International Cement Group Ltd.
and its subsidiaries
Registration Number: 201539771E

Condensed Consolidated Interim Financial Statements
Six months ended 30 June 2024

Condensed consolidated interim statement of profit or loss

	Note	Group Six months ended 30 June 2024 $'000	Six months ended 30 June 2023 $'000	Increase/ (Decrease) %
Revenue	4	109,603	123,098	(11)
Cost of sales		(75,566)	(80,276)	(6)
Gross profit		34,037	42,822	
Other income		956	3,031	(68)
Selling and distribution expenses		(715)	(879)	(19)
Administrative expenses		(17,657)	(16,189)	9
(Provision for)/Reversal of loss allowance on trade and other receivables and contract assets		(1)	194	(101)
Other expenses		(8,501)	(2,164)	293
Results from operating activities		8,119	26,815	
Finance income		6,680	26	n/m
Finance costs		(4,671)	(2,837)	65
Net finance income/(costs)		2,009	(2,811)	
Profit before tax	5	10,128	24,004	
Tax expense	6	(6,136)	(5,288)	16
Profit for the period		3,992	18,716	
Profit attributable to:				
Owners of the Company		933	11,528	(92)
Non-controlling interests		3,059	7,188	(57)
Profit for the period		3,992	18,716	
Earnings per share (cents)				
Basic earnings per share	7	0.02	0.20	
Diluted earnings per share	7	0.02	0.20	

n/m – Not meaningful

Condensed consolidated interim statement of comprehensive income

	Group		
	Six months ended 30 June 2024 $'000	**Six months ended 30 June 2023 $'000**	**Increase/ (Decrease) %**
Profit for the period	3,992	18,716	
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	8,013	(8,587)	(193)
	8,013	(8,587)	
Other comprehensive income for the period, net of tax	8,013	(8,587)	
Total comprehensive income for the period	12,005	10,129	
Total comprehensive income attributable to:			
Owners of the Company	6,438	6,472	(1)
Non-controlling interests	5,567	3,657	52
Total comprehensive income for the period	12,005	10,129	

The notes on pages 9 to 31 are an integral part of these condensed interim financial statements.

Condensed interim statements of financial position

		Group		Company	
	Note	**30 June 2024 $'000**	**31 December 2023 $'000**	**30 June 2024 $'000**	**31 December 2023 $'000**
Non-current assets					
Property, plant and equipment	8	475,695	440,067	383	483
Intangible assets and goodwill	9	32,955	32,507	–	–
Investment properties		134	128	–	–
Subsidiaries		–	–	176,009	176,009
Trade and other receivables		13,430	5,537	67,877	66,385
Contract assets		341	335	–	–
Deferred tax assets		1,909	2,023	–	–
		524,464	480,597	244,269	242,877
Current assets					
Inventories		34,975	40,942	–	–
Trade and other receivables		34,137	27,888	58	56
Contract assets		1,221	1,607	–	–
Cash and cash equivalents		6,589	6,478	56	185
		76,922	76,915	114	241
Total assets		601,386	557,512	244,383	243,118
Equity attributable to owners of the Company					
Share capital	10	276,824	276,824	198,647	198,647
Capital reserve		(14,656)	(15,497)	11,014	10,173
Currency translation reserve		(31,696)	(37,201)	–	–
Accumulated profits/(losses)		21,247	20,314	(20,278)	(18,012)
		251,719	244,440	189,383	190,808
Non-controlling interests		42,101	46,578	–	–
Total equity		293,820	291,018	189,383	190,808
Non-current liabilities					
Loans and borrowings	11	42,823	31,838	32,537	31,838
Trade and other payables		176,733	147,427	171	249
Provisions	12	2,204	2,103	34	33
Deferred tax liabilities		13,752	12,405	–	–
		235,512	193,773	32,742	32,120
Current liabilities					
Loans and borrowings	11	3,195	5,301	–	–
Tax payables		4,000	5,074	–	–
Trade and other payables		61,292	56,575	22,258	20,190
Contract liabilities		3,195	5,399	–	–
Provisions	12	372	372	–	–
		72,054	72,721	22,258	20,190
Total liabilities		307,566	266,494	55,000	52,310
Total equity and liabilities		601,386	557,512	244,383	243,118

The notes on pages 9 to 31 are an integral part of these condensed interim financial statements.

Condensed interim statements of changes in equity

	Note	Share capital $'000	Capital reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2024		276,824	(15,497)	(37,201)	20,314	244,440	46,578	291,018
Total comprehensive income for the period								
Profit for the period		–	–	–	933	933	3,059	3,992
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	–	5,505	–	5,505	2,508	8,013
Total other comprehensive income		–	–	5,505	–	5,505	2,508	8,013
Total comprehensive income for the period		–	–	5,505	933	6,438	5,567	12,005
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends declared to non-controlling interest	10	–	–	–	–	–	(14,021)	(14,021)
Fair value adjustments on loans from major shareholders		–	841	–	–	841	–	841
Fair value adjustments on loans from non-controlling interest		–	–	–	–	–	2,037	2,037
Fair value adjustment on loan to non-controlling interest		–	–	–	–	–	(858)	(858)
Non-cash contribution by non-controlling interest without a change in control		–	–	–	–	–	2,798	2,798
Total contributions by and distributions to owners		–	841	–	–	841	(10,044)	(9,203)
Total transactions with owners		–	841	–	–	841	(10,044)	(9,203)
At 30 June 2024		276,824	(14,656)	(31,696)	21,247	251,719	42,101	293,820

The notes on pages 9 to 31 are an integral part of these condensed interim financial statements.

Condensed interim statements of changes in equity (cont'd)

	Note	Share capital $'000	Capital reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2023		276,824	(19,838)	(27,196)	4,166	233,956	55,322	289,278
Total comprehensive income for the period								
Profit for the period		–	–	–	11,528	11,528	7,188	18,716
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	–	(5,056)	–	(5,056)	(3,531)	(8,587)
Total other comprehensive income		–	–	(5,056)	–	(5,056)	(3,531)	(8,587)
Total comprehensive income for the period		–	–	(5,056)	11,528	6,472	3,657	10,129
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends declared to non-controlling interest	10	–	–	–	–	–	(9,274)	(9,274)
Total contributions by and distributions to owners		–	–	–	–	–	(9,274)	(9,274)
Total transactions with owners		–	–	–	–	–	(9,274)	(9,274)
At 30 June 2023		276,824	(19,838)	(32,252)	15,694	240,428	49,705	290,133

The notes on pages 9 to 31 are an integral part of these condensed interim financial statements.

