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

Condensed Consolidated Interim Financial Statements
Six months ended 30 June 2022

Condensed consolidated interim statement of profit or loss

	Note	Group Six months ended 30 June 2022 $'000	Six months ended 30 June 2021 $'000	Increase/ (Decrease) %
Revenue	4	92,322	84,942	9
Cost of sales		(51,100)	(47,796)	7
Gross profit		41,222	37,146	
Other income		787	524	50
Selling and distribution expenses		(2,240)	(2,061)	9
Administrative expenses		(12,352)	(8,474)	46
Reversal of loss allowance on trade and other receivables and contract assets		88	73	21
Other expenses		(8,016)	(2,271)	253
Results from operating activities		19,489	24,937	
Finance income		15	17	(12)
Finance costs		(2,013)	(1,736)	16
Net finance costs		(1,998)	(1,719)	
Profit before tax	5	17,491	23,218	
Tax expense	6	(3,866)	(4,568)	(15)
Profit for the period		13,625	18,650	
Profit attributable to:				
Owners of the Company		11,072	13,029	(15)
Non-controlling interests		2,553	5,621	(55)
Profit for the period		13,625	18,650	
Earnings per share (cents)				
Basic earnings per share	7	0.19	0.23	
Diluted earnings per share	7	0.19	0.23	

The notes on pages 8 to 27 are an integral part of these condensed interim financial statements.

Condensed consolidated interim statement of comprehensive income

	Group Six months ended 30 June 2022 $'000	Group Six months ended 30 June 2021 $'000	Increase/ (Decrease) %
Profit for the period	13,625	18,650	
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	13,077	3,861	239
	13,077	3,861	
Other comprehensive income for the period, net of tax	13,077	3,861	
Total comprehensive income for the period	26,702	22,511	
Total comprehensive income attributable to:			
Owners of the Company	19,840	14,286	39
Non-controlling interests	6,862	8,225	(17)
Total comprehensive income for the period	26,702	22,511	

The notes on pages 8 to 27 are an integral part of these condensed interim financial statements.

Condensed interim statements of financial position

	Note	Group 30 June 2022 $'000	Group 31 December 2021 $'000	Company 30 June 2022 $'000	Company 31 December 2021 $'000
Non-current assets					
Property, plant and equipment	8	305,675	279,423	540	627
Intangible assets and goodwill	9	42,162	39,700	–	–
Investment properties		139	128	–	–
Subsidiaries		–	–	178,555	178,522
Trade and other receivables		2,608	2,627	70,265	65,833
Contract assets		1,100	1,028	–	–
Deferred tax assets		124	129	–	–
		351,808	323,035	249,360	244,982
Current assets					
Inventories		39,803	27,237	–	–
Trade and other receivables		45,944	29,352	41	40
Contract assets		1,635	1,174	–	–
Cash and cash equivalents		11,054	12,390	68	47
		98,436	70,153	109	87
Total assets		450,244	393,188	249,469	245,069
Equity attributable to owners of the Company					
Share capital	10	276,824	276,824	198,647	198,647
Capital reserve		6,298	4,544	5,894	4,140
Currency translation reserve		(25,131)	(33,899)	–	–
Accumulated losses		(12,139)	(23,211)	(28,863)	(26,776)
		245,852	224,258	175,678	176,011
Non-controlling interests		46,809	48,294	–	–
Total equity		292,661	272,552	175,678	176,011
Non-current liabilities					
Loans and borrowings	11	41,642	36,738	63,233	59,269
Trade and other payables		26,850	25,876	311	379
Provisions		54	28	15	15
Deferred tax liabilities		9,639	10,581	–	–
		78,185	73,223	63,559	59,663
Current liabilities					
Loans and borrowings	11	264	–	–	–
Trade and other payables		76,230	44,435	10,232	9,395
Contract liabilities		2,267	2,472	–	–
Provisions		484	506	–	–
Tax payables		153	–	–	–
		79,398	47,413	10,232	9,395
Total liabilities		157,583	120,636	73,791	69,058
Total equity and liabilities		450,244	393,188	249,469	245,069

The notes on pages 8 to 27 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 losses $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2022		276,824	4,544	(33,899)	(23,211)	224,258	48,294	272,552
Total comprehensive income for the period								
Profit for the period		–	–	–	11,072	11,072	2,553	13,625
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	–	8,768	–	8,768	4,309	13,077
Total other comprehensive income		–	–	8,768	–	8,768	4,309	13,077
Total comprehensive income for the period		–	–	8,768	11,072	19,840	6,862	26,702
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends declared	10	–	–	–	–	–	(8,347)	(8,347)
Fair value adjustments on loans from major shareholders	11	–	1,754	–	–	1,754	–	1,754
Total contributions by and distributions to owners		–	1,754	–	–	1,754	(8,347)	(6,593)
Total transactions with owners		–	1,754	–	–	1,754	(8,347)	(6,593)
At 30 June 2022		276,824	6,298	(25,131)	(12,139)	245,852	46,809	292,661

