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

Condensed Consolidated Interim Financial Statements
Six months ended 30 June 2021

Condensed consolidated interim statement of profit or loss and other comprehensive income

	Note	Group Six months ended 30 June 2021 $'000	Six months ended 30 June 2020 $'000	Increase/ (Decrease) %
Revenue	4	84,942	63,092	35
Cost of sales		(47,796)	(37,846)	26
Gross profit		37,146	25,246	
Other income		524	3,039	(83)
Selling and distribution expenses		(2,061)	(262)	687
Administrative expenses		(8,474)	(7,560)	12
Reversal of loss allowance on trade and other receivables and contract assets		73	93	(21)
Other expenses		(2,271)	(4,683)	(52)
Results from operating activities		24,937	15,873	
Finance income		17	3	467
Finance costs		(1,736)	(2,280)	(24)
Net finance costs		(1,719)	(2,277)	
Profit before tax	5	23,218	13,596	
Tax expense	6	(4,568)	(2,400)	90
Profit for the period		18,650	11,196	
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	(246)	(100)
Foreign currency translation differences – foreign operations		3,861	(5,789)	n/m
		3,861	(6,035)	
Other comprehensive income for the period, net of tax		3,861	(6,035)	
Total comprehensive income for the period		22,511	5,161	
Profit attributable to:				
Owners of the Company		13,029	6,001	117
Non-controlling interests		5,621	5,195	8
Profit for the period		18,650	11,196	
Total comprehensive income attributable to:				
Owners of the Company		14,286	1,127	n/m
Non-controlling interests		8,225	4,034	104
Total comprehensive income for the period		22,511	5,161	
Earnings per share (cents)				
Basic earnings per share	7	0.23	0.10	
Diluted earnings per share	7	0.23	0.10	

n/m – Not meaningful

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 2021 $'000	Group 31 December 2020 $'000	Company 30 June 2021 $'000	Company 31 December 2020 $'000
Non-current assets					
Property, plant and equipment	8	238,710	238,746	715	796
Intangible assets and goodwill	9	38,194	38,851	–	–
Investment properties		127	125	–	–
Subsidiaries		–	–	185,453	185,453
Trade and other receivables		–	–	39,249	38,313
Contract assets		812	1,348	–	–
Deferred tax assets		38	38	–	–
		277,881	279,108	225,417	224,562
Current assets					
Inventories	10	18,961	21,082	–	–
Trade and other receivables		36,615	25,537	76	98
Contract assets		1,793	1,230	–	–
Cash and cash equivalents		17,645	10,105	95	142
		75,014	57,954	171	240
Assets held for sale		354	361	–	–
		75,368	58,315	171	240
Total assets		353,249	337,423	225,588	224,802
Equity attributable to owners of the Company					
Share capital	11	276,824	276,824	198,647	198,647
Capital reserve		2,517	2,517	2,113	2,113
Revaluation reserve		156	156	–	–
Currency translation reserve		(35,779)	(37,036)	–	–
Accumulated losses		(36,688)	(49,717)	(20,853)	(18,820)
		207,030	192,744	179,907	181,940
Non-controlling interests		42,606	46,485	–	–
Total equity		249,636	239,229	179,907	181,940
Non-current liabilities					
Loans and borrowings	12	13,537	14,001	37,302	35,629
Trade and other payables		20,447	28,203	447	513
Provisions		113	112	14	14
Deferred tax liabilities		7,237	10,089	–	–
		41,334	52,405	37,763	36,156
Current liabilities					
Trade and other payables		59,850	42,366	7,918	6,706
Contract liabilities		2,395	3,390	–	–
Provisions		34	33	–	–
		62,279	45,789	7,918	6,706
Total liabilities		103,613	98,194	45,681	42,862
Total equity and liabilities		353,249	337,423	225,588	224,802