Condensed interim statements of changes in equity (cont'd)

	Note	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total $'000
Company					
At 1 January 2024		198,647	10,173	(18,012)	190,808
Total comprehensive income for the period					
Loss for the period		–	–	(2,266)	(2,266)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Fair value adjustments on loans from major shareholders		–	841	–	841
Total contributions by and distributions to owners		–	841	–	841
Total transactions with owners		–	841	–	841
At 30 June 2024		198,647	11,014	(20,278)	189,383
At 1 January 2023		198,647	5,832	(11,994)	192,485
Total comprehensive income for the period					
Loss for the period		–	–	(2,145)	(2,145)
At 30 June 2023		198,647	5,832	(14,139)	190,340

Condensed consolidated interim statement of cash flows

	Note	Group Six months ended 30 June 2024 $'000	Group Six months ended 30 June 2023 $'000
Cash flows from operating activities			
Profit for the period		3,992	18,716
Adjustments for:			
Amortisation of intangible assets	5	1,311	1,330
Depreciation of property, plant and equipment	5	8,059	7,619
Finance costs		4,671	2,837
Finance income		(6,680)	(26)
Gain on disposal of property, plant and equipment	5	–	(5)
Provision for/(Reversal of) loss allowance on trade and other receivables and contract assets		1	(194)
Unrealised exchange loss/(gain)	5	9,657	(1,892)
Write back of inventories	5	(9)	–
Write-off of property, plant and equipment	5	183	495
Tax expense		6,136	5,288
		27,321	34,168
Changes in:			
- inventories		7,145	1,150
- contract assets		379	15
- trade and other receivables		(8,731)	(7,167)
- contract liabilities		(2,374)	1,086
- trade and other payables		1,124	7,858
Cash generated from operations		24,864	37,110
Tax paid		(4,013)	(1,982)
Net cash from operating activities		20,851	35,128
Cash flows from investing activities			
Acquisition of property, plant and equipment		(18,400)	(12,313)
Interest received		17	26
Loan to non-controlling interest		(3,512)	–
Proceeds from disposal of property, plant and equipment		–	5
Net cash used in investing activities		(21,895)	(12,282)

Condensed consolidated interim statement of cash flows (cont'd)

	Note	Group Six months ended 30 June 2024 $'000	Six months ended 30 June 2023 $'000
Cash flows from financing activities			
Acquisition of non-controlling interest		–	(17,175)
Dividends paid to non-controlling interest		(3,823)	(7,154)
Withholding tax paid on dividends declared by a subsidiary		(3,940)	(2,754)
Interest paid		(980)	(980)
Payment of lease liabilities		(212)	(198)
Proceeds from secured revolving credit line from bank		9,743	–
Proceeds from loans from non-controlling interest		493	1,750
Net cash from/(used in) financing activities		1,281	(26,511)
Net increase/(decrease) in cash and cash equivalents		237	(3,665)
Cash and cash equivalents at beginning of the period		6,434	11,531
Effect of exchange rate fluctuations on cash held		(127)	(156)
Cash and cash equivalents at end of the period		6,544	7,710
Represented by:			
Cash at bank and on hand		6,544	7,710
Fixed deposits		45	97
Less: Fixed deposits pledged		(45)	(97)
Cash and cash equivalents at end of the period		6,544	7,710

The notes on pages 9 to 31 are an integral part of these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

1 Corporate information

International Cement Group Ltd. (the "Company") is incorporated in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group core businesses are (i) the production and/or sale of cement and related products; and (ii) the production and/or sale of gypsum plasterboards and related products. Our production plants and facilities and markets are in Kazakhstan (Almaty City, Sary-Ozek (Almaty region), Jarminsky District (East Kazakhstan region) and Korday District (Jambyl region) and Tajikistan (Yovon District ((Khatlon region) and Kolkhozabad (Khatlon region)) – Central Asia. Both businesses, in aggregate, contributes to more than 98% of Group's revenue.

Beside cement and gypsum plasterboards businesses, through its wholly subsidiaries, it undertakes aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture of aluminium extrusions and supply of all such related products. Its revenue and focus is the Singapore market.

2 Basis of accounting

These interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with SFRS(I)s. However, selected explanatory notes are included to explain events and transactions that are material to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

These interim financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2024. The application of these amendments to standards and interpretations does not have a material effect on the interim financial statements.

2.2 Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 13 *Financial Instruments*.

3 Operating segments

The Group is organised into the following main business segments:

- Aluminium division: undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture of aluminium extrusions and supply of all such related products.
- Cement division: production, sales and/or distribution of cement.

Other operations mainly include the building materials division, which relates to production, sales and/or distribution of gypsum plasterboards and related products.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Executive Officer (six months ended 30 June 2023: Chief Executive Officer), who is responsible for allocating resources and assessing the performance of the operating segments.

Information about reportable segments

	Aluminium		Cement		Others		Total	
	30 June 2024 $'000	**30 June 2023 $'000**	**30 June 2024 $'000**	**30 June 2023 $'000**	**30 June 2024 $'000**	**30 June 2023 $'000**	**30 June 2024 $'000**	**30 June 2023 $'000**
Group								
External revenues	2,443	3,444	104,512	119,654	2,648	–	109,603	123,098
Finance income	–	1	5,990	25	690	–	6,680	26
Finance costs	(5)	(10)	(4,264)	(2,827)	(402)	–	(4,671)	(2,837)
Depreciation of property, plant and equipment	(19)	(21)	(7,235)	(7,598)	(805)	–	(8,059)	(7,619)
Amortisation of intangible assets	–	–	(1,311)	(1,330)	–	–	(1,311)	(1,330)
Reportable segment (loss)/profit before tax	(590)	(1,811)	10,818	26,301	(100)	(486)	10,128	24,004
Other material non-cash items:								
- Reversal of loss allowance on trade and other receivables and contract assets	(2)	83	1	111	–	–	(1)	194
- Unrealised exchange (loss)/gain	18	(682)	(10,022)	2,957	347	(383)	(9,657)	1,892
- Write-off of property, plant and equipment	–	–	(183)	(495)	–	–	(183)	(495)
Capital expenditure	–	4	36,392	16,192	2,878	11,023	39,270	27,219