The notes on pages 8 to 27 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	Revaluation 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 2021		276,824	2,517	156	(37,036)	(49,717)	192,744	46,485	239,229
Total comprehensive income for the period									
Profit for the period		–	–	–	–	13,029	13,029	5,621	18,650
Other comprehensive income									
Foreign currency translation differences – foreign operations		–	–	–	1,257	–	1,257	2,604	3,861
Total other comprehensive income		–	–	–	1,257	–	1,257	2,604	3,861
Total comprehensive income for the period		–	–	–	1,257	13,029	14,286	8,225	22,511
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared	10	–	–	–	–	–	–	(11,330)	(11,330)
Fair value adjustments on loans from non-controlling interests		–	–	–	–	–	–	(774)	(774)
Total contributions by and distributions to owners		–	–	–	–	–	–	(12,104)	(12,104)
Total transactions with owners		–	–	–	–	–	–	(12,104)	(12,104)
At 30 June 2021		276,824	2,517	156	(35,779)	(36,688)	207,030	42,606	249,636

The notes on pages 8 to 27 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 2022		198,647	4,140	(26,776)	176,011
Total comprehensive income for the period					
Loss for the period		–	–	(2,087)	(2,087)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Fair value adjustments on loans from major shareholders	11	–	1,754	–	1,754
Total contributions by and distributions to owners		–	1,754	–	1,754
Total transactions with owners		–	1,754	–	1,754
At 30 June 2022		198,647	5,894	(28,863)	175,678
At 1 January 2021		198,647	2,113	(18,820)	181,940
Total comprehensive income for the period					
Loss for the period		–	–	(2,033)	(2,033)
At 30 June 2021		198,647	2,113	(20,853)	179,907

The notes on pages 8 to 27 are an integral part of these condensed interim financial statements.

Condensed consolidated interim statement of cash flows

		Group	
	Note	Six months ended 30 June 2022 $'000	Six months ended 30 June 2021 $'000
Cash flows from operating activities			
Profit for the period		13,625	18,650
Adjustments for:			
Amortisation of intangible assets	5	1,224	1,234
Depreciation of property, plant and equipment	5	5,029	5,773
Finance costs		2,013	1,736
Finance income		(15)	(17)
Gain on disposal of investment in subsidiary	5	(1)	–
Gain on disposal of property, plant and equipment	5	(13)	(4)
Impairment loss on property, plant and equipment	5	784	–
Provision for inventories obsolescence	5	–	3
Reversal of loss allowance on trade and other receivables and contract assets		(88)	(73)
Unrealised exchange loss		6,898	1,932
Write off of property, plant and equipment	5	451	5
Tax expense		3,866	4,568
		33,773	33,807
Changes in:			
- inventories		(12,043)	1,834
- contract assets		(533)	(26)
- trade and other receivables		(13,244)	(3,198)
- contract liabilities		(140)	(1,015)
- trade and other payables		5,416	(1,757)
Cash generated from operations		13,229	29,645
Tax paid		(1,840)	(2,339)
Net cash from operating activities		11,389	27,306
Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,816)	(13,082)
Acquisition of intangible assets		(218)	(1)
Interest received		15	17
Proceeds from disposal of investment in subsidiary, net of cash disposed of		521	–
Proceeds from disposal of property, plant and equipment		19	4
Net cash used in investing activities		(12,479)	(13,062)

The notes on pages 8 to 27 are an integral part of these condensed interim financial statements.

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

	Note	Group Six months ended 30 June 2022 $'000	Group Six months ended 30 June 2021 $'000
Cash flows from financing activities			
Dividends paid to non-controlling interest		(3,658)	(2,499)
Withholding tax paid on dividends declared by a subsidiary		(1,666)	(1,999)
Interest paid		(14)	(16)
Payment of lease liabilities		(176)	(195)
Proceeds from loans from major shareholders		5,431	–
Repayment of loan from non-controlling interest		–	(2,020)
Net cash used in financing activities		(83)	(6,729)
Net (decrease)/increase in cash and cash equivalents		(1,173)	7,515
Cash and cash equivalents at beginning of the period		12,283	10,047
Effect of exchange rate fluctuations on cash held		(160)	26
Cash and cash equivalents at end of the period		10,950	17,588
Represented by:			
Cash at bank and on hand		10,950	17,588
Fixed deposits		104	57
Less: Fixed deposits pledged		(104)	(57)
Cash and cash equivalents at end of the period		10,950	17,588

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 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in: (i) the production and/or sale of cement and related products; (ii) the 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; and (iii) investment holding.

