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

Condensed Consolidated Interim Financial Statements
Six months ended 30 June 2023

Condensed consolidated interim statement of profit or loss

	Note	Group Six months ended 30 June 2023 $'000	Group Six months ended 30 June 2022 $'000	Increase/ (Decrease) %
Revenue	4	119,255	92,322	29
Cost of sales		(74,566)	(51,100)	46
Gross profit		44,689	41,222	
Other income		6,874	787	773
Selling and distribution expenses		(6,589)	(2,240)	194
Administrative expenses		(16,268)	(12,352)	32
Reversal of loss allowance on trade and other receivables and contract assets		194	88	120
Other expenses		(2,085)	(8,016)	(74)
Results from operating activities		26,815	19,489	
Finance income		26	15	73
Finance costs		(2,837)	(2,013)	41
Net finance costs		(2,811)	(1,998)	
Profit before tax	5	24,004	17,491	
Tax expense	6	(5,288)	(3,866)	37
Profit for the period		18,716	13,625	
Profit attributable to:				
Owners of the Company		11,528	11,072	4
Non-controlling interests		7,188	2,553	182
Profit for the period		18,716	13,625	
Earnings per share (cents)				
Basic earnings per share	7	0.20	0.19	
Diluted earnings per share	7	0.20	0.19	

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

Condensed consolidated interim statement of comprehensive income

	Group Six months ended 30 June 2023 $'000	Six months ended 30 June 2022 $'000	Increase/ (Decrease) %
Profit for the period	18,716	13,625	
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	(8,587)	13,076	(166)
	(8,587)	13,076	
Other comprehensive income for the period, net of tax	(8,587)	13,076	
Total comprehensive income for the period	10,129	26,701	
Total comprehensive income attributable to:			
Owners of the Company	6,472	19,840	(67)
Non-controlling interests	3,657	6,861	(47)
Total comprehensive income for the period	10,129	26,701	

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

Condensed interim statements of financial position

		Group		Company	
	Note	**30 June 2023 $'000**	**31 December 2022 $'000**	**30 June 2023 $'000**	**31 December 2022 $'000**
Non-current assets					
Property, plant and equipment	8	372,685	356,883	378	462
Intangible assets and goodwill	9	34,813	38,247	–	–
Investment properties		131	138	–	–
Subsidiaries		–	–	176,009	176,009
Trade and other receivables		17,711	13,078	69,205	69,726
Contract assets		247	327	–	–
Deferred tax assets		2,219	2,159	–	–
		427,806	410,832	245,592	246,197
Current assets					
Inventories		36,166	37,441	–	–
Trade and other receivables		27,540	24,878	63	39
Contract assets		2,812	2,747	–	–
Cash and cash equivalents		7,807	11,632	80	49
		74,325	76,698	143	88
Total assets		502,131	487,530	245,735	246,285
Equity attributable to owners of the Company					
Share capital	10	276,824	276,824	198,647	198,647
Capital reserve		(19,838)	(19,838)	5,832	5,832
Currency translation reserve		(32,252)	(27,196)	–	–
Accumulated profits/(losses)		15,694	4,166	(14,139)	(11,994)
		240,428	233,956	190,340	192,485
Non-controlling interests		49,705	55,322	–	–
Total equity		290,133	289,278	190,340	192,485
Non-current liabilities					
Loans and borrowings	11	38,948	38,466	38,948	38,466
Trade and other payables		89,492	77,844	172	242
Provisions	12	3,382	3,163	16	15
Deferred tax liabilities		11,442	12,788	–	–
		143,264	132,261	39,136	38,723
Current liabilities					
Loans and borrowings	11	4,965	3,416	–	–
Tax payables		651	209	–	–
Trade and other payables		59,980	60,247	16,259	15,077
Contract liabilities		2,856	1,837	–	–
Provisions	12	282	282	–	–
		68,734	65,991	16,259	15,077
Total liabilities		211,998	198,252	55,395	53,800
Total equity and liabilities		502,131	487,530	245,735	246,285

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

Condensed interim statements of changes in equity

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

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

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

	Note	Share capital $'000	Capital reserve $'000	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	4,308	13,076
Total other comprehensive income		–	–	8,768	–	8,768	4,308	13,076
Total comprehensive income for the period		–	–	8,768	11,072	19,840	6,861	26,701
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends declared to non-controlling interest	10	–	–	–	–	–	(8,346)	(8,346)
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	(8,346)	(6,592)
Total transactions with owners		–	1,754	–	–	1,754	(8,346)	(6,592)
At 30 June 2022		276,824	6,298	(25,131)	(12,139)	245,852	46,809	292,661

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

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

	Note	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total $'000
Company					
At 1 January 2023		198,647	5,832	(11,994)	192,485
Total comprehensive income for the period					
Loss for the period		–	–	(2,145)	(2,145)
At 30 June 2023		198,647	5,832	(14,139)	190,340
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

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

Condensed consolidated interim statement of cash flows

	Note	Group Six months ended 30 June 2023 $'000	Six months ended 30 June 2022 $'000
Cash flows from operating activities			
Profit for the period		18,716	13,625
Adjustments for:			
Amortisation of intangible assets	5	1,330	1,224
Depreciation of property, plant and equipment	5	7,619	5,029
Finance costs		2,837	2,013
Finance income		(26)	(15)
Gain on disposal of property, plant and equipment	5	(5)	(13)
Impairment loss on property, plant and equipment	5	–	784
Reversal of loss allowance on trade and other receivables and contract assets		(194)	(88)
Unrealised exchange (gain)/loss	5	(1,892)	6,898
Write-off of property, plant and equipment	5	495	451
Tax expense		5,288	3,866
		34,168	33,774
Changes in:			
- inventories		1,150	(12,043)
- contract assets		15	(533)
- trade and other receivables		(7,167)	(13,244)
- contract liabilities		1,086	(140)
- trade and other payables		7,858	5,776
Cash generated from operations		37,110	13,590
Tax paid		(1,982)	(1,840)
Net cash from operating activities		35,128	11,750
Cash flows from investing activities			
Acquisition of property, plant and equipment		(12,313)	(12,916)
Acquisition of intangible assets		–	(118)
Interest received		26	15
Proceeds from disposal of investment in subsidiary, net of cash disposed of		–	521
Proceeds from disposal of property, plant and equipment		5	19
Net cash used in investing activities		(12,282)	(12,479)

