699	66,249,599
Current Assets					
Inventories	14	28,956,767	20,646,156	-	-
Trade and other receivables	15	1,736,937	2,045,004	-	2,372,114
Other assets	13	2,853,142	1,081,719	-	-
Income tax recoverable		2,167,844	602,734	-	-
Loans and advances to subsidiary companies	27	-	-	65,761	60,352
Advances, deposits and prepaid expenses	16	2,903,169	8,577,714	10,633	7,305
Cash and cash equivalents	17	6,435,437	4,143,953	4,623,695	1,239,827
Total Current Assets		45,053,296	37,097,280	4,700,089	3,679,598
Total Assets		95,819,433	87,995,470	70,919,788	69,929,197

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2023

	Note	The Group 2023 USD	The Group 2022 USD	The Company 2023 USD	The Company 2022 USD
Equity and Liabilities					
Capital and Reserves					
Share capital	18	73,760,924	73,760,924	73,760,924	73,760,924
Revaluation reserve	19	1,515,896	1,795,426	-	-
Translation reserve	19	(125,177,850)	(126,267,201)	-	-
Retained earnings/ (Accumulated losses)	19	120,596,062	115,791,111	(3,148,214)	(4,220,191)
Net Equity		70,695,032	65,080,260	70,612,710	69,540,733
Non-Current Liabilities					
Borrowings	20	2,845,655	3,913,689	-	-
Deferred taxes	22	3,168,141	3,266,775	-	-
Deferred income	23	2,350,932	2,572,552	-	-
Provision for site restoration		193,303	178,420	-	-
Total Non-Current Liabilities		8,558,031	9,931,436	-	-
Current Liabilities					
Trade and other payables	24	9,873,140	7,348,587	118	-
Accrued and other liabilities	25	2,425,105	2,250,689	163,386	143,808
Amount owing to a subsidiary company	27	-	-	143,574	244,656
Borrowings	20	3,638,305	2,814,525	-	-
Lease liabilities	21	-	58,960	-	-
Deferred income	23	194,729	140,259	-	-
Taxes payable	26	435,091	370,754	-	-
Total Current Liabilities		16,566,370	12,983,774	307,078	388,464
Total Liabilities		25,124,401	22,915,210	307,078	388,464
Total Equity and Liabilities		95,819,433	87,995,470	70,919,788	69,929,197

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

The Group	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Net*
	← Non-distributable		→	Distributable	
	USD	USD	USD	USD	USD
As of 1 January 2023	73,760,924	1,795,426	(126,267,201)	115,791,111	65,080,260
Profit for the year	-	-	-	4,525,421	4,525,421
Other comprehensive income	-	-	1,089,351	-	1,089,351
Total comprehensive income for the year	-	-	1,089,351	4,525,421	5,614,772
Other transactions impacting equity:					
Transfer of revaluation reserve relating to property, plant and equipment through use	-	(279,530)	-	279,530	-
As of 31 December 2023	73,760,924	1,515,896	(125,177,850)	120,596,062	70,695,032

* Attributable to the shareholders of the Company

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

The Group	Share capital USD	Revaluation reserve USD	Translation reserve USD	Retained earnings USD	Net* USD
	← Non-distributable →			Distributable	
As of 1 January 2022	73,760,924	2,068,114	(120,438,082)	110,190,323	65,581,279
Profit for the year	-	-	-	17,883,370	17,883,370
Other comprehensive loss	-	-	(5,829,119)	-	(5,829,119)
Total comprehensive income for the year	-	-	(5,829,119)	17,883,370	12,054,251
Other transactions impacting equity:					
Dividends paid (Note 19)	-	-	-	(12,555,270)	(12,555,270)
Transfer of revaluation reserve relating to property, plant and equipment through use	-	(272,688)	-	272,688	-
As of 31 December 2022	73,760,924	1,795,426	(126,267,201)	115,791,111	65,080,260

* Attributable to the shareholders of the Company

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

The Company	Share Capital USD	Accumulated losses USD	Net USD
As of 1 January 2023	73,760,924	(4,220,191)	69,540,733
Total comprehensive income for the year	-	1,071,977	1,071,977
As of 31 December 2023	73,760,924	(3,148,214)	70,612,710
As of 1 January 2022	73,760,924	(5,605,876)	68,155,048
Total comprehensive income for the year	-	13,940,955	13,940,955
Dividends paid (Note 19)	-	(12,555,270)	(12,555,270)
As of 31 December 2022	73,760,924	(4,220,191)	69,540,733

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit before income tax	5,393,222	21,691,076	1,071,977	13,940,955
Adjustments for:				
Depreciation of property, plant and equipment	5,781,506	6,135,236	-	-
Depreciation of right-of-use assets	5,600	1,587,293	-	-
Dividend income	-	-	-	(13,309,140)
Gain on disposal of property, plant and equipment	(80,057)	(27,725)	-	-
Net interest income	-	-	(1,401,554)	(1,332,302)
Interest income	(452,740)	(573,913)	(17,753)	-
Finance costs	910,441	1,048,888	-	-
Net unrealised foreign exchange (gain)/loss	296,577	538,663	(58,142)	-
Provision for obsolete inventories	144,373	167,628	-	-
Credit loss allowance for doubtful receivables	268,215	174,650	-	-
Allowance for advances paid to third parties	44,353	157,723	-	-
Deferred income	(215,430)	(140,259)	-	-
Reversal of allowance for trade receivable no longer required	(628,139)	(159,072)	-	-
Reversal of allowance for advances paid to third parties no longer required	(65,806)	(13,392)	-	-
Operating cash flows before movements in working capital	11,402,115	30,586,796	(405,472)	(700,487)
Movement in working capital:				
(Increase)/Decrease in: Inventories	(11,404,636)	(8,501,824)	-	-
Trade and other receivables	703,249	(427,760)	(793,500)	(865,000)
Loans and advances to subsidiary companies	-	-	24,591	19,184
Advances, deposits, prepaid expenses and other assets	5,229,623	(5,608,461)	(3,328)	(2,334)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	The Group 2022 USD	2023 USD	The Company 2022 USD
Increase/(Decrease) in:				
Trade and other payables	2,088,374	2,097,417	-	-
Accrued and other liabilities	528,710	786,440	19,578	(84,089)
Cash Generated From/(Used In) Operations	8,547,435	18,932,608	(1,158,131)	(1,632,726)
Interest paid	(404,092)	(551,528)	-	-
Income tax paid	(2,497,453	(4,599,594)	-	-
Net Cash From/(Used In) Operating Activities	5,645,890	13,781,486	(1,158,131)	(1,632,726)
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,059,748)	(7,768,695)	-	-
Contribution to site restoration fund	11,664	(334)	-	-
Proceeds from disposal of property, plant and equipment	515,692	85,599	-	-
Dividends received from subsidiary	-	-	-	13,309,140
Interest received	452,740	573,913	4,585,039	1,549,552
Additional investment in subsidiary	-	-	(100)	-
Net Cash (Used In)/From Investing Activities	(2,079,652)	(7,109,517)	4,584,939	14,858,692
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES				
Repayment to a subsidiary company	-	-	(64,389)	(45,094)
Proceeds from borrowings*	3,378,349	7,299,722	-	-
Repayment of borrowings*	(4,131,409)	(4,472,018)	-	-
Repayment of lease liabilities*	(59,788)	(1,838,949)	-	-
Dividends paid	-	(12,555,270)	-	(12,555,270)
Interest paid	(506,349)	(486,807)	-	-
Net Cash Used In Financing Activities	(1.319,197)	(12,053,322)	(64,389)	(12,600,364)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,247,041	(5,381,353)	3,362,419	625,602
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	44,443	(610,716)	21,449	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,143,953	10,136,022	1,239,827	614,225
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	6,435,437	4,143,953	4,623,695	1,239,827

* The following table shows the reconciliation in the Group's liabilities arising from financing activities:

	Opening balance	Financing cash flows [1]	Non-cash movements[2]		Closing balance
			Foreign exchange	Other [2]	
	USD	USD	USD	USD	USD
2023					
Borrowings (Note 20)	6,728,214	(753,060)	118,406	390,400	6,483,960
Lease liabilities (Note 21)	58,960	(59,788)	-	828	-
2022					
Borrowings (Note 20)	5,556,184	2,827,704	(378,084)	(1,277,590)	6,728,214
Lease liabilities (Note 21)	2,026,450	(1,838,949)	(128,541)	-	58,960

[1] Financing cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

[2] Non-cash movements primarily relates to foreign currency exchange differences, accrued interests and deferred income.

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

Steppe Cement Ltd (the "Company") is a limited liability company incorporated in Malaysia. The Company's registered office and principal place of business is Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The Group comprises the Company and the subsidiary companies (collectively the "Group") that are disclosed in Note 12.

The principal place of business of the Company's operating subsidiary companies is located at 472380, Aktau village, Karaganda Region, the Republic of Kazakhstan.