2 Basis of accounting

These interim financial statements for the six months ended 30 June 2022 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. They do not include all of the information required for a complete set of financial statements prepared in accordance with SFRS(I) Standards. However, selected explanatory notes are included to explain events and transactions that are significant 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 2021. 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 and estimates 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 12 *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:

- Building materials division: 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, who is responsible for allocating resources and assessing the performance of the operating segments.

Information about reportable segments

	Aluminium		Cement		Others		Total	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	30 June 2021 $'000
Group								
External revenues	3,576	4,324	88,746	80,618	–	–	92,322	84,942
Finance income	–	2	15	15	–	–	15	17
Finance costs	(7)	(8)	(2,006)	(1,728)	–	–	(2,013)	(1,736)
Depreciation of property, plant and equipment	(26)	(34)	(5,003)	(5,739)	–	–	(5,029)	(5,773)
Amortisation of intangible assets	–	–	(1,224)	(1,234)	–	–	(1,224)	(1,234)
Reportable segment (loss)/profit before tax	(2,127)	(1,070)	19,501	24,307	117	(19)	17,491	23,218
Other material non-cash items:								
- Impairment of property, plant and equipment	784	–	–	–	–	–	784	–
- Reversal of loss allowance on trade and other receivables and contract assets	45	52	43	21	–	–	88	73
- Unrealised exchange gain/(loss)	134	(371)	6,903	(1,558)	(139)	(3)	6,898	(1,932)
Capital expenditure	817	10	24,718	3,969	1,810	–	27,345	3,979

	Aluminium		Cement		Others		Total	
	30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000
Reportable segment assets	8,274	8,050	431,616	377,844	10,354	7,294	450,244	393,188
Reportable segment liabilities	3,947	3,197	153,282	117,373	354	66	157,583	120,636

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.

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 the table and disaggregated revenue with the Group's reportable segments (see Note 3).

	Aluminium		**Cement**		**Others**		**Total**	
	30 June 2022 $'000	**30 June 2021 $'000**	**30 June 2022 $'000**	**30 June 2021 $'000**	**30 June 2022 $'000**	**30 June 2021 $'000**	**30 June 2022 $'000**	**30 June 2021 $'000**
Primary geographical markets								
Singapore	3,576	4,317	–	–	–	–	3,576	4,317
Malaysia	–	7	–	–	–	–	–	7
Afghanistan	–	–	9,320	11,291	–	–	9,320	11,291
Kazakhstan	–	–	37,376	25,841	–	–	37,376	25,841
Tajikistan	–	–	41,771	42,983	–	–	41,771	42,983
Uzbekistan	–	–	279	503	–	–	279	503
	3,576	4,324	88,746	80,618	–	–	92,322	84,942
Major products/service line								
Construction contracts	2,720	3,098	–	–	–	–	2,720	3,098
Sale of goods	856	1,226	88,746	80,618	–	–	89,602	81,844
	3,576	4,324	88,746	80,618	–	–	92,322	84,942
Timing of revenue recognition								
Products and services transferred over time	2,720	3,098	–	–	–	–	2,720	3,098
Products transferred at a point in time	856	1,226	88,746	80,618	–	–	89,602	81,844
	3,576	4,324	88,746	80,618	–	–	92,322	84,942

Seasonality of operations

The Group's cement segment is subject to seasonal fluctuations as a result of weather conditions. In particular, the sale of cement in key geographic areas are adversely affected by wet and/or winter conditions, which occur primarily from December to March. This segment typically has lower revenues and results for the first half of the year.

5 Profit before tax

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

	30 June 2022 $'000	30 June 2021 $'000
Other income:		
- gain on disposal of investment in subsidiary	(1)	–
- gain on disposal of property, plant and equipment	(13)	(4)
- government grant income	(70)	(173)
- rental income	(94)	(81)
Adjustment for under provision of tax in respect of prior periods	–	174
Amortisation of intangible assets	1,224	1,234
Depreciation of property, plant and equipment	5,029	5,773
Exchange (gain)/loss:		
- realised	(257)	39
- unrealised	6,898	1,932
Impairment loss on property, plant and equipment	784	–
Interest income from financial institutions	(15)	(17)
Interest on loans and borrowings		
- payables to EPC contractor	1,289	1,295
- unwinding of discount in relation to the present value of related party loans	710	425
Provision for inventories obsolescence	–	3
Write off of property, plant and equipment	451	5

6 Tax expense

Income tax expense for the period

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

	30 June 2022 $'000	30 June 2021 $'000
Current tax expense	1,993	2,339
Deferred tax expense	(154)	(157)
Withholding tax paid on dividends declared by subsidiaries	2,027	2,386
	3,866	4,568

The Group's consolidated effective tax rate for the six months ended 30 June 2022 was 22% (six months ended 30 June 2021: 20%).