	Aluminium		Cement		Others		Total	
	30 June 2024 $'000	**31 December 2023 $'000**	**30 June 2024 $'000**	**31 December 2023 $'000**	**30 June 2024 $'000**	**31 December 2023 $'000**	**30 June 2024 $'000**	**31 December 2023 $'000**
Reportable segment assets	6,029	6,820	545,234	505,628	50,123	45,064	601,386	557,512
Reportable segment liabilities	3,244	3,515	283,893	240,569	20,429	22,410	307,566	266,494

Reconciliations of reportable segment profit or loss, assets and liabilities to SFRS(I)s measures

There are no reconciling items to be presented for consolidated total revenue, profit or loss before tax, assets, liabilities and revenue of reportable segments and no adjustments to be presented for other material non-cash items to SFRS(I)s measures.

Major customers

Revenue from customer A and customer B from the cement segment represented approximately $15,579,000 (six months ended 30 June 2023: $14,097,000) and $10,710,000 (six months ended 30 June 2023: $1,942,000) respectively of the Group's total revenue. Representing 14% (customer A) and 10% (customer B) of the Group's revenue for six months ended 30 June 2024 (six months ended 30 June 2023: 12% and 2% respectively).

4 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. There are no reconciling items to be presented between disaggregated revenue and the Group's reportable segments (see Note 3).

	Aluminium		**Cement**		**Others**		**Total**	
	30 June 2024 $'000	**30 June 2023 $'000**	**30 June 2024 $'000**	**30 June 2023 $'000**	**30 June 2024 $'000**	**30 June 2023 $'000**	**30 June 2024 $'000**	**30 June 2023 $'000**
Primary geographical markets								
Singapore	2,443	3,444	–	–	–	–	2,443	3,444
Afghanistan	–	–	6,816	7,615	–	–	6,816	7,615
Kazakhstan	–	–	49,228	52,864	–	–	49,228	52,864
Tajikistan	–	–	48,466	58,717	2,648	–	51,114	58,717
Uzbekistan	–	–	2	458	–	–	2	458
	2,443	3,444	104,512	119,654	2,648	–	109,603	123,098
Major products/service line								
Construction contracts	1,544	2,539	–	–	–	–	1,544	2,539
Sale of goods	899	905	104,512	119,654	2,648	–	108,059	120,559
	2,443	3,444	104,512	115,811	2,648	–	109,603	123,098
Timing of revenue recognition								
Products and services transferred over time	1,544	2,539	–	–	–	–	1,544	2,539
Products transferred at a point in time	899	905	104,512	119,654	2,648	–	108,059	120,559
	2,443	3,444	104,512	119,654	2,648	–	109,603	123,098

Seasonality of operations

The sale of cement and gypsum plasterboards is dependent on construction activities. These activities are subjected to weather conditions. Both Kazakhstan and Tajikistan, located in Central Asia, experience wet and/or winter conditions between November and March. During this period, arising from low construction activities, we will experience lower business activities for both our core businesses.

5 Profit before tax

The following items have been included in arriving at profit before tax:

	30 June 2024 $'000	30 June 2023 $'000
Other income:		
- gain on disposal of property, plant and equipment	–	(5)
- gain on sale of spares	–	(245)
- government grant income	(7)	(4)
- rental income	(844)	(426)
Amortisation of intangible assets	1,311	1,330
Depreciation of property, plant and equipment	8,059	7,619
Foreign exchange (gain)/loss, included in 'other income/expenses':		
- realised	(3,736)	(83)
- unrealised	9,657	(1,892)
Finance income:		
- gain arising from modification of long-term trade and other payables	(1,997)	–
- gain arising from modification of long-term payables of property, plant and equipment	(4,173)	–
- interest income on cash and cash equivalents	(17)	(26)
- unwinding of discount in relation to the present value of loan to non-controlling interest	(493)	–
Finance costs:		
- interest expense on lease liabilities	16	16
- interest expense on revolving credit line from bank	89	–
- interest expense on payables to Engineering, Procurement and Construction ("EPC") contractor	989	2,016
- unwinding of discount in relation to the present value of long-term trade and other payables	728	–
- unwinding of discount in relation to the present value of long-term payables of property, plant and equipment	1,851	–
- unwinding of discount in relation to the present value of loans from major shareholders	874	669
- unwinding of discount in relation to the present value of provision for restoration costs	124	136
Write back of inventories	(9)	–
Write-off of property, plant and equipment	183	495
Contribution to defined contribution plans	839	701
Salaries, bonuses and other costs	8,256	7,854

6 Tax expense

Income tax expense for the period

	30 June 2024 $'000	30 June 2023 $'000
Current tax expense	2,942	2,285
Deferred tax expense	1,827	–
(Over)/Under provision in respect of prior years	(48)	279
Withholding tax on dividends declared by subsidiaries	2,292	3,749
Changes in deferred tax recognised on undistributed profits of subsidiaries	(877)	(1,025)
	6,136	5,288

Judgement is required in determining the deductibility of certain expenses, taxability of certain income and the applicable tax rates for the entities in the Group during the estimation of the provision of taxes. These potential tax impacts have not been recognised in these financial statements because the Group believes that they have sufficient basis to support the tax treatment on these items. However, should the outcome be unfavourable, impact may potentially be material.

In our announcement dated 8 April 2024, after our FY2023 results announcement dated 28 February 2024, our administrative expenses and trade and other payables increase arising from the accrual of non-resident taxes of an overseas vendor, borne by the Group. Non-resident taxes were previously not provided for in the unaudited results as the overseas vendor had been successful in the past to obtain exemption from non-resident tax, by virtue of the Double Tax Agreement. However, after the results announcement, the vendor was unable to obtain the necessary documents for the double tax exemption.