The information on the name, place of incorporation, principal place of operation, principal activities and proportion of ownership interest and voting interest held by the holding company in each subsidiary is as disclosed in Note 12.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 12 June 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Application of new and revised IFRS

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group and the Company have applied a number of amendments to IFRSs issued by IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2023.

Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction
IFRS 17	Insurance contract (including the June 2020 and December 2021 amendments to IFRS 17)
Amendments to IAS 12	International Tax Return- Pillar Two Model Rules

The application of these amendments to IFRSs did not result in significant changes in the accounting policies of the Group and of the Company and have no material impact on the disclosures or on the amounts reported in the financial statements of the Group and of the Company except as below:

Impact on application of amendments to IAS 1 Presentation of Financial Statements

The Group and the Company have adopted the amendments to IAS 1 and IFRS Practice Statement 2 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Impact on application of amendments to IAS 12 Income Taxes

The Group and the Company have adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expenses (income) related to Pillar Two income taxes.

Further details of the income tax are disclosed in Note 8.

New and amendments to IFRS in issue but not yet effective

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles).	1 January 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	1 January 2024
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	1 January 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	1 January 2024
Amendments to IAS 21 "Lack of Exchangeability"	1 January 2025
Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined by the IASB

The directors anticipate that the abovementioned new and amendments to IFRSs will be adopted in the financial statements of the Group and of the Company when they become effective and that the adoption of these new and amendments to IFRSs are not expected to have a material impact on the financial statements of the Group and of the Company in future periods.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of land and building made in accordance with IAS 16 Property, Plant and Equipment (Note 10) and financial assets and financial liabilities that are recognised at amortised cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for the measurement and/or disclosure purposes in these financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- 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.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses and each component of the other comprehensive income of a subsidiary company are included in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income respectively from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies to be in line with those used by other subsidiary companies of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment lossess. On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is included in profit or loss.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue of the Group represents sale of cement, transmission and distribution of electricity. Revenue of the Company represents interest and dividend income.

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.

Interest income

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

Dividend income

Dividend from an equity instrument is recognised when the Company's right, as a shareholder of the investee is established, which is the date the dividend is appropriately authorised.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements of the Group, the results and financial position of each entity are expressed in United States Dollars ("USD"), which is the functional currency of the Company, and the presentation currency for the financial statements of the Group and of the Company. The functional currency of the subsidiaries, Karcement JSC ("KAC JSC"), Central Asia Cement JSC ("CAC JSC") and Central Asia Services LLP ("CAS LLP"), is the Kazakhstan Tenge ("KZT"). The functional currency of the subsidiaries, Steppe Cement Holdings B.V. ("SCH BV") and Mechanical & Electrical Consulting Services Ltd ("MECS Ltd") is USD. The functional currency of the subsidiary, Steppe Cement (M) Sdn Bhd ("SCM") is Ringgit Malaysia ("RM").

For the purposes of presenting financial statements, the assets and liabilities of the Group's foreign operation (including comparatives) are expressed in USD using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average rates at the dates of the transactions. Exchange differences arising on a monetary item that represents a net investment in a foreign operation, if any, are recorded in other comprehensive income and accumulated in the Group's translation reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

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

	2023 USD	2022 USD
1 Sterling Pound ("GBP")	1.2747	1.2039
1 Euro ("EUR")	1.1039	1.0702
1 Ringgit Malaysia ("MYR")	0.2179	0.2278
1 Russian Ruble ("RUB")	0.0112	0.0133
	KZT	**KZT**
1 USD	454.56	462.65

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the period in which the related service is performed.

(iii) Retirement Benefit Costs

In accordance with the requirements of the legislation of the country in which the subsidiaries (CAC JSC, Karcement JSC and CAS LLP) operate, the subsidiaries withholds amounts of pension contributions (a defined contribution plan) equivalent to 10% of each employee's wage, but not more than KZT350,000 (USD770) per month per employee (2022: USD651) from employee's salaries and pays them to the state pension fund. In addition, such pension system provides for calculation of current payments by the employer as a percentage of current total disbursements to staff. Such expenses are charged to profit or loss in the period the related salaries are earned. Upon retirement, all retirement benefit payments are made by pension funds selected by the employees. The subsidiaries (CAC JSC and Karcement JSC) do not have any pension arrangements separate from the state pension system of the countries. In addition, the Group has no post-retirement benefits or other significant compensation benefits requiring accrual.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax and is calculated in accordance with tax legislation applicable to the respective jurisdiction and based on the operating results for the year after adjustments for amounts which are non-taxable or non-deductible for tax purposes.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities. Deferred tax is charged or is credited to profit or loss, except when it is related to items that are recognised outside profit or loss (whether in other comprehensive income or charged or credited directly to equity), in which case the deferred tax is also dealt with outside profit or loss, or where they arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary companies, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Property, Plant and Equipment

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.

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.

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 in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impaired loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such assets will be presented in the appropriate categories of property, plant and equipment when they are completed and ready for intended use.

Depreciation

Depreciation of property, plant and equipment commences when the assets are ready for their intended use.

Freehold land and land improvement with indefinite useful lives are not depreciated.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of revalued assets, their remaining revaluation surplus recorded in the revaluation reserve is transferred directly to retained earnings.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and construction in progress) less their residual values over their useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	25 years
Machinery and equipment	14 years
Railway wagons	20 years
Other assets	5 - 10 years

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.

The estimated useful lives, residual values and depreciation method of assets are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining assets

Mining assets comprise quarry stripping costs and site restoration costs relating to quarry used by the Group.

(i) Quarry stripping costs

The cost of removal of the overburden from the quarry is deferred until the commencement of physical extraction of limestone from the site. Such costs are amortised over the expected life of the quarry from the date of commencement of extraction. The quarry stripping costs are included in “Property, Plant and Equipment-other assets”.

(ii) Site restoration costs

Site restoration provisions are made in respect of the estimated discounted costs of closure and restoration, and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual material and remediation of disturbed areas). Over time, the discounted obligation is increased for the change in present value based on the discount rates that reflect current market assessments of the time value of money and the risks specific to the liability. A corresponding asset is capitalised where it gives rise to a future benefit and depreciated over the remaining life of the quarry to which it relates on a straight-line basis. The provision is reviewed on an annual basis for changes in cost estimates, discount rates or life of operations. Any change in restoration costs or assumption will be recognised as additions or charges to the corresponding asset and provision when they occur.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that management believes reflects the current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease (see accounting policy on property, plant and equipment above).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

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.

At the end of each reporting period, the Group evaluates its inventory balances for excess quantities and obsolescence and, if necessary, records a provision to reduce inventory for obsolete, slow-moving raw materials and spare parts. Provision is determined based on inventory ageing as follows:

Not moving more than 1 year	33.3%
Not moving more than 2 years	66.7%
Not moving more than 3 years	100.0%

Equity

Ordinary shares are classified as equity. Distributions to holders of ordinary shares are debited directly to equity and dividend declared on or before the end of the reporting period is recognised as liability. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

Contingent Liabilities

Contingent liabilities are not recognised in these financial statements, except for liabilities on which there are probable outflows of resources, needed for settlement of the liabilities and which can be measured reliably.

Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirely at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost.

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All the Group's and the Company's financial assets meet the definition of financial assets at amortised cost.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Financial assets of the Group and of the Company measured subsequently at amortised cost are short-term deposits, cash and bank balances, trade receivables, other receivables (excluding value added taxes), refundable deposits and inter-company indebtedness.

(ii) Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company always recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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 end of the reporting period, including time value of money where appropriate.

For all other financial instruments such as other receivables and amount owing by subsidiary companies, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including overdue status, collection history and forward looking macro-economic factors.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

(a) when there is a breach of financial covenants by the debtor; or
(b) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Exposure at default is represented by the assets' gross carrying amount at the end of the reporting period.

Expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on 1) Nature of financial instruments; 2) Past-due status; 3) Nature, size and industry of debtors; and 4) External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the end of the current reporting period that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 months ECL at the end of the current reporting period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(i) Financial liabilities at amortised costs

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of liabilities. Due to the inherent uncertainty in making those judgements and estimates, actual results reported in future periods could differ from such judgement and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

<u>Revaluation of Property, Plant and Equipment</u>

As stated in Note 10, land and buildings of the Group are measured at fair value at the date of revaluation less accumulated depreciation and impairment losses recognised. The carrying amount of the land and buildings was determined by professional valuers on 31 August 2020. Valuation techniques used by the professional valuers are subjective and involved the use of professional judgement in the estimation of, amongst others, the Group's future cash flows from operations and appropriate discount factors and in the application of relevant market information.

As of 31 December 2023, the directors consider that the carrying amount of the land and buildings is reflective of the fair values of these assets.