Deferred tax expense for the six months ended 30 June 2022 mainly comprised deferred tax arising from temporary differences on property, plant and equipment and intangible assets. Disregarding withholding tax paid on dividends declared by subsidiaries, total tax expense for the six months ended 30 June 2022 would have been $1,839,000 (six months ended 30 June 2021: $2,182,000).

The Group's profit before tax for the six months ended 30 June 2022 was $17,491,000 (six months ended 30 June 2021: $23,218,000). Disregarding non-deductible expenses (mainly foreign exchange losses and corporate expenses) of $10,383,000 (six months ended 30 June 2021: $4,408,000), and profits from subsidiaries which are on tax holidays of $15,725,000 (six months ended 30 June 2021: $11,875,000), the Group's profit before tax would have been $12,149,000 (six months ended 30 June 2021: $15,751,000).

The Group's adjusted effective tax rate for the six months ended 30 June 2022 would have been 15% (six months ended 30 June 2021: 14%), which remained relatively consistent period-on-period.

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 2022 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 2022 $'000	30 June 2021 $'000
Profit for the period, representing profit attributable to ordinary shareholders	11,072	13,029

Weighted average number of ordinary shares

	30 June 2022 '000	**30 June 2021 '000**
Issued ordinary shares at 1 January	5,734,733	5,734,733
Effect of shares issued	–	–
Weighted average number of ordinary shares during the period	5,734,733	5,734,733

8 Property, plant and equipment

Additions and disposals

During the six months ended 30 June 2022, the Group acquired assets with a cost of $27,345,000 (six months ended 30 June 2021: $3,979,000). This amount was mainly incurred for the construction of additional facilities for an existing cement plant in Kazakhstan, upgrading works for a cement-plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan.

There were no significant disposals during the six months ended 30 June 2022 and 30 June 2021.

Capital commitments

As at 30 June 2022, the Group had contracted $23,259,000 of capital expenditure for the upgrading works for a cement plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan (31 December 2021: $23,910,000 for the construction of additional facilities in a cement plant in Kazakhstan and upgrading works for another 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 2022 and 30 June 2021.

Reconciliation of carrying amount of goodwill

	Group $'000
At 1 January 2022	17,693
Translation differences on consolidation	1,785
At 30 June 2022	19,478

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

The recoverable amount of the CGU containing goodwill is estimated each year at the same time, i.e. as at 31 December.

The CGU, which comprise International Manufacturing Company Chzhungtsai Mohir Cement LLC and its operating subsidiary, has not been tested for impairment as there were no impairment indicators as at 30 June 2022.

10 Capital and reserves

Share capital

	Company No. of shares	
	30 June 2022	**31 December 2021**
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

On 3 June 2019, the Company issued and allotted 70,916,430 new ordinary shares in the capital of the Company under the confirmed tranche pursuant to a conditional placement agreement dated 9 May 2019 for an issue price for each placement share of $0.045 (the "Placement") amounting to $3,191,000. On 21 June 2019, the Company was informed by the SGX-ST that the SGX-ST was not satisfied that the source of funds for the Placement originating from the placee and that the placement was funded by undisclosed sources. The approval in-principle granted on 21 May 2019 by the SGX-ST for the listing and quotation of placement shares had lapsed and the SGX-ST would not allow the listing of the 70,916,430 Placement shares to proceed. Accordingly, these shares were not listed on the SGX-ST. The Company is still in discussions with the placee on the 70,916,430 Placement shares.

The Group did not issue any treasury shares during the six months ended 30 June 2022 (30 June 2021: nil) and had no treasury shares and subsidiary holdings of the Company as at 30 June 2022 (31 December 2021: nil). The Group did not have outstanding warrants as at 30 June 2022 (31 December 2021: nil).

Dividends

During the six months ended 30 June 2022, a subsidiary of the Group declared dividends to a non-controlling interest amounting to $8,347,000 (six months ended 30 June 2021: $11,330,000).