Currently, a subsidiary is in consultation with the tax authority on the interpretation of the tax legislation with regards to the categorisation of its principal activities and the corresponding applicable tax rates. Management's assessment of the tax exposure is based on its judgement on the ongoing consultation with the tax authorities.

The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for current and deferred taxes in the period in which such determination is made.

Deferred tax expense for the six months ended 30 June 2024 mainly comprised deferred tax arising from temporary differences on property, plant and equipment and intangible assets.

The Group's consolidated effective tax rate for the six months ended 30 June 2024 was 18% (six months ended 30 June 2023: 15%), having adjusted for tax effects arising from income which are tax exempted, under tax holidays, non-deductible expenses, deferred tax expense, under provision in respect of prior years, and withholding tax on dividends.

7 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share for the six months ended 30 June 2024 were based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

Profit attributable to ordinary shareholders

	30 June 2024 $'000	30 June 2023 $'000
Profit for the period, representing profit attributable to ordinary shareholders	933	11,528

Weighted average number of ordinary shares

	30 June 2024 '000	30 June 2023 '000
Issued ordinary shares at 1 January and 30 June	5,734,733	5,734,733

The basic and diluted EPS are the same as there were no potentially dilutive ordinary shares outstanding during the respective financial period.

8 Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2024, the Group acquired assets with a cost of $39,270,000 (six months ended 30 June 2023: $27,219,000). This increase is mainly attributed to the ongoing construction of a new cement plant in Kazakhstan and a leasehold land to house the gypsum plasterboard plant in Tajikistan. There were no significant disposals during the six months ended 30 June 2024 and 2023.

Capital commitments

As at 30 June 2024, the Group had contracted $45,722,000 (31 December 2023: $69,664,000) of capital expenditure mainly for the construction of the new cement plant in Kazakhstan.

9 Intangible assets and goodwill

Additions and disposals

There were no significant additions and disposals during the six months ended 30 June 2024 and 2023.

Reconciliation of carrying amount of goodwill

	Group $'000
At 1 January 2024	17,802
Translation differences on consolidation	989
At 30 June 2024	18,791

Impairment testing for cash generating units ("CGUs") containing goodwill

The CGU comprise of International Manufacturing Company Chzhungtsai Mohir Cement LLC and its operating subsidiary and there has not been any indication of impairment.

10 Capital and reserves

Share capital

	Company No. of shares	
	30 June 2024	**31 December 2023**
Fully paid ordinary shares, with no par value		
In issue as at 1 January and end of period/year	5,734,732,849	5,734,732,849

None of the entities in the Group acquired nor hold shares in the Company. The Company during the period under review like the previous period (six months ending 30 June 2023) did not acquire its own shares nor held any treasury shares.

For the 6 months ended 30 June 2023, the Company has not issued or have any outstanding securities that give rise (through conversion) to the issuance of new ordinary shares.

Dividends

During the six months ended 30 June 2024, a subsidiary (where the Company has an indirect interest of 65%) declared dividends totalling $30,819,000 (six months ended 30 June 2023: $26,497,000). On a prorated basis the Company (through its intermediate holding companies) share was $16,798,000 and $14,021,000 to the respective non-controlling interests (six months ended 30 June 2023: $17,223,000 and $9,274,000 respectively).

11 Loans and borrowings

	Currency	**Nominal interest rate**	**Year of maturity**	**Face value $'000**	**Carrying amount $'000**
Group					
At 1 January 2024				42,437	37,139
Additions					
Loans from non-controlling interest	TJS	–	2027	493	493
Revolving credit line from bank	CNY	3.7%	2024 – 2027	9,743	9,743
Other movements					
Interest expense				89	963
Fair value adjustments arising from modification of loans				–	(2,878)
Effect of changes in foreign exchange rates				699	558
At 30 June 2024				53,461	46,018

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Company					
At 1 January 2024				37,136	31,838
Other movements					
Interest expense				–	874
Fair value adjustments arising from modification of loans				–	(841)
Effect of changes in foreign exchange rates				808	666
At 30 June 2024				37,944	32,537

Interest-free loans from major shareholders were measured at fair value at initial recognition and the difference between the fair value and face value of the loan is recognised in 'capital reserve', representing a contribution from owner of the Company. During the six months ended 30 June 2024, loans of the Group and Company which were due in 2025, were extended by 2 years to 2027, and the difference between the new and old fair value amounting to $841,000 was recognised in 'capital reserve' of the Group and Company.

During the six months ended 30 June 2024, a non-controlling interest provided new interest-free loans to the Group, with face value of $493,000 and due in 2027, for the construction of additional facilities of the gypsum plasterboard plant in Tajikistan and the non-controlling interest has the right to demand for payment before the due date. In June 2024, the repayment term in which the non-controlling interest has the right to demand for payment before due date was cancelled. This change in repayment term resulted in all interest-free loans due in 2027 to be measured at fair value, and the difference between the fair value and face value of $1,972,000 was accounted for as adjustments to transactions with non-controlling interest in the Group's financial statements.

During the six months ended 30 June 2024, a subsidiary obtained a secured revolving credit line from a bank with face value of $9,743,000, with interest at 3.7% per annum and due between 2024 and 2027. As at 30 June 2024, property, plant and equipment of the Group with a net book value of $36,025,000 was pledged to the bank to secure the revolving credit line.

Aggregate amount of Group's borrowings and debt securities

	30 June 2024		31 December 2023	
	$'000 Secured	$'000 Unsecured	$'000 Secured	$'000 Unsecured
Group				
Amount repayable in one year or less	3,195	–	–	5,301
Amount repayable after one year	6,219	36,604	–	31,838
	9,414	36,604	–	37,139

12 Provisions

Restoration costs

Restoration costs relate to the cost of dismantling and removing asset and restoring the premises to its original condition. In accordance with the applicable legal requirements in Kazakhstan, the Group is expected to perform recultivation works by the end of its operations. Due to the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs for recultivation works that will be incurred. In particular, the Group has assumed that sites for the respective subsidiaries will be restored using technology and materials that are available currently. The Group expects to incur the liability upon the end of the expected economic useful lives of its respective operations in Kazakhstan.