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	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									
Contribution by owners									
Dividends declared	11	–	–	–	–	–	–	(11,330)	(11,330)
Fair value adjustments on loans from non-controlling interests		–	–	–	–	–	–	(774)	(774)
		–	–	–	–	–	–	(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	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 2020		276,824	1,437	357	(14,855)	(58,686)	205,077	58,855	263,932
Total comprehensive income for the period									
Profit for the period		–	–	–	–	6,001	6,001	5,195	11,196
Other comprehensive income									
Foreign currency exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	(215)	–	(215)	(31)	(246)
Foreign currency translation differences – foreign operations		–	–	–	(4,659)	–	(4,659)	(1,130)	(5,789)
Total other comprehensive income		–	–	–	(4,874)	–	(4,874)	(1,161)	(6,035)
Total comprehensive income for the period		–	–	–	(4,874)	6,001	1,127	4,034	5,161
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared	11	–	–	–	–	–	–	(11,546)	(11,546)
Total contributions by and distributions to owners		–	–	–	–	–	–	(11,546)	(11,546)
Total transactions with owners		–	–	–	–	–	–	(11,546)	(11,546)
At 30 June 2020		276,824	1,437	357	(19,729)	(52,685)	206,204	51,343	257,547

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)

	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total $'000
Company				
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
At 1 January 2020	198,647	1,033	(16,171)	183,509
Total comprehensive income for the period				
Loss for the period	–	–	(870)	(870)
At 30 June 2020	198,647	1,033	(17,041)	182,639

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

Condensed consolidated interim statement of cash flows

	Note	Group Six months ended 30 June 2021 $'000	Group Six months ended 30 June 2020 $'000
Cash flows from operating activities			
Profit for the period		18,650	11,196
Adjustments for:			
Amortisation of intangible assets	5	1,234	1,465
Bad debts recovered	5	–	(1)
Depreciation of property, plant and equipment	5	5,773	2,747
Finance costs		1,736	2,280
Finance income		(17)	(3)
Gain on disposal of property, plant and equipment	5	(4)	(79)
Provision for inventories obsolescence	5	3	–
Reversal of loss allowance on trade and other receivables and contract assets		(73)	(93)
Unrealised exchange loss		1,932	3,902
Write down of inventories to net realisable value	5	–	22
Write off of property, plant and equipment	5	5	209
Tax expense		4,568	2,400
		33,807	24,045
Changes in:			
- inventories		1,834	1,451
- contract assets		(26)	806
- trade and other receivables		(3,198)	3,637
- contract liabilities		(1,015)	(132)
- trade and other payables		(1,757)	(5,236)
Cash generated from operations		29,645	24,571
Tax paid		(2,339)	(26)
Net cash from operating activities		27,306	24,545
Cash flows from investing activities			
Acquisition of property, plant and equipment		(13,082)	(8,507)
Acquisition of intangible assets		(1)	–
Interest received		17	3
Proceeds from disposal of property, plant and equipment		4	79
Net cash used in investing activities		(13,062)	(8,425)

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)

		Group	
	Note	Six months ended 30 June 2021 $'000	Six months ended 30 June 2020 $'000
Cash flows from financing activities			
Dividends paid to non-controlling interest		(2,499)	(6,463)
Withholding tax paid on dividends declared by a subsidiary		(1,999)	(2,054)
Interest paid		(16)	(3)
Payment of lease liabilities		(195)	(203)
Repayment of loan from non-controlling interest		(2,020)	–
Net cash used in financing activities		(6,729)	(8,723)
Net increase in cash and cash equivalents		7,515	7,397
Cash and cash equivalents at beginning of the period		10,047	12,345
Effect of exchange rate fluctuations on cash held		26	196
Cash and cash equivalents at end of the period		17,588	19,938
Represented by:			
Cash at bank and on hand		17,588	19,938
Fixed deposits		57	57
Less: Fixed deposits pledged		(57)	(57)
Cash and cash equivalents at end of the period		17,588	19,938

The notes on pages 8 to 27 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 2021 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 and sale of aluminium windows and doors; and (iii) investment holding.

2 Basis of accounting

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). 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 2020. 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.

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, and manufacturing of aluminium extrusions, and supply of all such related products.
- Cement division: production, sales and/or distribution of cement.

Other operations mainly include:

- Investment holding division: investment in land and buildings for either development or capital appreciation purposes.
- Energy related products and services division: development of prototype equipment for generation of electricity through recycling of shredded tyres.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Executive Chairman, who is responsible for allocating resources and assessing the performance of the operating segments.