11 Loans and borrowings

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
At 1 January 2022				39,178	36,738
Additions					
Loans from major shareholders	USD	–	2025	5,431	4,950
Loans from non-controlling interest	TJS		2027	264	264
Other movements					
Interest expense				–	710
Fair value adjustments arising from modification of loans				–	(1,273)
Effect of changes in foreign exchange rates				563	517
At 30 June 2022				45,436	41,906
Company					
At 1 January 2022				64,748	59,269
Additions					
Loans from major shareholders	USD	–	2025	5,431	4,950
Repayment					
Loan from subsidiary	USD	–	2023	(1,357)	(1,357)
Other movements					
Interest expense				–	722
Fair value adjustments arising from modification of loans				–	(1,240)
Effect of changes in foreign exchange rates				973	889
At 30 June 2022				69,795	63,233

Interest-free loans from major shareholders and subsidiary 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 2022:

(i) the Group and Company obtained new loans from major shareholders with face value of $5,431,000 and the difference between the fair value and face value of the loan at initial recognition of $481,000 was recognised in 'capital reserve' of the Group and Company;

(ii) certain loans of the Group and Company from major shareholders which were due in 2023, were extended by 2 years to 2025, and the difference between the new and old fair value amounting to $1,273,000 was recognised in 'capital reserve' of the Group and Company; and

(iii) the Company made early repayment of $1,357,000 on a loan from a subsidiary and this significant modification to the cash outflow of the loan resulted in a modification loss of $33,000 which was recognised as deemed investment in subsidiary.

Aggregate amount of Group's borrowings and debt securities

	30 June 2022		**31 December 2021**	
	$'000	**$'000**	**$'000**	**$'000**
	Secured	**Unsecured**	**Secured**	**Unsecured**
Group				
Amount repayable in one year or less	–	264	–	–
Amount repayable after one year	–	41,642	–	36,738
	–	41,906	–	36,738

12 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 2022				
Financial assets not measured at fair value				
Trade and other receivables	27,107	–	27,107	
Cash and cash equivalents	11,054	–	11,054	
	38,161	–	38,161	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(41,642)	(41,642)	(41,253)
Loan from non-controlling interest	–	(264)	(264)	(264)
Trade and other payables	–	(103,080)	(103,080)	(103,766)
	–	(144,986)	(144,986)	
31 December 2021				
Financial assets not measured at fair value				
Trade and other receivables	19,387	–	19,387	
Cash and cash equivalents	12,390	–	12,390	
	31,777	–	31,777	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(36,738)	(36,738)	(36,747)
Trade and other payables	–	(70,311)	(70,311)	(71,075)
	–	(107,049)	(107,049)	

	Carrying amount			Fair value
	Amortised cost $'000	**Other financial liabilities $'000**	**Total $'000**	**Level 2 $'000**
Company				
30 June 2022				
Financial assets not measured at fair value				
Trade and other receivables	70,265	–	70,265	69,077
Cash and cash equivalents	68	–	68	
	70,333	–	70,333	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(41,642)	(41,642)	(41,253)
Loans from subsidiary	–	(21,591)	(21,591)	(21,170)
Trade and other payables	–	(10,544)	(10,544)	(10,544)
	–	(73,777)	(73,777)	
31 December 2021				
Financial assets not measured at fair value				
Trade and other receivables	65,833	–	65,833	66,005
Cash and cash equivalents	47	–	47	
	65,880	–	65,880	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(36,738)	(36,738)	(36,747)
Loans from subsidiary	–	(22,531)	(22,531)	(22,530)
Trade and other payables	–	(9,774)	(9,774)	(9,774)
	–	(69,043)	(69,043)	

Measurement of fair values

Type	**Valuation technique**
Non-current trade and other receivables, non-current loans and borrowings and non-current 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.

Liquidity risk

The Company is exposed to liquidity risk as the Company's current liabilities exceeded its current assets. Management has plans to fund requirements via advances from subsidiaries.

Credit risk

The movement in the allowance for impairment in respect of trade and other receivables and contract assets was as follows:

	Group $'000	Company $'000
At 1 January 2022	3,668	–
Impairment loss reversed	(88)	–
Amounts utilised	(11)	–
Translation differences on consolidation	11	–
At 30 June 2022	3,580	–

During the six months ended 30 June 2022, the reversal of loss allowance at the Group level was due to an improvement in collection from customers, i.e. an improvement in aging. The weighted average loss rate has not changed significantly on a period-on-period basis.

13 Contingent liabilities

Certain subsidiaries of the Group are involved in certain legal and regulatory matters in Tajikistan and Kazakhstan as at 30 June 2022. Due to the nature and status of these matters and also in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be determinable. Accordingly, no provisions nor impairment for property, plant and equipment, or provision for restoration cost, where applicable, has been recorded.

14 Related parties

Related party transactions

	Transaction value for the six months ended		Balance outstanding	
	30 June 2022 $'000	30 June 2021 $'000	30 June 2022 $'000	31 December 2021 $'000
Sale of goods				
Non-controlling interest	–	–	–	5
Purchase of services				
Non-controlling interest	(1,942)	(1,829)	–	(156)

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

15 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 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 2022, 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 2022, 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 2022, and selected explanatory notes to the interim financial statements, have not been audited or reviewed.