13 Financial instruments

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value
	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Group				
30 June 2024				
Financial assets not measured at fair value				
Trade and other receivables#	17,292	–	17,292	17,460
Cash and cash equivalents	6,589	–	6,589	
	23,881	–	23,881	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(32,537)	(32,537)	(32,443)
Loans from non-controlling interest	–	(4,067)	(4,067)	(4,067)
Revolving credit line from bank	–	(9,414)	(9,414)	(9,444)
Trade and other payables*	–	(229,285)	(229,285)	(229,853)
	–	(275,303)	(275,303)	
31 December 2023				
Financial assets not measured at fair value				
Trade and other receivables#	8,115	–	8,115	
Cash and cash equivalents	6,478	–	6,478	
	14,593	–	14,593	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(31,838)	(31,838)	(31,852)
Loans from non-controlling interest	–	(5,301)	(5,301)	
Trade and other payables*	–	(195,133)	(195,133)	(195,471)
	–	(232,272)	(232,272)	

	Carrying amount			Fair value
	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Company				
30 June 2024				
Financial assets not measured at fair value				
Trade and other receivables#	67,877	–	67,877	
Cash and cash equivalents	56	–	56	
	67,933	–	67,933	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(32,537)	(32,537)	(32,443)
Trade and other payables	–	(22,428)	(22,428)	
	–	(54,965)	(54,965)	
31 December 2023				
Financial assets not measured at fair value				
Trade and other receivables#	66,385	–	66,385	
Cash and cash equivalents	185	–	185	
	66,570	–	66,570	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(31,838)	(31,838)	(31,852)
Trade and other payables	–	(20,439)	(20,439)	
	–	(52,277)	(52,277)	

\# *Excluding tax-related receivables, deposits and prepayments.*
* *Excluding Value-added/Goods and Services tax payable and withholding tax payable on dividends.*

Measurement of fair values

Type	**Valuation technique**
Non-current trade and other receivables, non-current loans and borrowings and non-current trade and other payables	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The carrying amount of the loan to an indirect subsidiary where the Company has the right to demand for payment before the due date is assumed to approximate its fair value.
Other financial assets and liabilities	The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

Credit risk

The movement in the allowance for impairment in respect of trade and other receivables (excluding prepayments and deposits) and contract assets was as follows:

	Group $'000	Company $'000
At 1 January 2024	3,382	–
Impairment loss made	1	–
Amounts utilised	(735)	–
Translation differences on consolidation	9	–
At 30 June 2024	2,657	–

During the six months ended 30 June 2024, impairment loss was utilised due to bad debts written off. The weighted average loss rate has not changed significantly on a period-on-period basis.

Liquidity risk

As at 30 June 2024, at Group level, our operating cashflow remained positive at $20.8 million and net working capital (current assets less current liabilities) was $4.9 million compared to $4.2 million as at 31 December 2023.

At the Company level, net working capital was negative (current liabilities exceeding current assets) of $22.1 million as at 30 June 2024 compared to $20.0 million as at 31 December 2023. The Company's working capital is supported by its operating subsidiaries.

14 Contingent liabilities

In 2021, one of the Group's subsidiaries in Kazakhstan acquired cement-related assets in Kazakhstan from a bank and a third party (the "Acquisition"). These cement-related assets were distressed and put under forced sale by the bank. The subsidiary may be exposed to risk of this Acquisition being invalidated by creditors of the third party if the purchase price of the Acquisition is not deemed to be at fair value. As at the date of these financial statements, there has been no claims or litigations in progress against the subsidiary arising from this Acquisition and accordingly, no provision has been made as at 30 June 2024.

15 Related parties

Related party transactions

	Transaction value for the six months ended		Balance outstanding	
	30 June 2024 $'000	**30 June 2023 $'000**	**30 June 2024 $'000**	**31 December 2023 $'000**
Purchase of services				
Non-controlling interest	669	–	–	–

All outstanding balances with related parties are to be settled in cash within credit terms. None of the balances are secured.

16 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

1 Review

The condensed interim financial statements of International Cement Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position of the Group and the condensed statement of financial position of the Company as at 30 June 2024, the condensed consolidated statement of changes in equity of the Group and the condensed statement of changes in equity of the Company for the six months ended 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2024, and selected explanatory notes to the interim financial statements, have not been audited or reviewed.

2 Review of performance of the Group

<u>Consolidated Statement of Profit or Loss</u>

<u>Revenue</u>

The Group's revenue decreased by $13.5 million from $123.1 million for the six months ended 30 June 2023 ("1H2023") to $109.6 million for the six months ended 30 June 2024 ("1H2024"). This was mainly contributed by:

(i) decrease in selling price from Alacem cement plant in Almaty region in Kazakhstan aimed at gaining market share due to intense market competition;
(ii) decrease in sales volume from Mohir cement plant in Tajikistan arising from the entry of a new cement producer; and
(iii) decrease in sales volume from Sharcem cement plant in East Kazakhstan due to scheduling issues by the railway transportation provider, resulting in a decline in sales volume for the Astana market.

The commencement of sales of a gypsum plasterboard plant in Tajikistan since December 2023 was able to slightly cushion the decrease in cement revenue.

<u>Gross profit</u>

Gross profit margins declined from 35% in 1H2023 to 31% in 1H2024. Our operations in both Kazakhstan and Tajikistan have faced significant increases in cost of raw materials, impacting our cost of goods sold. Notwithstanding an improvement in the gross profit margins at Sharcem plant, arising from changes in the delivery methods from railway to cement trucks, it was only able to cushion part of this decrease caused by the higher cost of raw materials.

<u>Other income</u>

Other income mainly comprised government grants, sale of scrap, rental income, utility recharges, sale of fuel and rental income from suppliers for the extraction of raw materials in quarries. The decrease in other income period-on-period was largely due to foreign exchange gains of S$2.0 mil in 1H2023 in contrast to foreign exchange losses of $5.9 million in 1H2024 which was recorded under 'other expenses'.

<u>Selling and distribution expenses</u>

Selling and distribution expenses mainly comprised staff costs of the selling and distribution departments and distribution expenses. The decrease in selling and distribution expenses period-on-period was largely due to decrease in depreciation of property, plant and equipment in 1H2024.