Information about reportable segments

	Aluminium		Cement		Others		Total	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Group								
External revenues	4,324	3,933	80,618	59,159	–	–	84,942	63,092
Finance income	2	–	15	3	–	–	17	3
Finance costs	(8)	(13)	(1,728)	(2,267)	–	–	(1,736)	(2,280)
Depreciation of property, plant and equipment	(34)	(57)	(5,739)	(2,690)	–	–	(5,773)	(2,747)
Amortisation of intangible assets	–	–	(1,234)	(1,465)	–	–	(1,234)	(1,465)
Reportable segment (loss)/profit before tax	(1,070)	(515)	24,307	11,707	(19)	2,404	23,218	13,596
Other material non-cash item:								
- Reversal of loss allowance/(loss allowance) on trade and other receivables and contract assets	52	7	21	86	–	–	73	93
- Unrealised exchange (loss)/gain	(371)	(493)	(1,558)	4,389	(3)	6	(1,932)	3,902
Capital expenditure	10	51	3,969	10,253	–	–	3,979	10,304

	Aluminium		Cement		Others		Total	
	30 June 2021 $'000	31 December 2020 $'000	30 June 2021 $'000	31 December 2020 $'000	30 June 2021 $'000	31 December 2020 $'000	30 June 2021 $'000	31 December 2020 $'000
Reportable segment assets	10,069	12,337	341,887	323,761	1,293	1,325	353,249	337,423
Reportable segment liabilities	2,356	3,198	100,716	94,447	541	549	103,613	98,194

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. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 3).

	Aluminium		**Cement**		**Others**		**Total**	
	30 June 2021 $'000	**30 June 2020 $'000**	**30 June 2021 $'000**	**30 June 2020 $'000**	**30 June 2021 $'000**	**30 June 2020 $'000**	**30 June 2021 $'000**	**30 June 2020 $'000**
Primary geographical markets								
Singapore	4,247	3,246	–	–	–	–	4,247	3,246
Malaysia	77	7	–	–	–	–	77	7
Australia	–	680	–	–	–	–	–	680
Afghanistan	–	–	11,291	9,603	–	–	11,291	9,603
Kazakhstan	–	–	25,841	–	–	–	25,841	–
Tajikistan	–	–	42,983	48,146	–	–	42,983	48,146
Uzbekistan	–	–	503	1,410	–	–	503	1,410
	4,324	3,933	80,618	59,159	–	–	84,942	63,092
Major products/service line								
Construction contracts	3,098	3,002	–	–	–	–	3,098	3,002
Sale of goods	1,226	931	80,618	59,159	–	–	81,844	60,090
	4,324	3,933	80,618	59,159	–	–	84,942	63,092
Timing of revenue recognition								
Products and services transferred over time	3,098	3,002	–	–	–	–	3,098	3,002
Products transferred at a point in time	1,226	931	80,618	59,159	–	–	81,844	60,090
	4,324	3,933	80,618	59,159	–	–	84,942	63,092

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2021 $'000	**31 December 2020 $'000**
Trade receivables	3,207	2,092
Contract assets	2,605	2,578
Contract liabilities	2,395	(3,390)

Contract assets relate to: (i) retention sums which are withheld by main contractors from the Group until the successful completion of the project works and are only payable upon completion of the construction contracts and after the defects liability period; and (ii) the Group's rights to consideration for work completed on construction contracts but not billed at the reporting date. These are transferred to trade receivables when the rights become unconditional, which usually occurs when the Group invoices the customers.

Contract liabilities relate to advance consideration received from customers.

The amount of $3,373,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2021.

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 2021 $'000	**30 June 2020 $'000**
Other income:		
- gain on disposal of property, plant and equipment	(4)	(79)
- government grant income	(173)	(268)
- refund of land premium from authorities	–	(2,649)
- rental income	(81)	(86)
Adjustment for under provision of tax in respect of prior periods	174	–
Amortisation of intangible assets	1,234	1,465
Bad debts recovered	–	(1)
Depreciation of property, plant and equipment	5,773	2,747
Exchange loss	1,971	4,475
Interest income from financial institutions	(17)	(3)

	30 June 2021 $'000	30 June 2020 $'000
Interest on loans and borrowings		
- payables to EPC contractor	1,295	2,124
- unwinding of discount in relation to the present value of related party loans	425	131
Provision for inventories obsolescence	3	–
Write down of inventories to net realisable value	–	22
Write off of property, plant and equipment	5	209

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 2021 $'000	30 June 2020 $'000
Current tax expense	2,339	21
Deferred tax expense	2,229	2,379
	4,568	2,400

The Group's consolidated effective tax rate for the six months ended 30 June 2021 was 20% (six months ended 30 June 2020: 18%).