2 Review of performance of the Group

Consolidated Statement of Profit or Loss

The Group's revenue increased by $7.4 million from $84.9 million for the six months ended 30 June 20221 ("1H2021") to $92.3 million for the six months ended 30 June 2022 ("1H2022"). This was mainly due to the commencement of sales of a cement plant in Kazakhstan since the third quarter of 2020 ("3Q2020") which contributed to $37.4 million sales during 1H2022 as compared to $25.8 million sales during 1H2021. This was offset by a decrease in revenue from the Group's cement operations in Tajikistan where there was temporary closure of borders between Tajikistan and Afghanistan for a few weeks during 1H2022, affecting export sales to Afghanistan. Revenue from the aluminium segment decreased due to lower construction activity caused by labour shortages in Singapore.

Gross profit margins remained relatively consistent period-on-period (1H2022: 45% vs 1H2021: 44%).

Other income mainly comprised government grants, sale of scrap, rental income and utility recharges.

Selling and distribution expenses increased in 1H2022 to $2.2 million as compared to 1H2021 of $2.1 million due to the increase in distribution expenses in Kazakhstan as the sales volume increased in 1H2022 as compared to 1H2021.

Administrative expenses increased significantly by $3.9 million from $8.5 million in 1H2021 to $12.4 million in 1H2022 due to:
(i) rising costs of the operations in Tajikistan;
(ii) the setting up of the new Central Asia headquarters in Kazakhstan; and
(iii) increase in staff costs due to the commencement of upgrading works for an acquired cement plant in Kazakhstan and construction of a cement plant in Kazakhstan.

As the collection and aging of trade and other receivables improved during 1H2022, this resulted in an overall reversal of impairment losses of $0.1 million. In accordance with SFRS(I) 9 *Financial Instruments*, the loss allowance was made in prior periods based on the 'expected loss' model, computed based on the Group's assessment on the probability-weighted estimates of credit losses using historical information for the past 3 years on bad debt write offs and adjustments for forward looking indicators. 'Expected credit losses' were computed based on percentages of each aging bracket and do not relate to any specific counterparty.

Other expenses in 1H2022 and 1H2021 mainly comprised foreign exchange losses of $6.6 million and $2.0 million respectively. This mainly arose from the revaluation of amounts owing to third parties (Engineering, Procurement and Construction ("EPC") Contractor and other suppliers for spares and consumables) and intercompany loans which are denominated in foreign currencies (US Dollar ("USD") and Chinese Yuan ("CNY")). The Kazakhstani Tenge ("KZT") depreciated by 5.5% against the USD and CNY during the current period (1H2021: 1.0%).

Finance costs in 1H2022 mainly pertained to:
(i) Interest expense of $1.3 million on the outstanding payables to the EPC Contractor for the construction of the cement plant in Kazakhstan which are interest-bearing at 8.4% per annum; and
(ii) unwinding of discount on present value of interest-free loans from major shareholders amounting to $0.7 million. The interest-free loans from the major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) are for the construction of the cement plant in Kazakhstan, and acquisition of cement-related assets for a cement plant in Kazakhstan and cost incurred for its upgrading works respectively.

1H2022 tax expense mainly pertained to:
(i) provision for withholding tax on unremitted profits from overseas subsidiaries of $2.0 million (1H2021: $2.4 million); and
(ii) current tax expense of $2.0 million (1H2021: $2.3 million).
Decrease in current tax expense was mainly due to the decrease in profit before tax of the Group's subsidiary in Tajikistan where there was a decline in exports to Afghanistan.

The Group's profit for the period decreased by $5.0 million from $18.7 million in 1H2021 to $13.6 million in 1H2022. Disregarding foreign exchange losses of $6.6 million (1H2021: $2.0 million) in 1H2022, profit for the period would have been $20.2 million (1H2021: $20.7 million), which remained relatively consistent period-on-period.

Statements of Financial Position

Increase in property, plant and equipment of the Group was due to:
(i) additions of $27.3 million mainly arising from the construction of additional facilities for an existing cement plant in Kazakhstan, upgrading works for a cement plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan; and
(ii) translation gain of $5.9 million mainly arising from the appreciation of Tajikistan Somoni ("TJS") against Singapore Dollar ("SGD") by 4.7%.
This was offset by disposals and write-offs of $1.1 million, impairment loss of $0.8 million and depreciation charge of $5.0 million.

Intangible assets and goodwill mainly comprised subsoil rights and goodwill arising on the acquisition of a cement plant in Tajikistan in 2017. Increase of $2.5 million during 1H2022 was mainly due to translation gain of $3.5 million, offset by amortisation charge of $1.2 million. Translation gain arose from the appreciation of TJS against SGD by 4.7%.