<u>Useful lives of property, plant and equipment</u>

As described in Note 3, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Estimation of the asset's useful life depends on factors such as economic exploitation, repair and maintenance programs, technological improvements and other business conditions. Management's estimation of the useful lives of property, plant and equipment reflects the relevant information available at the date of the financial statements.

<u>Taxes receivable, other than income tax</u>

As stated in Note 13, non-current and current taxes receivable, other than income tax represents Value Added Tax ("VAT") receivable. Using the management estimate the Group determines whether VAT receivable is recoverable at least on an annual basis.

On the basis of the model for determining future revenues and expenses expected to be received and accrued by the Group which are subject to VAT, the Group determined that the VAT will be fully offset against VAT charges to be paid by decreasing the cost of raw materials purchased from a subsidiary (Karcement JSC) and maintaining the same level of sales and production.

Loss Allowance for Doubtful Receivables, Advances paid to Third Parties and Provision for Inventories

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. As of 31 December 2023, loss allowance for doubtful trade receivables amounted to USD827,519 (2022: USD1,166,679) (Note 15) and on advances paid to third parties amounted to USD246,722 (2022: USD263,486) (Note 16).

The Group makes provision for obsolete and slow-moving inventories based on information obtained from annual stock count and the results of inventory turnover analysis based upon past experience and the level of write-offs in previous years. As of 31 December 2023, provision for obsolete and slow-moving inventories amounted to USD2,228,170 (2022: USD2,047,360) (Note 14).

Environmental obligations

On 1 July 2011, the new Environmental Code of the Republic of Kazakhstan (the "Code") came into force. This code contains a number of principles aimed at minimising the consequences of environmental damage to the activities of enterprises and/or the complete restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, companies are classified into four categories, where companies that have a significant negative impact on the environment belong to the first category. The Group belongs to the category one in accordance with the Code requirements and therefore, the Group has analysed effect of implementation of the new Code and effect is not material and hence, management decided not to make any provision as of 31 December 2023. However, these laws and regulations may change in the future. The Group is unable to provide in advance the timing and extent of changes in laws and regulations on environmental protection, health and safety at work. In case of such changes, the Group may need to upgrade the technology to meet new requirement and provide the required provision if it is material.

4. REVENUE

The Group derives its revenue from the sale of cement at a point in time. 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. The Group primarily operates in one geographic location, Kazakhstan, (segment) and as such, no segmental information is presented.

		The Group		The Company
	2023	2022	2023	2022
	USD	USD	USD	USD
Sale of cement	81,742,101	86,707,809	-	-
Transmission and distribution of electricity	20,447	24,230	-	-
Dividend income	-	-	-	13,309,140
Net interest income	-	-	1,401,554	1,332,302
Total	81,762,548	86,732,039	1,401,554	14,641,442

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.

5. FINANCE COSTS

		The Group		The Company
	2023	2022	2023	2022
	USD	USD	USD	USD
Interest expenses on:				
- Bank loans	527,961	456,140	-	-
Less: Interest capitalised (Note 10)	(21,612)	(98,844)	-	-
- Bank loans	506,349	357,296		
- Lease liabilities	-	194,232	-	-
Unwinding of discount on provision for site restoration	-	10,553	-	-
Others	404,092	486,807	-	-
Total	910,441	1,048,888	-	-

Other finance costs comprise mainly bank and other commitment charges incidental to secure loan facilities from financial institutions as disclosed in Note 20.

6. NET FOREIGN EXCHANGE (LOSS)/GAIN

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Unrealised foreign exchange (loss)/gain	(296,577)	(538,663)	58,142	-
Realised foreign exchange (loss)/ gain	(4,163)	103,459	(2,705)	(330,675)
	(300,740)	(435,204)	55,437	(330,675)

7. PROFIT BEFORE INCOME TAX

Profit before income tax includes the following income/(expenses):

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Amortisation of deferred income	215,430	140,259	-	-
Rental income	1,060,502	1,131,881	-	-
Allowance for trade receivables no longer required	628,139	159,072	-	-
Allowance for advances paid to third parties no longer required	65,806	13,392	-	-
Allowance for advances paid to third parties	(44,353)	(157,723)	-	-
Credit loss allowance for doubtful receivables	(268,215)	(174,650)	-	-
Depreciation of property, plant and equipment	(5,781,506)	(6,135,236)	-	-
Employee benefit expenses	(7,500,782)	(6,648,483)	(28,561)	(14,345)
Depreciation of right-of-use assets	(5,600)	(1,587,293)	-	-
Gain on disposal of property, plant and equipment	80,057	27,725	-	-
Provision for obsolete inventories	(144,373)	(167,628)	-	-
Short-term leases	(185,179)	(158,683)	(3,600)	(3,600)

Employee benefit expenses include contributions paid by the Group and the Company to defined contribution plans amounting to USD711,510 (2022: USD603,035) and USD5,545 (2022: USD2,996) respectively and Directors' remuneration is disclosed in Note 27.

8. INCOME TAX EXPENSE

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Income tax -				
- current year	1,006,652	4,466,088	-	-
- prior year	25,722	155,432	-	-
	1,032,374	4,621,520	-	-
Deferred tax (Note 22)				
- current year	123,203	(813,814)	-	-
- prior year	(287,776)	-	-	-
	(164,573)	(813,814)	-	-
Total	867,801	3,807,706	-	-

Under the Labuan Business Activity Tax Act, 1990, 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 subsidiary companies incorporated in the Republic of Kazakhstan are subject to the prevailing statutory tax rate of 20% (2022: 20%), and Malaysian and Netherland subsidiaries are subject to statutory tax rates of 24% (2022: 24%) and 25% (2022: 25%) respectively.

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

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Profit before income tax	5,393,222	21,691,076	1,071,977	13,940,955
Tax expense calculated at domestic tax rates applicable to the respective jurisdictions	908,436	3,314,152	-	-
Tax effects of expenses not deductible for tax purposes	221,419	338,122	-	-
Income tax - prior year	25,722	155,432	-	-
Deferred tax - prior year	(287,776)	-	-	-
Income tax expense	867,801	3,807,706	-	-

The tax expense calculated at domestic tax rates represents a blend of the tax rates of the jurisdictions in which taxable profits have arisen.

Judicial Review Application against the Director General of Inland Revenue ("DGIR") and Minister of Finance ("MOF")

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], the Group had on 2 May 2021 filed a judicial review in respect of these economic substance regulations.

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, one of the subsidiary companies 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 the Company and quashed the DGIR and the MOF's decision, among others, and held that the gazetted PU(A) 423 has no retrospective effect to the Company. The DGIR and MOF have then filed an appeal to the Court of Appeal against the High Court's decision.

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

The 2nd judicial review application is currently pending before the High Court to which the hearing date of the Group's application for judicial review on the merits has been fixed for 20 May 2024. The oral submission has been made on 20 May 2024 and the hearing will continue on 12 June 2024.

The Directors of the Group are of the opinion that the subsidiary company should be taxed under the Labuan Business Activity Tax Act, 1990 and not under the Income Tax Act, 1967. The Directors of the Group also opined that there will be no tax impact regardless of the outcome of the judicial review as the subsidiary company is a loss-making entity.

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 June 2, 2023. Accordingly, the Group and the Company are neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

9. EARNINGS PER SHARE

Basic and diluted

	The Group	
	2023 USD	2022 USD
Profit attributable to ordinary shareholders	4,525,421	17,883,370
Number of ordinary shares in issue at beginning and at end of year	219,000,000	219,000,000
Weighted average number of ordinary shares in issue	219,000,000	219,000,000
Earnings per share, basic and diluted (cents)	2.1	8.2

The basic earnings per share is calculated by dividing the profit attributable to shareholders 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 years ended 31 December 2023 and 2022.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

The Group	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	Total USD
Cost/Valuation								
At 1 January 2022	1,729,880	21,232,874	66,115,168	6,397,459	2,231,109	1,629,636	11,736,443	111,072,569
Additions	-	5,182	88,680	-	432,585	5,977,802	1,264,446	7,768,695
Transfers	-	461,057	1,757,396	-	(1,093,050)	(275,877)	(849,526)	-
Disposals	-	-	(40,378)	-	-	-	(91,381)	(131,759)
Reclassification from/ (to) inventories	-	-	84,138	-	1,475,550	826,134	230,544	2,616,366
Exchange differences	(115,836)	(1,423,611)	(3,041,720)	(428,387)	(148,932)	(138,161)	(788,058)	(6,084,705)
At 31 December 2022	1,614,044	20,275,502	64,963,284	5,969,072	2,897,262	8,019,534	11,502,468	115,241,166
Additions	-	-	101,262	-	586,921	1,518,972	852,593	3,059,748
Transfers	1,074	266,101	7,438,300	343,177	(245,417)	(7,632,150)	(171,085)	-
Disposals	(31,282)	(328,809)	(22,004)	-	(11,575)	(21,947)	(392,982)	(808,599)
Reclassification from/ (to) inventories	-	-	306,510	-	1,209,870	1,568,131	261,838	3,346,349
Exchange differences	28,610	360,620	758,302	107,502	1,946	181,155	206,834	1,644,969
At 31 December 2023	1,612,446	20,573,414	73,545,654	6,419,751	4,439,007	3,633,695	12,259,666	122,483,633

10. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land and land improvement	Buildings	Machinery and equipment	Railway wagons	Stand-by equipment and major spare parts	Construction in progress	Other assets	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Accumulated depreciation and impairment losses								
At 1 January 2022	-	15,253,487	39,789,392	2,362,571	-	-	5,229,318	62,634,768
Charge for the year	-	924,351	4,124,405	300,966	-	-	785,514	6,135,236
Disposals	-	-	(23,550)	-	-	-	(50,335)	(73,885)
Exchange differences	-	(1,025,009)	(1,279,290)	(159,373)	-	-	(353,030)	(2,816,702)
At 31 December 2022	-	15,152,829	42,610,957	2,504,164	-	-	5,611,467	65,879,417
Charge for the year	-	770,231	3,970,605	315,376	-	-	725,294	5,781,506
Disposals	-	(10,253)	(15,398)	-	-	-	(347,313)	(372,964)
Exchange differences	-	272,569	232,534	45,721	-	-	101,322	652,146
At 31 December 2023	-	16,185,376	46,798,698	2,865,261	-	-	6,090,770	71,940,105
Net Book Value								
At 31 December 2022	1,614,044	5,122,673	22,352,327	3,464,908	2,897,262	8,019,534	5,891,001	49,361,749
At 31 December 2023	1,612,446	4,388,038	26,746,956	3,554,490	4,439,007	3,633,695	6,168,896	50,543,528

There was no valuation carried out in 2023. Land and buildings were revalued on 31 August 2020 by an independent professional valuer based on market approach for freehold land and depreciated replacement cost for buildings respectively. Valuation of land was arrived at by reference to market evidence of transaction prices for comparable properties, which is a level [2] measurement in the fair value hierarchy.

Valuation of buildings was arrived at by reference to the discounted cash flows method, as the property is a production facility, which is a level [3] measurement in the fair value hierarchy. The following significant inputs were used in preparing the discounted cash flow:

- the forecast period was from September 2020 to December 2025;
- derivation of a terminal value using a constant growth model; and
- discount rate of 15.00% was applied.

The carrying amount of the land and buildings, which is stated at fair value at the revaluation date less subsequent accumulated depreciation, amounted to USD6,000,484 as of 31 December 2023 (2022: USD6,736,717). In the fair value assessment, the highest and best use of the land and buildings is their current use which is production and sale of cement facility. According to International Accounting Standard 16 Property, Plant and Equipment, for property, plant and equipment that is accounted for under revaluation model, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

At each financial year end the directors:

- verifies all major inputs to the independent valuation reports;
- assess property valuation movements compared to the prior year valuation reports.

The directors are of the opinion that the carrying amounts of the land and buildings as of 31 December 2023 and 31 December 2022 do not differ significantly from their fair values.

If the land and buildings are measured using the cost model, the net carrying amounts would be as follows:

	The Group	
	2023	**2022**
	USD	**USD**
Land	151,471	174,997
Buildings	-	168,924

During the current financial year, management of the subsidiary companies performed an impairment test on the cement manufacturing facilities and right-of-use assets collectively and concluded that no further impairment losses were required to be recognised as their recoverable amounts exceed their net book values as of the end of the reporting period.

As of 31 December 2023, property, plant and equipment of a subsidiary company with a cost and net book value of USD6,274,524 and USD3,266,178 (2022: USD6,164,807 and USD3,671,853) respectively are pledged as collateral for the government-subsidised loan (Note 20).

As of 31 December 2023, the cost of property, plant and equipment that is fully depreciated amounted to USD4,467,672 (2022: USD3,360,683).

As of 31 December 2023, there is capitalised interest expenses in the amount of USD21,612 (2022: USD98,844).

11. RIGHT-OF-USE ASSETS

	The Group		
	Railway wagons	Buildings	Total
	USD	USD	USD
Cost			
At 1 January 2022	7,418,120	31,005	7,449,125
Exchange differences	(496,732)	(2,076)	(498,808)
At 31 December 2022/1 January 2023	6,921,388	28,929	6,950,317
Exchange differences	123,183	516	123,699
Termination	(7,044,571)	-	(7,044,571)
At 31 December 2023	-	29,445	29,445
Accumulated depreciation			
At 1 January 2022	(5,729,392)	(19,223)	(5,748,615)
Charge for the year	(1,580,905)	(6,388)	(1,587,293)
Exchange differences	389,803	1,313	391,116
At 31 December 2022/1 January 2023	(6,920,494)	(24,298)	(6,944,792)
Charge for the year	(905)	(4,695)	(5,600)
Exchange differences	(123,172)	(452)	(123,624)
Termination	7,044,571	-	7,044,571
At 31 December 2023	-	(29,445)	(29,445)
Carrying amount			
At 31 December 2022	894	4,631	5,525
At 31 December 2023	-	-	-

	The Group	
	2023	2022
	USD	USD
Amount recognised in profit or loss:		
Interest expense on lease liabilities	-	194,232
Expense relating to short-term leases	192,379	158,683
Total cash outflow for leases	244,967	2,191,864

	The Company	
	2023	2022
	USD	USD
Amount recognised in profit or loss:		
Expense relating to short-term leases	3,600	3,600

The Group relies on railway wagons for delivery of finished goods to customers. The Group and the Company did not enter into any low value asset leases or variable lease payment arrangements during the current financial year. The lease terms are 5 years for buildings and 2 to 4 years for railway wagons respectively.

12. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2023	2022
	USD	USD
Unquoted shares, at cost:		
At beginning of year	40,199,600	40,199,600
Addition	100	-
	40,199,700	40,199,600
Less: Accumulated impairment loss	(4,000,001)	(4,000,001)
Net	36,199,699	36,199,599

The details of subsidiary companies are as follows:

	Place of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2023 %	2022 %	Principal activities
Direct Subsidiary Companies				
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	-	Investment holding
Indirect Subsidiary Companies				
Held through SCM:				
Steppe Cement Holdings B.V. ("SCH BV") *	Netherlands	100	100	Investment holding
Held through SCH BV:				
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 this subsidiary company was not required to be audited.

On 22 May 2023, the Company incorporated Steppe Cement Astana Limited. by investing 100% in the paid up share capital amounting to USD100. Steppe Cement Astana Limited is an investment holding company and has not commence business since incorporation.

13. OTHER ASSETS

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
VAT recoverable	2,329,846	1,742,248	-	-
Site restoration fund	189,784	162,341	-	-
Others	556,121	708,046	-	-
	3,075,751	2,612,635	-	-
Less: Non-current portion of				
-Other assets	(32,825)	-	-	-
-Site restoration fund	(189,784)	(162,341)		
-VAT recoverable	-	(1,368,575)	-	-
	(222,609)	(1,530,916)	-	-
Current portion of other assets	2,853,142	1,081,719	-	-

VAT recoverable are value added tax credits arising from the purchase of materials, property, plant and equipment and repair and maintenance services made or procured by a subsidiary (CAC JSC) in relation to the maintenance of a production line. Refundable customs duties represent customs duties levied on the import of certain property, plant and equipment of the Group.

Site restoration costs

A subsidiary company 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 company 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.

14. INVENTORIES

		The Group		The Company
	2023	2022	2023	2022
	USD	USD	USD	USD
Finished goods	5,796,636	3,647,059	-	-
Work-in-progress	8,608,891	3,917,067	-	-
Spare parts	11,369,925	8,151,943	-	-
Raw materials	2,922,901	1,778,880	-	-
Packing materials	733,637	625,097	-	-
Others	1,752,947	4,573,470	-	-
Total	31,184,937	22,693,516	-	-
Less: Provision for obsolete inventories	(2,228,170)	(2,047,360)	-	-
Net	28,956,767	20,646,156	-	-

Included in others are mainly consist of fuel and coal.

The cost of inventories of the Group recognised as an expense during the financial year was USD57,563,625 (2022: USD49,107,243).

The movements in the provision for obsolete inventories are as follows:

		The Group		The Company
	2023	2022	2023	2022
	USD	USD	USD	USD
At beginning of year	(2,047,360)	(2,014,636)	-	-
Exchange differences	(36,437)	134,904	-	-
Provision for obsolete inventories	(144,373)	(167,628)	-	-
At end of year	(2,228,170)	(2,047,360)	-	-

As of 31 December 2023, inventories of USD6,785,421 (2022: USD6,981,516) were pledged to secure the Halyk Bank JSC working capital facilities (Note 20).

15. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Trade receivables	1,765,243	2,690,885	-	-
Less: Loss allowances	(827,519)	(1,166,679)	-	-
Net	937,724	1,524,206	-	-
Other receivables:				
Receivables from employees	180,104	191,400	-	-
Others	619,109	329,398	-	-
Interest receivable	-	-	-	2,372,114
Total	1,736,937	2,045,004	-	2,372,114

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

Interest receivable represents amount owing from a subsidiary.

Movement in the credit loss allowances for trade receivables is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
At beginning of year	(1,166,679)	(1,233,713)	-	-
Exchange differences	(20,764)	82,612	-	-
Add: Impairment losses	(268,215)	(174,650)	-	-
Less: Allowance no longer required	628,139	159,072	-	-
At end of year	(827,519)	(1,166,679)	-	-

The Group measures the loss allowance for trade accounts receivable at an amount equal to lifetime ECL. The expected credit losses on trade accounts 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 Group			
Days past due	**Expected credit loss rate**	**Gross carrying amount at default**	**Lifetime ECL**
		USD	**USD**
2023			
Not past due	0%	320,184	-
1-90 days	6%	76,351	4,581
91-180 days	10%	228,929	22,892
181-270 days	21%	201,135	42,239
271-360 days	50%	60,351	30,176
1-2 years	64%	418,508	267,846
>2 years	100%	459,785	459,785
		1,765,243	827,519

Days past due	**Expected credit loss rate**	**Gross carrying amount at default**	**Lifetime ECL**
		USD	**USD**
2022			
Not past due	0%	208,142	-
1-90 days	8%	275,171	22,014
91-180 days	11%	641,087	70,520
181-270 days	23%	520,184	119,641
271-360 days	48%	69,606	33,410
1-2 years	65%	158,863	103,262
>2 years	100%	817,832	817,832
		2,690,885	1,166,679

The recoverability of trade accounts receivable depends to a large extent on the Group's customers' ability to meet their obligations and other factors which are beyond the Group's control. The recoverability of the Group's trade accounts receivable is determined based on conditions prevailing and information available 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.

There were staff loan and advances amounting to USD180,104 (2022: USD191,400) included in other receivables.

16. ADVANCES, DEPOSITS, AND PREPAID EXPENSES

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Advances paid to third parties	2,501,571	8,551,618	-	-
Less: Provision on advances paid to third parties	(246,722)	(263,486)	-	-
Net advances paid to third parties	2,254,849	8,288,132	-	-
Prepaid expenses	647,660	288,922	9,973	6,645
Deposits	660	660	660	660
Total	2,903,169	8,577,714	10,633	7,305

Advances are mainly advances for materials and services.

Movement of allowance for advances paid to third parties is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
At beginning of year	(263,486)	(127,706)	-	-
Exchange differences	(4,689)	8,551	-	-
Add: Allowance for advances paid to third parties	(44,353)	(157,723)	-	-
Less: Allowance no longer required	65,806	13,392	-	-
At end of year	(246,722)	(263,486)	-	-

17. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Cash in hand and at banks	914,540	4,059,613	305,942	1,239,827
Short-term deposits	5,520,897	84,340	4,317,753	-
Total	6,435,437	4,143,953	4,623,695	1,239,827

As of 31 December 2023, the Group had short-term deposits on demand in Halyk Bank JSC, Bank Center Credit JSC at the interest rate of 14.25% to 14.75% per annum (2022: 12.5% to 14% per annum), and Malayan Banking Berhad at the interest rate 5.3% per annum (2022: NIL).

18. SHARE CAPITAL

	The Group and the Company	
	2023	2022
	USD	USD
Issued and fully paid:		
219,000,000 ordinary shares of no par value each:		
Year-end balance	73,760,924	73,760,924

19. RESERVES

Revaluation reserve

Revaluation reserve represents the reserve arising from the revaluation of land and buildings of subsidiaries (CAC JSC, Karcement JSC and CAS LLP) performed by an independent valuation appraiser.

Translation reserve

Exchange differences arising from the translation of assets and liabilities of foreign subsidiary companies are recognised in other comprehensive income and accumulated in the translation reserve.

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 will be taxed from 1 January 2022.

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.

Dividends paid

In 2022, the Company declared an interim dividend of GBP0.050 per ordinary share amounting to GBP10,950,000 (USD12,555,270) in respect of financial year ended 31 December 2022. The payment was made on 24 November 2022.

The directors do not recommend the payment of any dividend in respect of the current financial year.

20. BORROWINGS

	The Group	
	2023	2022
	USD	USD
Secured - at amortised cost		
Bank loans	6,483,960	6,728,214
Bank loans:		
Current	3,638,305	2,814,525
Non-current	2,845,655	3,913,689
	6,483,960	6,728,214

Details of bank loans are as follows:

	Currency	Maturity month	Interest rate	The Group 2023 USD	2022 USD
Halyk Bank JSC for capital expenditure	KZT	June 2025	6% p.a.	134,790	210,444
	KZT	September to November 2025	6% p.a.	138,492	424,377
	KZT	December 2027	6% p.a.	1,303,966	1,537,906
	KZT	December 2027	6% p.a.	86,055	101,956
	KZT	February to November 2029	6% p.a.	1,305,346	1,759,849
	KZT	January to December 2023	6% p.a.	-	1,418,171
	KZT	January to June 2024	6% p.a	1,782,775	-
Halyk Bank JSC for working capital	KZT	June 2023	6% p.a.	-	1,274,689
	KZT	January to June 2024	6% p.a.	1,731,700	-
Accrued interest				836	822
Total outstanding				6,483,960	6,728,214

Halyk Bank JSC capital expenditure facilities

On 29 December 2020, the subsidiary (CAC JSC) entered into a long-term facility agreement with Halyk Bank JSC under the government program for KZT809 million (USD1,923,000) to acquire 70 additional railway wagons for own use. The facility is repayable on 28 December 2027 and bears an interest rate of 6% per annum. As of 31 December 2021, no further amounts are available for drawdown from this facility as the remaining facility of KZT423 million which brought down from year 2020 has been fully drawn in year 2021 as mentioned below.

In 2021, the subsidiaries (CAC JSC and Karcement JSC) concluded long-term agreements under the remaining government programs with Halyk Bank JSC for KZT346 million (USD 0.8 million) and KZT77 million (USD0.2 million) respectively at 6% per annum to purchase wagons and front wheel loaders with a maturity date on 28 December 2027.

During 2022, the subsidiary (CAC JSC) concluded long-term agreements under the government programs with Halyk Bank JSC of Kazakhstan for KZT1,999 million (USD4,320,540) at 6% per annum for mill modernization. The loan is used for capital expenditure with maturity period of 7 years and secured against property, plant and equipment with a net book value of USD3,266,178 (2022: USD3,671,853) (Note 10). No further amounts are available for drawdown from this facility.

The government-subsidised loans are initially recognised at fair value at interest rate of 14% per annum, and subsequently carried at amortised cost (Note 23).

Halyk Bank JSC working capital facilities

In year 2022, the subsidiaries (CAC JSC and Karcement JSC) entered into short-term facility agreements with Halyk Bank JSC for working capital requirements of KZT494 million (USD1.1 million) and KZT 96 million (USD0.2 million) respectively under the government programs bearing an interest rate of 6% per annum. The short-term borrowings were secured against inventories of USD 6,981,516 in year 2022 (Note 14). The short-term borrowings were repaid in June 2023.

During 2023, the subsidiary (CAC JSC) signed 9 short-term agreements with Halyk Bank JSC for working capital replenishment of KZT1,367 million (USD3,007,614) under government programs bearing an interest rate of 6% per annum. The short-term borrowings are maturing in January to June 2024. In addition, in year 2023, the subsidiary (Karcement JSC) obtained 7 new borrowings under the credit line from Halyk Bank, in the amount of KZT355 million (USD780,896) for working capital financing. These borrowings were secured against inventories of USD 6,785,421 (Note 14).

As of 31 December 2023, all working capital facilities of KZT2.2 billion (2022: KZT2.4 billion) with Halyk Bank JSC are available for drawdown which is equivalent to USD4,840,000 (2022: USD5,103,000).

21. LEASE LIABILITIES

	The Group	
	2023	2022
	USD	USD
Operating leases analysed as:		
Non-current	-	-
Current	-	58,960
Balance as of 31 December	-	58,960

The following table shows the maturity profile of the undiscounted operating lease payments and the effects of discounting on the lease liabilities at 31 December 2023:

	The Group	
	2023	2022
	USD	USD
Maturity analysis:		
Year 1	-	66,212
Year 2	-	-
Year 3	-	-
	-	66,212
Less: Future finance charges	-	(7,252)
	-	58,960

	The Group	
	2023	2022
	USD	USD
Balance as of 1 January	58,960	2,026,450
Payment of lease liabilities	(59,788)	(2,033,181)
Finance costs (Note 5)	-	194,232
Exchange differences	828	(128,541)
Balance as of 31 December	-	58,960

The incremental borrowing rate was 12.3%. All leases are on a fixed repayment basis and no arrangements have been entered for contingent rental payments.