Deferred tax expense for the six months ended 30 June 2021 mainly comprised provision for withholding tax for unremitted dividends from overseas subsidiaries amounting to $2,386,000 (six months ended 30 June 2020: $2,567,000). Disregarding the above, total tax expense for the six months ended 30 June 2021 would have been $2,379,000 (six months ended 30 June 2020: $21,000).

The Group's profit before tax for the six months ended 30 June 2021 was $23,218,000 (six months ended 30 June 2020: $13,596,000). Disregarding non-deductible expenses (mainly foreign exchange losses and corporate expenses) of $4,408,000 (six months ended 30 June 2020: $5,842,000) and profits from subsidiaries which are on tax holidays of $11,875,000 (six months ended 30 June 2020: $19,030,000), the Group's profit before tax would have been $15,751,000 (six months ended 30 June 2020: $408,000).

The Group's adjusted effective tax rate for the six months ended 30 June 2021 would have been 14% (six months ended 30 June 2020: not meaningful for comparison).

The increase in effective tax rate was mainly caused by corporate tax paid by the Group's subsidiary, International Manufacturing Company Chzhungtsai Mohir Cement LLC, since the expiry of its five-year tax holiday in December 2020. The corporate tax rate for enterprises producing goods in Tajikistan is 13%.

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 2021 were based on the profit attributable to ordinary shareholders of $13,029,000 (six months ended 30 June 2020: $6,001,000), and a weighted average number of ordinary shares outstanding of 5,734,732,849 (six months ended 30 June 2020: 5,734,732,849), calculated as follows:

Profit attributable to ordinary shareholders

	30 June 2021 $'000	**30 June 2020 $'000**
Profit for the period, representing profit attributable to ordinary shareholders	13,029	6,001

Weighted average number of ordinary shares

	30 June 2021 '000	**30 June 2020 '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 2021, the Group acquired assets with a cost of $4.0 million (six months ended 30 June 2020: $10.3 million). This amount was mainly incurred for the construction of additional facilities and purchase of plant and equipment for the cement plants in Kazakhstan and Tajikistan.

There were no significant disposals during the six months ended 30 June 2021 and 30 June 2020.

Capital commitments

As at 30 June 2021, the Group had contracted $29.1 million of capital expenditure for the construction additional facilities in a cement plant and acquisition of cement-related assets in Kazakhstan (30 June 2020: $13.9 million for the construction of additional facilities in a cement plant in Kazakhstan).

9 Intangible assets and goodwill

Reconciliation of carrying amount of goodwill

	Group **$'000**
At 1 January 2021	17,305
Translation differences on consolidation	262
At 30 June 2021	17,567

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 subsidiaries, has not been tested for impairment as there were no impairment indicators as at 30 June 2021.

10 Inventories

Write down of inventories

Inventories were reduced by $22,000 for the six months ended 30 June 2020 (30 June 2021: $nil) as a result of the write down to net realisable value. The write downs were included in "cost of sales" in the Group's profit or loss.

11 Capital and reserves

Share capital

	Company **No. of shares**	
	30 June 2021	**31 December 2020**
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 2021 (30 June 2020: nil) and had no outstanding warrants as at 30 June 2021 (31 December 2020: nil).

Dividends

During the six months ended 30 June 2021, a subsidiary of the Group declared dividends to a non-controlling interest amounting to $11,330,000 (six months ended 30 June 2020: $11,546,000).

12 Loans and borrowings

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
At 1 January 2021				16,199	14,001
Repayments					
Loan from non-controlling interest	TJS	–	2023	(2,020)	(2,020)
Other movements					
Interest expense				–	74
Fair value adjustments				–	774
Effect of changes in foreign exchange rates				395	708
At 30 June 2021				14,574	13,537
Company					
At 1 January 2021				39,027	35,629
Other movements					
Interest expense				–	853
Effect of changes in foreign exchange rates				896	820
At 30 June 2021				39,923	37,302

Interest-free loan from non-controlling interest, was measured at fair value at initial recognition and the difference between the fair value and face value of the loan was accounted for as adjustments to transactions with non-controlling interest in the Group's financial statements. During the six months ended 30 June 2021, the Group made early repayments amounting to $2,020,000. This significant modification to the cash outflows of the loan resulted in a modification loss of $774,000 accounted for as adjustments to transactions with non-controlling interest in the Group's financial statements.