At the Group level, trade and other receivables as at 30 June 2022 comprised:
(i) trade receivables of $4.5 million;
(ii) tax-related receivables of $15.9 million;
(iii) other receivables of $6.8 million; and
(iv) deposits and prepayments of $21.4 million.

Increase in trade and other receivables was due to:

(i) slower collections from customers in Tajikistan due to an increase in credit terms provided to customers to boost sales arising from challenging market conditions, of which majority of the trade receivables are in the "current" age bracket;
(ii) contribution by a cement plant in Kazakhstan where sales during the second quarter of 2022 was significantly higher than sales during the fourth quarter of 2021;
(iii) increase in value-added tax receivables of the cements plants in Kazakhstan arising from purchase of raw materials and spares and consumables, which can be offset against the value-added tax payable from sales going forward; and
(iv) increase in prepayments of $8.8 million for the construction of the gypsum plasterboard plant in Tajikistan, and major overhaul of the cement plants in Tajikistan and Kazakhstan.

At the Company level, long-term trade and other receivables increased by $4.4 million, which mainly arose from loans to subsidiaries for the upgrading works for a cement plant in Kazakhstan and construction of another cement plant in Kazakhstan.

Contract assets as at 30 June 2022 pertained to retention sums which are withheld by main contractors from the Group 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.

The increase in inventory balance of the Group by $12.6 million due to stocking up of inventories by a cement plant in Kazakhstan in anticipation of higher sales during the third quarter of 2022 as compared to the first quarter of 2022, and stocking up of inventories by another cement plant in Kazakhstan which commenced sales in the third quarter of 2022.

Decrease in currency translation reserve losses of $8.8 million mainly arose from the appreciation of TJS against SGD by 4.7%.

At the Group level, long-term loans and borrowings comprised interest-free loans from major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang, for the construction of a cement plant in Kazakhstan and acquisition of cement-related assets for another cement plant in Kazakhstan and its related upgrading works. These loans are due between 2024 and 2025. The increase in long-term loans and borrowings of $4.9 million was due to:

(i) additional loans obtained from Mr Ma Zhaoyang for the upgrading works for the cement plant in Kazakhstan amounting to $5.4 million, and the difference between the fair value and face value of $0.5 million was recognised in 'capital reserve' under equity;
(ii) unwinding of discount in relation to the present value of the loans of $0.7 million; and
(iii) foreign exchange loss of $0.5 million (appreciation of USD and depreciation of CNY, against SGD).

This was offset by the decrease in loans from Victory Gate Ventures Limited of $1.2 million, which was due to the extension of the loans by 2 years from 2023 to 2025, and the difference between the new and old fair value of $1.2 million was recognised in 'capital reserve' under equity, resulting in a decrease in the carrying amount of these loans.

At the Company level, long-term loans and borrowings comprised interest-free loans from major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang, and interest-free loans from a subsidiary which was in turn lent to another subsidiary, both for the construction of a cement plant in Kazakhstan and acquisition of cement-related assets for another cement plant in Kazakhstan and its related upgrading works. The increase is due to additional loans obtained from Mr Ma Zhaoyang for the upgrading works for the cement plant in Kazakhstan as explained above.

At the Group level, short-term loans and borrowings comprised interest-free loans from a non-controlling interest (Dastoni Mohir LLC), for the construction of the gypsum plasterboard plant in Tajikistan. These loans were obtained during 1H2022 and are repayable on demand.

The Group's long-term other payables mainly pertained to amounts owing to the EPC contractor for the construction of a cement plant in Kazakhstan under a deferred payment arrangement which are due between 2021 to 2024. Increase in short-term trade and other payables at the Group level was mainly due to:

(i) increase of trade payables of $9.1 million for the purchase of raw materials in anticipation of higher sales during the third quarter of 2022 as compared to the first quarter of 2022, and stocking up of inventories by another cement plant in Kazakhstan which commenced sales in the third quarter of 2022;
(ii) additional payables for property, plant and equipment of $13.1 million arising from upgrading works of a cement plant in Kazakhstan, and construction of a cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan;
(iii) increase in dividend payable to non-controlling interest of $6.1 million; and
(iv) increase in withholding tax payable of $2.0 million for dividends declared by a subsidiary in Tajikistan.

Decrease in deferred tax liabilities was due to the payment of $1.7 million withholding taxes and re-classification of $1.4 million tax-related provisions for unpaid withholding taxes to 'trade and other payables', offset by $2.0 million withholding taxes provided in 1H2022 on unremitted profits of overseas subsidiaries.