Administrative expenses

Administrative expenses mainly comprised staff costs of the finance, human resource and administrative departments and directors' fees, depreciation and amortisation, audit and professional fees, tax-related expenses, utilities, food and accommodation, vehicle-related expenses, fines and penalties, traveling expenses and office, rental and visa-related expenses. The increase in administrative expenses period-on-period was largely due to increase in staff headcount in Kazakhstan and commencement of operations of the gypsum plasterboard plant in Tajikistan since December 2023.

Other expenses

Other expenses mainly comprised foreign exchange losses and rental expense of unutilized train carriage. The increase in other expenses period-on-period was largely due to:
(i) foreign exchange losses of $5.9 million in 1H2024 as compared to foreign exchange gains of $2.0 million in 1H2023 which was recorded under 'other income'. The foreign exchange losses arose mainly from an appreciation of the United States dollars against the Kazakhstani Tenge; and
(ii) rental expense of unutilized train carriage of $1.4 million.

Finance income

Finance income mainly pertained to accounting adjustments for fair value adjustments on interest-free long-term trade and other payables and unwinding of discount in relation to the present value of interest-free loan to non-controlling interest.

Finance costs

Finance costs mainly pertained to:
(i) unwinding of discount (accounting adjustments) in relation to the present value of interest-free long-term trade and other payables amounting to $2.6 million;
(ii) interest expense on the outstanding payables to the EPC contractor for the construction of Alacem cement plant which are interest-bearing at 8.4% per annum, amounting to $1.0 million; and
(iii) unwinding of discount (accounting adjustment) in relation to the present value of interest-free loans from major shareholders amounting to $0.9 million. The interest-free loans from major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) were for the construction of Alacem cement plant, and acquisition of cement-related assets for Sharcem cement plant and costs incurred for its upgrading works.

Tax expense

1H2024 tax expense mainly pertained to:
(i) current tax expense of $2.9 million (1H2023: $2.3 million), mainly for a subsidiary in Tajikistan;
(ii) deferred tax expense of $1.8 million (1H2023: $nil), mainly for subsidiaries in Tajikistan and Kazakhstan;
(iii) withholding tax on dividends declared by subsidiaries of $2.3 million (1H2023: $3.7 million); and
(iv) changes in deferred tax recognised on undistributed profits of subsidiaries in Tajikistan and Kazakhstan of $0.9 million (1H2023: $1.0 million).

The increase in current tax expense was mainly due to a change in the corporate income tax rate applied in one of the jurisdictions that the Group's subsidiaries operate in and an increase in deferred tax arising from temporary differences from property, plant and equipment.

Statements of Financial Position

Property, plant and equipment

Increase in property, plant and equipment at the Group level during 1H2024 was mainly due to:
(i) additions of $39.3 million arising from the ongoing construction of the new cement plant in Kazakhstan and a leasehold land for our gypsum plasterboard plant in Tajikistan; and
(ii) net translation gain of $4.9 million in 1H2024 mainly from the appreciation of Tajikistan Somoni ("TJS") against Singapore Dollar ("SGD") of approximately 6%;
offset by the depreciation charge of $8.4 million.

Intangible assets

Intangible assets and goodwill at the Group level mainly comprised subsoil rights, goodwill arising on the acquisition of Mohir cement plant in 2017. Increase in intangible assets at the Group level during 1H2024 was due to translation gain of $1.8 million, arising from the appreciation of TJS against SGD by 6% which was offset by amortisation charge of $1.3 million.

Trade and other receivables

At the Group level, long-term trade and other receivables as at 30 June 2024 comprised:
(i) prepayments of $7.6 million, mainly comprised amounts prepaid to suppliers for:
  (a) upgrading works in the cement plants in Kazakhstan;
  (b) purchase of spares and consumables for repairs and maintenance works in the cement plants; and
  (c) construction of Korcem new cement plant.
As these relate to advance payments in nature, there are no recoverability issues.
(ii) unsecured and interest-free loan to one of our non-controlling interest partner of $5.8 million, due in 2025.

Increase in long-term trade and other receivables at the Group level of $7.9 million was mainly due to:
(i) increase in prepayments of $2.9 million, arising from purchase of spares and equipment for the gypsum plasterboard plant in Tajikistan;
(ii) disbursement of balance loan to non-controlling interest of $2.9 million; and
(iii) increase in prepayments of $1.2 million, arising from purchase of spares and equipment for the construction of Korcem new cement plant.

At the Company level, long-term trade and other receivables comprised:
(i) loans to subsidiaries of $64.7 million for the construction of Alacem cement plant and acquisition of cement-related assets for Sharcem cement plant and its related upgrading works; and
(ii) non-trade receivables from subsidiaries of $3.2 million.

At the Group level, short-term trade and other receivables as at 30 June 2024 comprised:
(i) trade receivables of $7.7 million;
(ii) tax-related receivables of $15.8 million;
(iii) other receivables of $3.7 million; and
(iv) deposits and prepayments of $6.9 million.

There are no recoverability issues with the trade and other receivables as:
(i) Approximately 84% of short-term trade receivables are aged in the 'current' category;
(ii) Tax-related receivables mainly comprised value-added tax receivables from the cement plants arising from purchase of raw materials and spares and consumables, which can be offset against the value-added tax payable from sales going forward;
(iii) Other receivables primarily arise from the sale of spare parts and rental income, totalling $2.7 million from external parties, where there are also $3.7 million payables owed to the same external parties.

Deposits and prepayments mainly comprised amounts advance prepaid to suppliers for:
(i) upgrading works in the cement plants in Kazakhstan;
(ii) purchase of spares and consumables for repairs and maintenance works in the cement plants; and
(iii) construction of Korcem new cement plant.

Increase in the Group's short-term trade and other receivables of $6.2 million was mainly due to:
(i) increase in trade receivables from the cement segment of $5.1 million, mainly arising from higher trade receivables by the cement plant in Tajikistan during the second quarter of 2024 as compared to the fourth quarter of 2023 due to higher sales; and
(ii) increase in other receivables from the cement segment of $1.1 million, mainly arising from the rental income from external parties during 1H2024.

Deferred tax assets

Deferred tax assets at the Group level mainly pertained to recognition of unutilised tax losses arising from Sharcem cement plant.

Inventories

Decrease in inventory balance at the Group level of $5.9 million was due to higher sales during the second quarter of 2024.