Aggregate amount of Group's borrowings and debt securities

	30 June 2021		31 December 2020	
	$'000	$'000	$'000	$'000
	Secured	Unsecured	Secured	Unsecured
Group				
Amount repayable in one year or less	–	–	–	–
Amount repayable after one year	–	13,537	–	14,001
	–	13,537	–	14,001

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		
	Designated at fair value $'000	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Group							
30 June 2021							
Financial assets not measured at fair value							
Trade and other receivables	–	22,132	–	22,132			
Cash and cash equivalents	–	17,645	–	17,645			
	–	39,777	–	39,777			
Financial liabilities not measured at fair value							
Loans from major shareholder	–	–	13,537	13,537	–	13,537	13,537
Trade and other payables	–	–	80,297	80,297	–	81,326	81,326
	–	–	93,834	93,834			

	Carrying amount				Fair value		
	Designated at fair value $'000	**Amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Total $'000**
Group							
31 December 2020							
Financial assets not measured at fair value							
Trade and other receivables	–	22,059	–	22,059			
Cash and cash equivalents	–	10,105	–	10,105			
	–	32,164	–	32,164			
Financial liabilities not measured at fair value							
Loans from major shareholder	–	–	(12,815)	(12,815)	–	(12,815)	(12,815)
Loan from non-controlling interest	–	–	(1,186)	(1,186)	–	(1,186)	(1,186)
Trade and other payables	–	–	(70,569)	(70,569)	–	(71,671)	(71,671)
	–	–	(84,570)	(84,570)			

	Carrying amount				Fair value		
	Designated at fair value $'000	**Amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Total $'000**
Company							
30 June 2021							
Financial assets not measured at fair value							
Trade and other receivables	–	39,262	–	39,262	–	39,262	39,262
Cash and cash equivalents	–	95	–	95			
	–	39,357	–	39,357			
Financial liabilities not measured at fair value							
Loans from major shareholder	–	–	(13,537)	(13,537)	–	(13,537)	(13,537)
Loans from subsidiary	–	–	(23,765)	(23,765)	–	(23,199)	(23,199)
Trade and other payables	–	–	(8,365)	(8,365)	–	(8,377)	(8,377)
	–	–	(45,667)	(45,667)			
31 December 2020							
Financial assets not measured at fair value							
Trade and other receivables	–	38,343	–	38,343	–	38,343	38,343
Cash and cash equivalents	–	142	–	142			
	–	38,485	–	38,485			
Financial liabilities not measured at fair value							
Loans from major shareholder	–	–	(12,815)	(12,815)	–	(12,815)	(12,815)
Loans from subsidiary	–	–	(22,814)	(22,814)	–	(22,604)	(22,604)
Trade and other payables	–	–	(7,219)	(7,219)	–	(7,233)	(7,233)
	–	–	(42,848)	(42,848)			

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.
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 and contract assets was as follows:

	Group $'000	**Company $'000**
At 1 January 2021	3,852	–
Impairment loss reversed	(73)	–
Amounts written off	(17)	–
Translation differences on consolidation	(3)	–
At 30 June 2021	3,759	–

During the six months ended 30 June 2021, 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.

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.

14 Contingent liabilities

Certain subsidiaries of the Group are involved in certain regulatory matters in Tajikistan and Kazakhstan as at 30 June 2021. 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, revision of useful lives for property, plant and equipment or provision for restoration cost, where applicable, has been recorded.

15 Related parties

Related party transactions

	Transaction value for the six months ended		Balance outstanding	
	30 June 2021 $'000	**30 June 2020 $'000**	**30 June 2021 $'000**	**31 December 2020 $'000**
Sale of goods				
Non-controlling interest	–	558	5	5
Purchase of services				
Non-controlling interest	(1,829)	(2,260)	(194)	(77)
Purchase of property, plant and equipment				
Non-controlling interest	–	(120)	–	–

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 2021 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 2021, 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 2021, 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 2021, 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>

The Group's revenue increased by $21.8 million from $63.1 million for the six months ended 30 June 2020 ("1H2020") to $84.9 million for the six months ended 30 June 2021 ("1H2021"). 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 $25.8 million sales during 1H2021. This was offset by a decrease in revenue from the Group's cement operations in Tajikistan due to a slowdown of local construction activities arising from the COVID-19 pandemic. Revenue from the aluminium segment had remained relatively consistent period-on-period.