22. DEFERRED TAXES

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
At beginning of year	(3,266,775)	(4,318,652)	-	-
Exchange differences	(65,939)	238,063	-	-
Recognised in profit or loss (Note 8)	164,573	813,814	-	-
At end of year	(3,168,141)	(3,266,775)	-	-

Movement in net deferred tax assets/(liabilities) of the Group is as follows:

2023	Opening balance USD	Exchange rate differences USD	Recognised in profit or loss USD	Closing balance USD
Temporary differences:				
Property, plant and equipment	(3,951,562)	(70,791)	(125,627)	(4,147,980)
Inventories	409,474	6,887	(108,342)	308,019
Trade receivables	261,576	4,359	(80,243)	185,692
Accrued unused leaves	33,970	622	4,631	39,223
Payables	18,303	494	45,494	64,291
Others	(38,536)	(7,510)	428,660	382,614
Total	(3,266,775)	(65,939)	164,573	(3,168,141)

2022	Opening balance USD	Exchange rate differences USD	Recognised in profit or loss USD	Closing balance USD
Temporary differences:				
Property, plant and equipment	(5,013,360)	332,869	728,929	(3,951,562)
Inventories	402,986	(27,115)	33,603	409,474
Trade receivables	245,347	(16,556)	32,785	261,576
Accrued unused leaves	27,794	(1,892)	8,068	33,970
Payables	8,757	11,162	(1,616)	18,303
Others	9,824	(60,405)	12,045	(38,536)
Total	(4,318,652)	238,063	813,814	(3,266,775)

The tax losses for which no deferred tax assets have been recognised as it is not probable that future taxable profits will be available against which the tax losses can be utilised are as follows:

	The Group		The Company	
	2023 USD	2022 USD	2023 USD	2022 USD
Tax losses for which no deferred tax assets have been recognised	1,398,350	1,398,350	-	-

The unutilised tax losses of USD1,398,350 (2022: USD1,398,350) has been imposed with a time limit of utilisation, which will be disregarded in the year of assessment 2026 to 2031 (2022: 2026 to 2031).

23. DEFERRED INCOME

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Deferred income	2,545,661	2,712,811	-	-
Less: Amount due within 12 months	(194,729)	(140,259)	-	-
Non-current	2,350,932	2,572,552	-	-

Movement of deferred income are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
At beginning of year	2,712,811	1,691,818	-	-
Exchange differences	48,280	(133,630)	-	-
Additions	-	1,294,882	-	-
Recognised in profit or loss	(215,430)	(140,259)	-	-
At end of year	2,545,661	2,712,811	-	-

Deferred income represents government grant in the form of interest rate lower than market interest rates on government-subsidised loan for capital expenditure from Halyk Bank JSC (Note 20). 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.

In 2022, the subsidiaries (CAC JSC and Karcement JSC) concluded long-term agreements under the remaining government programs with Halyk Bank JSC (Note 20). The difference at fair value using 14% amounted to USD1,294,882 was recognised as deferred income in the statement of financial position.

As of 31 December 2023, the related assets amounted to USD424,333(2022: USD491,032) were put into use. During financial year, the Group recognised USD215,430 (2022: USD140,259) in profit or loss as other income on a straight-line basis over the useful lives of these related assets.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Trade payables	9,740,308	4,027,000	-	-
Interest payable	-	-	118	-
Other payables	114,632	3,307,237	-	-
Others	18,200	14,350	-	-
Total	9,873,140	7,348,587	118	-

The credit period granted by creditors ranges from 1 to 30 days (2022: 1 to 30 days).

Interest payable represents amount owing to a subsidiary.

Other payables mainly arose from purchase of property, plant and equipment and spare parts.

25. ACCRUED AND OTHER LIABILITIES

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Accrued directors' fees	126,870	97,104	119,128	97,104
Advances from customers	1,357,759	1,434,123	-	-
Accrued salaries	564,104	409,824	-	-
Accrued unused leave	196,119	132,601	-	-
Others	180,253	177,037	44,258	46,704
Total	2,425,105	2,250,689	163,386	143,808

26. TAXES PAYABLE

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Corporate income tax	-	142,329	-	-
Other taxes:				
VAT payable	7,067	23,540	-	-
Royalties	65,602	48,412	-	-
Emission taxes	85,476	58,723	-	-
Pension fund	88,569	40,560	-	-
Personal income tax	51,481	37,054	-	-
Social tax	19,560	13,524	-	-
Withholding tax	2,726	1,476	-	-
Others	114,610	5,136	-	-
Total	435,091	370,754	-	-

27. RELATED PARTIES AND AMOUNT OWING TO A SUBSIDIARY COMPANY

Amount owing to a subsidiary company is unsecured, interest-free and repayable on demand.

Related parties include shareholders, directors, affiliates and entities under common ownership (which the Group has the ability to exercise a significant influence).

Other related party includes an entity which is controlled by a director, in which a director of the Group has ownership interests and exercises significant influence.

Balances and transactions between the Company and its subsidiary companies, which are related parties of the Company, have been eliminated on consolidation.

Advances to subsidiary companies of the Company amounted to USD35,761 (2022: USD30,352) are unsecured, interest-free and are repayable on demand.

Loan to a subsidiary company of USD30,020,000 (2022: USD30,050,000) is repayable by year 2033, while another amount of USD30,000 (2022: USD30,000) is repayable in the subsequent year. This loan bears interest at 8% per annum (2022: 8% per annum).

The transactions between a related party and the Group included in the statement of profit or loss and the statement of financial position are as follows:

	The Group Office rental	
	2023 USD	2022 USD
Other related party		
Office rental	3,674	8,593

The following transactions and balances of the Company with subsidiary companies are included in the statement of profit or loss and the statement of financial position of the Company:

Subsidiary companies	Nature of transactions	2023 USD	2022 USD
Steppe Cement (M) Sdn. Bhd.	Dividend income	-	13,309,140
Karcement JSC	Interest income	1,401,554	1,332,302
MECS Ltd.	Interest income assigned	(793,500)	(865,000)

Subsidiary companies	Nature of transactions	Receivable from/(payable to) subsidiary companies 2023 USD	2022 USD
Karcement JSC	Intercompany loans	30,050,000	30,080,000
Karcement JSC	Interest income	(118)	2,372,114
MECS Ltd.	Advances	35,761	30,352
Steppe Cement (M) Sdn. Bhd.	Advances	(143,574)	(244,656)
Total		29,942,069	32,237,810

Compensation of key management personnel

The remuneration of directors and other members of key management are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	USD	USD	USD	USD
Short-term benefits	872,785	840,660	137,425	134,137

Short-term benefits include contributions paid by the Group and by the Company to defined contribution plans amounting to USD35,039 (2022: USD36,784) and Nil (2022: Nil) respectively.

The directors' remuneration in the Company is as follows:

	The Company	
	2023	2022
	USD	USD
Directors' fees		
Executive director:		
Javier del Ser Perez	30,000	30,000
Non-executive directors:		
Xavier Blutel	50,000	50,000
Rupert Wood	40,000	40,000
Wan Affan Azam Bin Wan Azmi	17,425	14,137
Total	137,425	134,137

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group	
	2023	2022
	USD	USD
Financial assets		
At amortised cost:		
Trade and other receivables	1,736,937	2,045,004
Cash and cash equivalents	6,435,437	4,143,953
Deposits	660	660
Financial liabilities		
At amortised cost:		
Trade and other payables	9,873,140	7,348,587
Accrued and other liabilities	1,067,346	816,566
Borrowings	6,483,960	6,728,214
Lease liabilities	-	58,960

	The Company	
	2023	2022
	USD	USD
Financial assets		
At amortised cost:		
Interest receivable	-	2,372,114
Loans and advances to subsidiary companies	30,085,761	30,110,352
Cash and cash equivalents	4,623,695	1,239,827
Deposits	660	660
Financial liability		
At amortised cost:		
Trade and other payables	118	-
Accrued and other liabilities	163,386	143,808
Amount owing to a subsidiary company	143,574	244,656

Capital Risk Management

The Group's capital risk management objectives are to maximise value to shareholders and to ensure that the Group's subsidiary companies will continue to operate as a going concern through optimisation of debt and equity balance.

The Group's capital structure consists of net cash (which comprise of borrowings as detailed in Note 20 offset by cash and cash equivalents) and equity attributable to the shareholders of the Group. Equity attributable to the shareholders of the Group includes share capital, reserves and retained earnings. The Group monitors and reviews its capital structure based on its business and operating requirements.

Financial Risk Management Objectives and Policies

Financial risk management is an essential element of the Group's operations. The Group monitors and manages financial risks relating to the Group's operations through internal reports on risks which analyse the exposure to risk by the degree and size of the risks. The operations of the Group are subject to various financial risks which include foreign currency risk, credit risk, liquidity risk and interest rate risk.