Contract assets

At the Group level, contract assets as at 30 June 2024 pertained to retention sums which are withheld by main contractors from the aluminium segment until the successful completion of the project works and the Group's rights to consideration for work completed on construction contracts but not billed at the reporting date.

Capital reserve

At the Group level, capital reserve mainly pertained to the cash consideration paid in excess of the carrying amount of one of our cement plant for the step-up acquisition of additional 15% stake in previous year, offset by the fair value adjustment arising from interest-free loans from major shareholders.

Currency translation reserve

Decrease in currency translation reserve losses at the Group level of $5.4 million mainly arose from the appreciation of TJS against SGD by 6%.

Loans and borrowings

At the Group level, loans and borrowings comprised:
(i) unsecured interest-free loans from major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) of $32.5 million, due between third quarter of 2025 and third quarter of 2027;
(ii) unsecured interest-free loans, due in second quarter of 2027, from a non-controlling interest partner of $4.1 million for the construction of the gypsum plasterboard plant in Tajikistan; and
(iii) a revolving credit line from Bank of China in Kazakhstan of CNY50 million (equivalent to $9.4 million), with interest at 3.7% per annum and secured by certain property, plant and equipment, which is due between third quarter of 2024 and second quarter of 2027.

The increase in long-term loans and borrowings at the Group level of $11.0 million was mainly due to:
(i) a subsidiary obtained the revolving credit line as mentioned in the preceding paragraph, with the long term portion of a face value of CNY33.3 million (equivalent to $6.2 million) due between third quarter of 2025 and second quarter of 2027;
(ii) a change in the repayment terms of the interest-free loan from a non-controlling interest partner, resulting in the reclassification of $6.1 million to long-term; and
(iii) unwinding of discount (accounting adjustment) in relation to the present value of the interest-free loans from major shareholders of $0.9 million;
offset by the fair value adjustments (accounting adjustment) on loans from major shareholders and non-controlling interest of $0.8 million and $2.0 million, respectively.

The decrease in short-term loans and borrowings at the Group level of $2.1 million was mainly due to the change in repayment term of the interest-free loans from a non-controlling interest partner as mentioned in the preceding paragraph, offset by:
(i) additional loans from non-controlling interest with face value of $0.5 million; and
(ii) new secured revolving credit line from Bank of China in Kazakhstan with face value of CNY16.7 million (equivalent to $3.2 million) due between third quarter of 2024 and second quarter of 2025.

At the Company level, long-term loans and borrowings as at 30 June 2024 comprised interest-free loans from major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang. The increase was mainly due to:
(i) unwinding of discount (accounting adjustment) in relation to the present value of the interest-free loans from major shareholders of $0.9 million; and
(ii) foreign exchange loss of $0.7 million (appreciation of United States Dollar (“USD”) and CNY, against SGD);
offset by the fair value adjustments on loans from major shareholders of $0.8 million.

<u>*Trade and other payables*</u>

The Group’s long-term trade and other payables mainly pertained to amounts owing to:
(i) an EPC contractor of $22.2 million for the construction of Alacem cement plant under a deferred payment arrangement which are interest-bearing at 8.4% and due between second quarter of 2026 and first quarter of 2028;
(ii) another EPC contractor of $59.8 million for the construction of Korcem new cement plant under a deferred payment arrangement which are interest-bearing at 6.5% and due between third quarter of 2025 and third quarter of 2026; and
(iii) suppliers for spares and consumables and property, plant and equipment for the cement plants in Kazakhstan and Tajikistan of $94.5 million, which are due in 2026.

Increase in long-term trade and other payables at the Group level of $29.3 million was mainly due to construction of Korcem new cement plant and the purchase of spares and consumables and property, plant and equipment for the cement plants in Kazakhstan and Tajikistan.

The Group’s short-term trade and other payables mainly comprised:
(i) trade payables of $19.1 million;
(ii) accrued operating expenses of $3.8 million;
(iii) dividends payable of $12.3 million;
(iv) tax-related payables of $8.8 million;

(v) payables for property, plant and equipment of $9.5 million; and
(vi) other payables of $7.1 million.

Trade payables mainly pertained to the purchase of raw materials, and spares and consumables. Dividends payable pertained to amounts owing to the non-controlling interest in Tajikistan for dividends declared in 1H2024. Tax-related payables mainly pertained to Value-Added Tax/Goods and Services Tax, collected, import tax payable on plant & equipment and spares & consumables and withholding tax payable on dividends. Other payables mainly pertained to amounts payable for distribution expenses and professional fees.

Increase in short-term trade and other payables at the Group level of $4.7 million was mainly due to an increase in dividends payable to non-controlling interest of $9.6 million mainly arising from dividends declared in 1H2024, offset by dividends paid and settlement of payables made during the period.

At the Company level, short-term trade and other payables increased due to increase in non-trade payables to subsidiaries arising from the payment of administrative expenses on behalf of the Company during the period.

Provisions

At the Group level, provisions mainly pertained to provision for restoration costs as the Group is expected to perform recultivation works for its cement plants in Kazakhstan by the end of its operations in accordance with the applicable local legal requirements.

Deferred tax liabilities

Increase in deferred tax liabilities at the Group level was mainly due to the increase in temporary differences arising from property, plant and equipment and intangible assets, which was offset by the additional recognition of withholding taxes on unremitted profits of overseas subsidiaries.

Contract liabilities

At the Group level, contract liabilities as at 30 June 2024 pertained to advance consideration received from customers.

Consolidated Statement of Cash Flows

Cash and cash equivalents of the Group increased from $6.5 million as at 31 December 2023 to $6.6 million as at 30 June 2024. This was mainly due to cash flows from operating activities of $20.9 million, $9.7 million revolving credit line granted from a bank in Kazakhstan to one of our subsidiary and additional loans obtained from non-controlling interest of $0.5 million, offset by:
(i) acquisition of property, plant and equipment of $18.4 million in the cement plants;
(ii) withholding tax paid on dividends declared by a subsidiary in Tajikistan of $3.9 million;
(iii) dividends paid to non-controlling interests of $3.8 million;
(iv) loan to non-controlling interest of $3.5 million; and
(v) interest paid to EPC contractor under the deferred payment arrangement of $1.0 million.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast, or a prospect statement, has been previously disclosed to shareholders.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

Overall Market Conditions

The Group's cement segment is primarily dependent on the market conditions of the construction industry in the Central Asia region. Looking ahead, we anticipate robust demand for cement as governments in Central Asia continue to prioritise urbanisation and infrastructure development.