Gross profit margins increased from 40% in 1H2020 to 44% in 1H2021. The increase in gross profit margins was due to contribution from the cement plant in Kazakhstan which commenced sales since 3Q2020. Gross profit margins for the Group's cement operations in Kazakhstan are higher than its operations in Tajikistan due to the lower cost of raw materials in Kazakhstan as compared to Tajikistan.

Other income in 1H2020 was higher due to a one-off refund of land premium from JTC in March 2020 for the return of land in end 2019, amounting to $2.6 million.

Selling and distribution expenses increased in 1H2021 to $2.1 million as compared to 1H2020 of $0.3 million due to: (i) marketing costs incurred to create brand awareness upon commencement of operations of a cement plant in Kazakhstan in mid-2020, as well as distribution expenses being incurred; and (ii) additional marketing costs incurred for the operations in Tajikistan to boost sales during more challenging times arising from the COVID-19 pandemic.

Administrative expenses also increased by $0.9 million from $7.6 million in 1H2020 to $8.5 million in 1H2021 due to the commencement of operations of a cement plant in Kazakhstan in mid 2020.

As the collection and aging of trade and other receivables improved during 1H2021, 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 1H2021 and 1H2020 mainly comprised foreign exchange losses of $2.0 million and $4.5 million respectively. This mainly arose from the revaluation of amounts owing to the Engineering, Procurement and Construction ("EPC") Contractor and intercompany loans denominated in foreign currencies (US Dollar ("USD") and Chinese Yuan ("CNY")) where the Kazakhstani Tenge ("KZT") depreciated by 1% against the USD and CNY during the current period (1H2020: 3%).

1H2021's finance costs mainly pertained to:
(i) interest expense 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, amounting to $1.3 million; and
(ii) unwinding of discount on present value of interest-free loans from non-controlling interest and major shareholder amounting to $0.4 million. The interest-free loans from the non-controlling interest in Tajikistan (Dastoni Mohir LLC) and the major shareholder (Victory Gate Ventures Limited) were for the construction of the grinding station and cement plant in Kazakhstan respectively.

1H2021 tax expense mainly pertained to: (i) provision for withholding tax on unremitted profits from overseas subsidiaries of $2.4 million (1H2020: $2.6 million); and (ii) current tax expense of $2.3 million (1H2020: <$0.1 million). Increase in current tax expense was due to the expiry of the five-year tax holiday of the Group's subsidiary, International Manufacturing Company Chzhungtsai Mohir Cement LLC, in December 2020.

Statements of Financial Position

The Group's property, plant and equipment remained consistent at $238.7 million as at 30 June 2021 as compared to 31 December 2020. There were additions of $4.0 million arising from the construction of additional facilities and purchase of plant and equipment for the cement plants in Kazakhstan and Tajikistan and translation gain of $1.8 million, offset by depreciation charge of $5.8 million. Translation gain mainly arose from the appreciation of Tajikistani Somoni ("TJS") against Singapore Dollar ("SGD") by 1.5%.

Intangible assets and goodwill mainly comprised subsoil rights and goodwill arising on acquisition of a cement plant in Tajikistan in 2017. Decrease of $0.6 million during 1H2021 was mainly due to amortisation of $1.2 million, offset by translation gain of $0.6 million. Translation gain arose from the appreciation of TJS against SGD by 1.5%.

At the Group level, trade and other receivables as at 30 June 2021 mainly comprised:
(i) trade receivables of $3.2 million;
(ii) tax-related receivables of $18.0 million; and
(iii) deposits and prepayment of $14.5 million.

The increase in trade and other receivables was due to: (i) the commencement of sales by a cement plant in Kazakhstan where sales during the second quarter of 2021 was significantly higher than sales during the fourth quarter of 2020; and (ii) increase in prepayment of $11.2 million for the construction of additional facilities in a cement plant and downpayment for the purchase of cement-related assets in Kazakhstan. At the Company level, long-term trade and other receivables relate to amounts owing from a subsidiary for the construction of the cement plant in Kazakhstan.

The Group's inventory balance decreased by $2.1 million due to higher sales during the second quarter of 2021 as compared to the fourth quarter of 2020.

Assets held for sale at the Group level related to property, plant and equipment in the aluminium segment where the Group signed sale and purchase agreements in 2019 to sell certain properties in Malaysia where regulatory approval by the Johor State Authority was required. Regulatory approval was obtained in June 2021 and the Group is currently undergoing completion procedures with the buyer. The sale is expected to be completed during the second half of 2021.