The Group continuously manages its exposures to risks and/or costs associated with the financing, investing and operating activities of the Group.

(i) Foreign Currency Risk

The Group undertakes trade and non-trade transactions with its trade customers and suppliers which are denominated in foreign currencies. As a result, the amount outstanding is exposed to currency translation risks.

Besides maximising cash at bank in US Dollars, the Group monitors the fluctuations in exchange rate of foreign currencies to limit currency risk. The Group does not use derivative instruments for the purpose of currency risk management.

Foreign currency sensitivity analysis

The carrying amounts of the Group's and of the Company's financial assets and financial liabilities in foreign currencies as of 31 December are presented below:

The Group 2023	GBP	EUR	MYR	RUB	Total
Financial Asset					
Cash and cash equivalents	206,788	65	5,041	1,467	213,361
Financial Liabilities					
Trade and other payables	-	281,642	-	72,043	353,685
Accrued and other liabilities	42,158	-	41,845	-	84,003
2022					
Financial Asset					
Cash and cash equivalents	503,597	14,602	8,572	-	526,771
Financial Liabilities					
Trade and other payables	-	677,808	-	222,585	900,393
Accrued and other liabilities	39,923	-	54,857	-	94,780

The Company 2023	GBP	EUR	MYR	Total
Financial Asset				
Cash and cash equivalents	152,390	65	4,166	156,621
Financial Liability				
Accrued and other liabilities	42,158	-	38,050	80,208
2022				
Financial Asset				
Cash and cash equivalents	428,932	55	8,378	437,365
Financial Liability				
Accrued and other liabilities	39,923	-	50,859	90,782

The following table displays the Group's and the Company's sensitivity to a 20% increase and decrease of the functional currency of each subsidiary company and the Company against the relevant foreign currencies. A benchmark sensitivity rate of 20% is used to report foreign currency risk internally to key management and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 20% change in foreign currency rates.

The sensitivity analysis below indicates the changes in financial assets and financial liabilities of the effect of a 20% increase in value of the functional currency of each subsidiary company and the Company against the relevant foreign currencies respectively. The positive figure indicates an increase in profit before tax for the reporting period. In the case of 20% decrease in value of the functional currency of each subsidiary company and the Company against the relevant foreign currencies, respectively, there would be an equal but opposite impact on the Group's and the Company's profit before tax.

	Impact on profit or loss and equity	
The Group	**2023**	**2022**
GBP	(32,926)	(92,735)
EUR	56,315	132,641
MYR	7,361	9,257
RUB	14,115	44,517
The Company		
GBP	(22,046)	(77,802)
EUR	(13)	(11)
MYR	6,777	8,496

(ii) Credit Risk

Credit risk arises when the counterparty defaults on its contractual obligation resulting in financial loss to the Group. The Group adopts a policy of trading only with creditworthy counterparties to mitigate risk of financial loss from defaults. The requirement of cash upfront for sales with major customers limits the credit risk of the Group. The maximum exposure to credit risk equals the carrying amount of each financial asset.

Concentration of credit risk can arise when several debts are due from one customer or group of customers with similar borrowing terms for which there is a basis to expect that changes in economic terms or other circumstances can equally affect their capacity to meet their obligations.

Concentration of credit risk on trade receivables is limited as sales to major customers are based on cash prepayment terms before the actual delivery of cement. As of 31 December 2023, the Group's trade receivables from third parties are mostly represented by ten large customers, representing 60% of trade accounts receivable for cement sales (2022: 52%). The Group believes that credit risk is limited as both counterparties are reliable partners. The financial assets are not secured by any collateral or credit enhancements.

The Group maintains a stringent credit control policy which includes dealing only with customers with adequate credit history and monitoring of outstanding trade receivables to ensure that customers do not exceed their respective credit limits.

The Group maintains cash balances only with internationally reputable banks and domestic banks of high credit standing. The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

At the end of the reporting period, there is no significant increase in credit risk in financial assets since initial recognition. There are no significant changes in gross carrying amount of trade receivables that contribute to changes in the loss allowance.

(iii) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines. The Group actively monitors its forecasts, actual cash flows, availability of short-term funding and matches the maturity profiles of financial assets and financial liabilities to determine suitable funding to meet any shortfall in cash requirements.

As of 31 December 2023, the subsidiaries (CAC JSC and Karcement JSC) working capital facilities of USD4.8 million (2022: USD5.1 million) with Halyk Bank JSC is 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.

Tables on Liquidity Risk

The following table reflects contractual terms of the non-derivative financial liabilities of the Group and of the Company. The table is prepared based on the undiscounted cash flows on non-derivative financial liabilities on the basis of the earliest date at which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The Group	Carrying amount USD	Effective interest rate per annum %	Contractual cash flows USD	Less than 1 year USD	1-5 years USD	Greater than 5 years USD	Total USD
2023							
Interest bearing							
Borrowings	6,483,960	6.00	8,838,671	3,651,934	4,973,082	213,655	8,838,671
Non-interest bearing							
Trade and other payables	9,873,140	-	9,873,140	9,873,140	-	-	9,873,140
Accrued and other liabilities	1,067,346	-	1,067,346	1,067,346	-	-	1,067,346
	17,424,446		19,779,157	14,592,420	4,973,082	213,655	19,779,157
2022							
Interest bearing							
Borrowings	6,728,214	6.00	9,719,810	2,821,878	5,901,308	996,624	9,719,810
Lease liabilities	58,960	12.34	66,212	66,212	-	-	66,212
Non-interest bearing							
Trade and other payables	7,348,587	-	7,348,587	7,348,587	-	-	7,348,587
Accrued and other liabilities	816,566	-	816,566	816,566	-	-	816,566
	14,952,327		17,951,175	11,053,243	5,901,308	996,624	17,951,175

The Company	Carrying amount	Effective interest rate per annum	Contractual cash flows	Less than 1 year	Greater than 1 year	Total
	USD	%	USD	USD	USD	USD
2023						
Non-interest bearing						
Trade and other payables	118		118	118	-	118
Accrued and other liabilities	163,386		163,386	163,386	-	163,386
Amount owing to a subsidiary company	143,574		143,574	143,574	-	143,574
	307,078		307,078	307,078	-	307,078
2022						
Non-interest bearing						
Accrued and other liabilities	143,808	-	143,808	143,808	-	143,808
Amount owing to a subsidiary company	244,656	-	244,656	244,656	-	244,656
	388,464		388,464	388,464	-	388,464

The amounts included above for borrowings represent amounts the Group and the Company expect to repay according to repayment terms in loan agreements. At the end of the reporting period, the Group and the Company are in compliance with the financial covenants of the loan agreements.

(iv) Interest rate risk

Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group does not use derivative instruments for the purpose of interest rate risk management.

As of 31 December 2023 and 2022, the Group does not have any exposure to floating interest rates as the interest rates of the Group's loans are fixed and therefore, the Group is not exposed to variability in cash flows due to interest rate risk.

Fair Values of Financial Assets and Financial Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition regardless of whether that price is directly observable or estimated using another valuation technique. As no readily available market exists for a large part of the Group's financial instruments, judgement is necessary in arriving at fair values, based on current economic conditions and specific risks attributable to the instrument. The fair values of the instruments presented herein is not necessarily indicative of the amounts the Group could realise in a market exchange from the sale of its full holdings of a particular instrument.

The following methods and assumptions were used by the Group to estimate the fair values of financial instruments that are not measured at fair value on a recurring basis (but fair value disclosures are required):

Cash and cash equivalents

The carrying values of cash and cash equivalents approximate their fair values due to the short maturity of these financial instruments.

Trade and other receivables, advances to subsidiary companies, trade and other payables and accrued and other liabilities and amount owing to a subsidiary company

For financial assets and financial liabilities with maturity less than twelve months, the carrying values approximate fair values due to the short maturity of these financial instruments.

Loans to subsidiary company

The fair values of the loans to subsidiary company are estimated by discounting expected future cash flows at market interest rates prevailing at the end of the relevant year with similar maturities adjusted by credit risk.

As of 31 December 2023 and 2022, the fair values of loans to subsidiary company was not significantly different from their carrying value.

Borrowings and lease liabilities

The fair values of the borrowings are estimated by discounting expected future cash flows at market interest rates prevailing at the end of the relevant year with similar maturities adjusted by credit risk.

The fair values of the lease liabilities are estimated by discounting expected future cash flows at the Group's incremental borrowing rate.

As of 31 December 2023 and 2022, the fair values of borrowings were not significantly different from their carrying value.

Fair value measurements recognised in the statement of financial position

Fair value measurement disclosure of property, plant and equipment that are recognised or measured at fair value, can be found in Note 10.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2023				
Property, plant and equipment	-	1,612,446	4,388,038	6,000,484
2022				
Property, plant and equipment	-	1,614,044	5,122,673	6,736,717

There were no transfers between Level 1 to Level 3 during the year.