Tajikistan Operations

Our cement operations in Tajikistan experienced a decline in revenue due to lower volumes following the entry of a new cement producer in 2024. However, the overall market demand is increasing, and we are working to maintain our market share through various efforts, such as collaborating with distributors to implement incentivised promotions, including sales volume rebates.

Our drywall (gypsum plasterboard) plant continues to gain market share. We expanded our product offerings in February 2024 to include gypsum plasterboard joists and gypsum powder, and we are now selling directly to large construction companies. In addition to the local market, we are exploring export opportunities to Uzbekistan.

The overall market outlook in Tajikistan remains positive due to significant infrastructure projects funded by Chinese investments, which are driving cement demand. Tajikistan's GDP is projected to grow by 6.5% in 2024 and 2025[1], bolstered by infrastructure development, particularly in the transportation and energy sectors.

Kazakhstan Operations

Our operations at the Alacem cement plant in the Almaty region were impacted by lower cement prices due to increased competition. To counter these challenges, we are working closely with our distributors and have stepped up our incentive programme to enlarge our market share share.

Our second cement plant, Sharcem, is expanding our customer base in eastern Kazakhstan and Astana regions. Despite initial transportation challenges in 1H2024, we have resolved these issues and expect increased sales in the nearby region in 2H2024. We plan to intensify marketing and promotion activities to boost brand awareness and sales.

Progress on the construction of our third cement plant (Korcem) in the Korday district, Jambyl region, has experienced a slight delay due to the extended project financing procedures and slow equipment procurement by our vendors.

[1]Source: Information from Asian Development Bank report dated 11 April 2024
https://www.adb.org/news/tajikistan-economy-grow-6-5-2024-and-2025-green-economy-key-sustainable-development-adb

The plant, now scheduled for completion in late 2024, will add another 1.5 million metric tons bringing the Group's total capacity to 5.5 million metric tons and establishing us as the largest dry process cement producer in Kazakhstan. Strategically located near the neighbouring region of the Alacem cement plant in south-eastern Kazakhstan with direct export routes to Kyrgyzstan, a potential market. The Jambyl region is also developing a new railway line to support cement exports, driven by a construction boom in the area.

Kazakhstan's economy is steadily growing after rebounding from the adverse impacts of Russia's invasion of Ukraine in 2023. Real GDP is forecasted to grow by 3.4% in 2024 and by 4.7% in 2025,[2] driven by increased oil production and exports. The construction industry is projected to grow significantly, supported by government investments in infrastructure projects under the Nurly Zhol initiative, which aims to develop and modernise roads, railways, ports, airports, and IT infrastructure.

Aluminium Operations

Customers of the Group's aluminium business are largely the various private and public property developers where the latter made up the current order book of the Group. As at 30 June 2024, the Group's order book stood at approximately $4.4 million, including variation orders, with projects expected to be completed progressively over the next three years.

Capital Expenditure and Liquidity

The cement business is capital intensive. Over the years, total investment into construction and acquisition of new plants and facilities was approximately $330.3 million (including the new plant and facilities under construction at Korday district, Jambyl region, Kazakhstan). This increases our capacity from 1.8 million metric tons to 5.5 million metric tons.

These increases have been funded by both retained earnings, loans (both related parties and non-controlling shareholder) and financing arrangements with EPC contractors. The related parties' loans are from controlling shareholders of the Company, Victory Gate Ventures Limited and Ma Zhaoyang. Both Ma Zhaoyang and Zhang Zengtao (controlling shareholder of Victory Gate Ventures Limited) are executive directors of the Company.

The Group total liabilities as at 30 June 2024 were $307.6 million compared to $266.5 million as at 31 December 2023. Group shareholders' funds as at 30 June 2024 was $293.8 million compared to $291.0 million as at 31 December 2023. At these various balance sheet dates, ratio between total liabilities to shareholders' funds, 1.05 times as at 30 June 2024 compared to 0.92 times as at 31 December 2023.

As at 30 June 2024, the total capital expenditure committed is estimated at $45.7 million, construction of new cement plant and facilities at Korday district, Jambyl district, Kazakhstan – currently 70% completed. This is financed both by internal financial resources and significantly through financing arrangements with EPC contractor with repayment commencing 2H2025.

Aggregating, the total liabilities as at 30 June 2024 and the total capital expenditure committed, total liabilities of the Group will be $353.3 million. Comparing this to the Group's shareholders funds as at 30 June 2024 of $293.8 million, the ratio between total liabilities to shareholders' funds is 1.20 times.

For the 6 months ended 30 June 2024 and FY2023, the interest cost paid to external parties amounted to approximately $1.0 million. Loans from related parties are extended free of interest. Repayment of total liabilities (principal and interest) will weigh against the Group's cashflows and profitability.

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[2] Source: Information from World Bank report published 13 February 2024
https://www.worldbank.org/en/country/kazakhstan/publication/economic-update-winter-2023-24

5 Net asset value

	Group		Company	
	30 June 2024 'cents	**31 December 2023 'cents**	**30 June 2024 'cents**	**31 December 2023 'cents**
Net asset value per ordinary share based on issued share capital of 5,734,732,849 ordinary shares as at 30 June 2024 and 31 December 2023	4.39	4.26	3.30	3.33

6 Dividend information

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial period

Any dividend declared for the corresponding period of the immediately preceding financial period?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been recommended for the six months ended 30 June 2024 as the Group is reinvesting its earnings into the construction of the new plant for the cement business.

7 Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

8 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirms to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the interim consolidated financial statements for the six months ended 30 June 2024 to be false or misleading in any material respect.

9 Use of proceeds

The net proceeds arising from the Share Placement in June 2019, amounting to $3.2 million, have not been utilised to date. The Board of Directors will continue to make periodic announcements on utilisation of the proceeds as and when the proceeds are materially disbursed.

10 Confirmation that the issue has procured undertaking from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Zhang Zengtao
Chief Executive Officer
13 August 2024