Contract liabilities as at 30 June 2022 pertained to advance consideration received from customers.

Consolidated Statement of Cash Flows

Cash and cash equivalents of the Group decreased from $12.4 million as at 31 December 2021 to $11.1 million as at 30 June 2022. This was mainly due to cash flows from operating activities of $11.4 million and proceeds from loans from major shareholders of $5.4 million, offset by:

(i) acquisition of property, plant and equipment and intangible assets of $12.8 million;
(ii) dividends paid to non-controlling interest of $3.7 million (the non-controlling interest is Dastoni Mohir LLC who is the non-controlling shareholder of the Group's subsidiaries in Tajikistan); and
(iii) withholding tax paid on dividends declared by the Tajikistan subsidiary of $2.0 million.

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

Not applicable.

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.

Aluminium

The main customers of the Group's aluminium business are property developers in Singapore - specifically, private developers and the Housing Development Board. As such, business prospects for the aluminium segment depend heavily on the outlook of the local property development market.

The Group's revenue for the aluminium business has been negatively impacted for the third consecutive year on account of the slowdown in construction activities amidst a shortage of manpower in the industry. The Group continues to implement cost containment strategies in its procurement and payment services to conserve cash flows. Comprehensive health and precautionary measures continue to be implemented across the Group's aluminium operations in Singapore and Malaysia.

According to the Ministry of Trade and Industry of Singapore ("MTI") advance estimates released on 14 July 2022, Singapore's construction sector grew by 3.8% year-on-year in the second quarter of 2022, faster than the 1.8% growth in the first quarter of 2022, in part due to the relaxation of border restrictions on the inflow of migrant workers. However, in absolute terms, the value-added of the construction sector remained 23.7% below the pre-pandemic level due to continued labour shortages as the inflow of migrant workers would take time to recover.

With a spike in new COVID-19 cases due to the new Omicron variant, revenue for the aluminium business is expected to continue to be negatively impacted.

As at 30 June 2022, the Group's order book stood at approximately $15.4 million, including variation orders. These projects are expected to be completed progressively over the next 3 years.

Cement

The Group's cement business is primarily dependent on the market conditions of the construction industry in the Central Asia region.

The Group's performance in Tajikistan had been slightly affected due to a slowdown of local construction activities arising from Russian-Ukraine conflict. The Group's primary export market in Afghanistan has also been negatively impacted as there was temporary closure of the borders between Tajikistan and Afghanistan for a few weeks during 1H2022. The Government of Tajikistan has indicated its plan to develop the country's infrastructure, which includes the reconstruction of old buildings in the country, and this will likely result in an increase in demand for quality building materials such as cement in the near future.

The Group completed upgrading works for the newly acquired cement plant in the Jarminsky district in the East Kazakhstan region at the end of 1H2022. This plant, with an annual production capacity of 1.0 million metric tonnes, is expected to commence sales during the third quarter of 2022. With this cement plant, the Group will be able to reach out to a broader market in the east of Kazakhstan. Demand for cement in Kazakhstan is expected to remain strong.

The Group also commenced construction of a cement plant in Korday District, Jambyl Region in Kazakhstan which is expected to be completed by end 2023. Upon the completion of this cement plant, the Group's combined annual cement production capacity in Central Asia will increase from 4.0 million metric tonnes to 5.5 million metric tonnes.

In addition to growing its cement operations, the Group is also expanding its product offerings within the Central Asia region by constructing a drywall (gypsum plasterboard) production line within its main Tajikistan cement plant, with an anticipated production capacity of 30.0 million square metres of drywall. Construction of the production line is expected to be completed by end 2023. Tapping into its existing distribution network in Tajikistan, the Group believes that this new business will further enhance its product offerings within the construction sector.

The Russian-Ukraine conflict has caused significant fluctuations in the local currencies of the Central Asia countries. As the Group's operations in Kazakhstan have substantial foreign currency exposures arising from payables in denominated in USD and CNY, significant movements of the KZT against USD and CNY will result in significant fluctuations in the Group's profit or loss.

Moving forward, the Group will remain prudent in pursuing new opportunities in order to achieve growth which is sustainable. The Group will continue to progressively expand its operations through both new constructions and acquisitions of existing plants, in order to capture the growing demand in Central Asia region.

5 Net asset value

	Group		**Company**	
	30 June 2022 ’cents	**31 December 2021 ’cents**	**30 June 2022 ’cents**	**31 December 2021 ’cents**
Net asset value per ordinary share based on issued share capital of 5,734,732,849 ordinary shares as at 30 June 2022 (31 December: 2021: 5,734,732,849)	4.29	3.91	3.06	3.07

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 2022 as the Group is reinvesting its earnings for new projects in 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 2022 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
08 August 2022