29. CAPITAL COMMITMENTS

The Group has outstanding amount of contractual commitments for the acquisition of property, plant and equipment of USD2,411,554 as of 31 December 2023 (2022: USD6,432,413).

30. SEGMENTAL REPORTING

No industry and geographical segmental reporting are presented as the Group's primary business is the production and sale of cement which is located in Karaganda region, the Republic of Kazakhstan.

31. CONTINGENT LIABILITIES

a) Tax Audit

Laws and regulations affecting business in the Republic of Kazakhstan continue to change rapidly. The Group subsidiaries's 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.

During 2022, one of the subsidiaries (CAC JSC) had a tax audit for the period from 1 January to 31 December 2016. Besides, the subsidiary had tax inspection for 2017-2020. Another subsidiary (Karcement JSC) had a tax audit for the period from 1 October 2017 to 30 September 2022.

In 2023, the subsidiary (CAC JSC) received act on tax inspection for 2017-2020 and filled a claim to the court on the results of this tax inspection. The first court decision was ruled out in favor of the the subsidiary and therefore no provision has been made based on management's assessment of the likelihood of successfully defending the claim. At the date of these financial statements, tax authorities appealed on the court decision.

Based on the results of the tax inspection of the subsidiary (Karcement JSC), Notification of the audit results No. 250 dated 02/14/2023 and Documentary Tax Audit Report No. 250 dated 02/14/2023 were received.

Having disagreed with the Notification, the Company appealed it to the Ministry of Finance of the Republic of Kazakhstan in full in the amount of 1,831,887 thousand tenge.

As of the date of approval of these financial statements, the case has not been accepted for consideration by the court. All legal issues related to tax inspection are under the process and there is no final court decision yet. Management has not accounted for a provision related to this inspection as they believe that the risk of their appeal not being successful is less than probable.

The subsidiaries believe that they are not expecting significant impact on the financial statements. As of the date of the financial statements the subsidiaries did not receive the tax inspection report or claim.

b) Environmental obligations

On 1 July 2022, the new Environmental Code of the Republic of Kazakhstan (the "Code") came into force. This Code contains a number of principles aimed at minimizing the consequences of environmental damage to the activities of enterprises and / or the complete restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, companies are classified into four categories, where subsidiaries have a significant negative impact on the environment belong to the first category. The subsidiaries have been assigned to the first category by the Ministry of Ecology, in accordance with Article 43-9 of the Law of the Republic of Kazakhstan dated 2 January 2022 "On amendments and additions to the Code of the Republic of Kazakhstan" on the basis that the subsidiaries belong to the cement and lime industry. The subsidiaries have analysed effect of implementation of the new Code and effect was not material.

32. SUBSEQUENT EVENT

On 26 April 2024, shareholders approved the Special Resolution for a capital repayment of approximately 1.5 pence per ordinary share, effected by way of Capital Reduction. The share capital of the Company has been reduced from USD73,760,924 (divided into 219,000,000 ordinary shares) to USD69,599,924 (divided into 219,000,000 ordinary shares), with such reduction affected by the capital repayment of USD4,161,000 to entitled shareholders at the record date.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

	As previously stated USD	Reclassification USD	As reclassified USD
Statement of Comprehensive Income			
Selling expenses (a)	(10,997,920)	(262,574)	(11,260,494)
Other income, net (a)	2,367,459	262,574	2,630,033
General and administrative expenses (b)	(6,393,080)	159,909	(6,233,171)
Impairment of losses of financial assets (b)	-	(159,909)	(159,909)

(a) The reclassification from selling expenses to other income is due to one of the subsidiary companies is acting as a principal instead of an agent in providing the services. Hence, it should be presented as gross instead of net.

(b) According to IAS 1:82(ba), the impairment losses and gains (including reversals of impairment losses) on financial assets should be presented in the face of the Statement of Profit or Loss

STATEMENT BY A DIRECTOR

I, JAVIER DEL SER PEREZ, on behalf of the directors of STEPPE CEMENT LTD, state that, in the opinion of the directors, the accompanying statements of financial position and the related statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the year ended on that date.

Signed in accordance with a
resolution of the Directors,

____
JAVIER DEL SER PEREZ

Labuan,

NOTICE OF THE 2024 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 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, 12th July 2024 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 2023** — **RESOLUTION 1**
   To receive and adopt the audited financial statements for year ended 31 December 2023.

2. **RE-ELECTION OF DIRECTORS**
   To re-elect the following Directors who offered themselves for re-election: — **RESOLUTION 2**
   2.1 Javier Del Ser Perez
   2.2 Rupert Wood
   2.3 Xavier Blutel
   2.4 Wan Affan Azam Bin Wan Azmi

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

XAVIER BLUTEL
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.

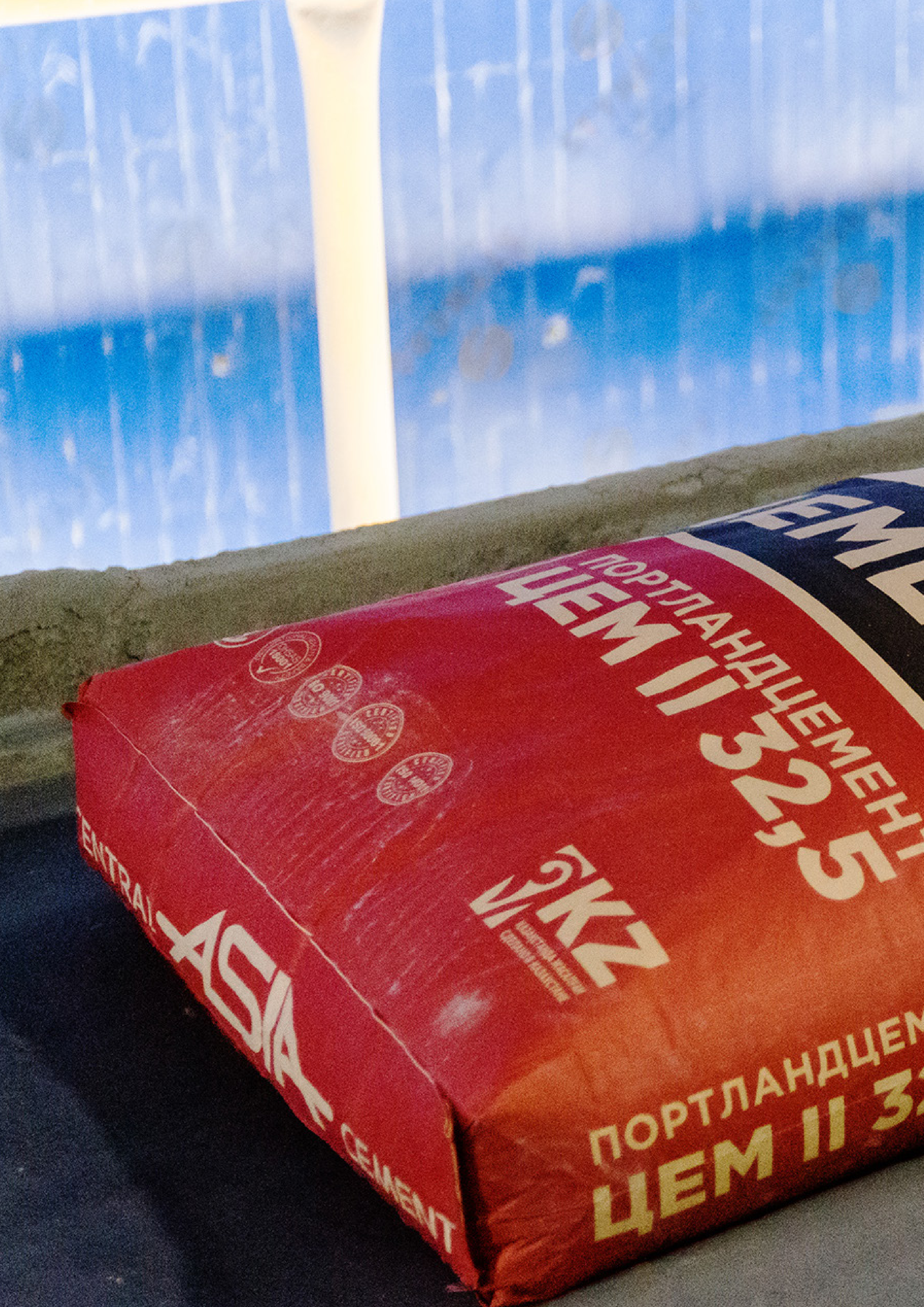
2. The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote.

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 10 July 2024..

5. Depositary Interest Holders need to instruct the custodian Computershare Company Nominees Limited how the 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 9 July 2024.

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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ASIA
CEMENT


ASIA CEMENT
CENTRAL ASIA CEMENT

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