Decrease in currency translation reserve losses of $1.3 million mainly arose from the appreciation of TJS against SGD by 1.5%.

At the Group level, long-term loans and borrowings comprised $13.5 million interest-free loans from the major shareholder, Victory Gate Ventures Limited, for the construction of the cement plant in Kazakhstan and is due in 2023. The $1.2 million interest-free loan from a non-controlling interest (Dastoni Mohir LLC) as at 31 December 2020 for the construction of the grinding station in Tajikistan was fully repaid during 1H2021.

At the Company level, long-term loans and borrowings comprised interest-free loans from the major shareholder, Victory Gate Ventures Limited, and interest-free loans from a subsidiary which was in turn lent to another subsidiary, both for the construction of the cement plant in Kazakhstan.

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 2023. Increase in short-term trade and other payables at the Group level was mainly due to reclassification of the amounts owing to the EPC contractor from long-term to short-term.

Decrease in deferred tax liabilities was due to the payment of $2.0 million withholding taxes and re-classification of $3.1 million tax-related provisions for unpaid withholding taxes to 'trade and other payables', offset by $2.4 million withholding taxes provided in 1H2021 on unremitted profits of overseas subsidiaries.

Contract liabilities as at 30 June 2021 pertained to advances received from customers.

Consolidated Statement of Cash Flows

Cash and cash equivalents of the Group increased from $10.0 million as at 31 December 2020 to $17.6 million as at 30 June 2021. This was mainly due to cash flows from operating activities of $27.3 million, offset by:
(i) acquisition of property, plant and equipment of $13.1 million;
(ii) dividends paid to non-controlling interest of $2.5 million and repayment of loans from non-controlling interest of $2.0 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 second consecutive year on account of the circuit breaker measures in Singapore which led to a slowdown in construction activities during the first half of the current year and shortage of manpower in the industry. The Movement Control Order has also led to a significant slowdown in production in the Group's fabrication factory in Malaysia and the Group is working with main contractors on the delays in deliveries and manpower shortage, like all other subcontactors. 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.

Construction demand for the built environment sector in Singapore (i.e. the value of construction contracts to be awarded) are projected to range between $23 billion to $28 billion in 2021 as the sector recovers from the impact of the COVID-19 pandemic. With a spike in new COVID-19 cases due to the new Delta variant, revenue for the aluminium business is expected to be negatively impacted.

As at 30 June 2021, the Group's order book stood at approximately $16.2 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 the COVID-19 pandemic. The Group's primary export market in Afghanistan will be affected due to the withdrawal of the United States troops, resulting in political unrest in that country. 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's cement plant in Kazakhstan, Alacem LLP, commenced operations since the third quarter of 2020. This has contributed positively to the Group's revenue and profits during the first half of the current year and is expected to continue into the second half of the year.

In April 2021, the Group had announced the incorporation of a 60% owned subsidiary, Sharcem LLP, in Kazakhstan which in turn, would acquire cement-related assets located in the Jarminsky district in the East Kazakhstan region for approximately $22.1 million. This plant, which has an annual production capacity of 1 million metric tonnes, is situated in a strategically important location with direct export routes to Russia and will complement the Group's existing operations in the south-eastern part of Kazakhstan. This proposed acquisition is expected to be completed in August 2021.

Upon the completion of the proposed acquisition, the Group's combined annual cement production capacity in Central Asia will increase from 3 million metric tonnes to 4 million metric tonnes.

In addition to growing our cement operations, the Group also intends to expand our product offerings within the Central Asia region by constructing a drywall (gypsum plasterboard) production line within our main Tajikistan cement plant, with an anticipated production capacity of 30 million square metres of drywall. Construction of the production line is expected to commence in 2H2021. Construction was originally slated to begin in FY2020 but was delayed due to disruptions brought on by the COVID-19 pandemic. Tapping into our existing distribution network in Tajikistan, we believe that this new business will further enhance our product offerings within the construction sector.

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 our 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 2021 'cents	**30 December 2020 'cents**	**30 June 2021 'cents**	**31 December 2020 'cents**
Net asset value per ordinary share based on issued share capital of 5,734,732,849 ordinary shares as at 30 June 2021 (31 December: 2020: 5,734,732,849)	3.61	3.36	3.14	3.17

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 2021 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 2021 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

Ma Zhaoyang
Executive Chairman
13 August 2021