The notes on pages 9 to 31 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 2023 $'000	Six months ended 30 June 2022 $'000
Cash flows from financing activities			
Acquisition of non-controlling interest		(17,175)	–
Dividends paid to non-controlling interest		(5,404)	(3,658)
Withholding tax paid on dividends declared by a subsidiary		(2,754)	(2,027)
Interest paid		(980)	(14)
Payment of lease liabilities		(198)	(176)
Proceeds from loans from major shareholders		–	5,431
Net cash used in financing activities		(26,511)	(444)
Net decrease in cash and cash equivalents		(3,665)	(1,173)
Cash and cash equivalents at beginning of the period		11,531	12,283
Effect of exchange rate fluctuations on cash held		(156)	(160)
Cash and cash equivalents at end of the period		7,710	10,950
Represented by:			
Cash at bank and on hand		7,710	10,950
Fixed deposits		97	104
Less: Fixed deposits pledged		(97)	(104)
Cash and cash equivalents at end of the period		7,710	10,950

Significant non-cash transaction

During the period, an indirect subsidiary remitted a portion of the dividends declared to non-controlling interest amounting to $1,750,000 to another indirect subsidiary instead, and this was accounted for as loans from non-controlling interest.

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 2023 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) the production and/or sale of gypsum plasterboards and related products.

2 Basis of accounting

These interim financial statements for the six months ended 30 June 2023 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)s. 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 2023. 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 13 *Financial Instruments*.

3 Operating segments

The Group is organised into the following main business segments:

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

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

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Executive Officer (six months ended 30 June 2022: 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 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Group								
External revenues	3,444	3,576	115,811	88,746	–	–	119,255	92,322
Finance income	1	–	25	15	–	–	26	15
Finance costs	(10)	(7)	(2,827)	(2,006)	–	–	(2,837)	(2,013)
Depreciation of property, plant and equipment	(21)	(26)	(7,598)	(5,003)	–	–	(7,619)	(5,029)
Amortisation of intangible assets	–	–	(1,330)	(1,224)	–	–	(1,330)	(1,224)
Reportable segment (loss)/profit before tax	(1,811)	(2,127)	26,301	19,501	(486)	117	24,004	17,491
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	83	45	111	43	–	–	194	88
- Unrealised exchange (loss)/gain	(682)	(134)	2,957	(6,903)	(383)	139	1,892	(6,898)
- Write-off of property, plant and equipment	–	–	(495)	(451)	–	–	(495)	(451)
Capital expenditure	4	817	16,192	24,718	11,023	1,810	27,219	27,345

	Aluminium		Cement		Others		Total	
	30 June 2023 $'000	31 December 2022 $'000	30 June 2023 $'000	31 December 2022 $'000	30 June 2023 $'000	31 December 2022 $'000	30 June 2023 $'000	31 December 2022 $'000
Reportable segment assets	8,597	8,617	458,589	452,369	34,945	26,544	502,131	487,530
Reportable segment liabilities	4,321	4,596	190,957	184,277	16,720	9,379	211,998	198,252

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

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

Major customers

Revenue from one customer from the cement segment represented approximately $14,097,000 (six months ended 30 June 2022: $nil) of the Group's total revenue.

4 Revenue

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

Disaggregation of revenue from contracts with customers

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

	Aluminium		**Cement**		**Others**		**Total**	
	30 June 2023 $'000	**30 June 2022 $'000**	**30 June 2023 $'000**	**30 June 2022 $'000**	**30 June 2023 $'000**	**30 June 2022 $'000**	**30 June 2023 $'000**	**30 June 2022 $'000**
Primary geographical markets								
Singapore	3,444	3,576	–	–	–	–	3,444	3,576
Afghanistan	–	–	7,615	9,320	–	–	7,615	9,320
Kazakhstan	–	–	49,021	37,376	–	–	49,021	37,376
Tajikistan	–	–	58,717	41,771	–	–	58,717	41,771
Uzbekistan	–	–	458	279	–	–	458	279
	3,444	3,576	115,811	88,746	–	–	119,255	92,322
Major products/service line								
Construction contracts	2,539	2,720	–	–	–	–	2,539	2,720
Sale of goods	905	856	115,811	88,746	–	–	116,716	89,602
	3,444	3,576	115,811	88,746	–	–	119,255	92,322
Timing of revenue recognition								
Products and services transferred over time	2,539	2,720	–	–	–	–	2,539	2,720
Products transferred at a point in time	905	856	115,811	88,746	–	–	116,716	89,602
	3,444	3,576	115,811	88,746	–	–	119,255	92,322

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 November 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 2023 $'000	30 June 2022 $'000
Other income:		
- gain on disposal of property, plant and equipment	(5)	(13)
- government grant income	(4)	(70)
- rental income	(426)	(94)
Amortisation of intangible assets	1,330	1,224
Depreciation of property, plant and equipment	7,619	5,029
Foreign exchange (gain)/loss, included in 'other income/expenses':		
- realised	(83)	(257)
- unrealised	(1,892)	6,898
Impairment loss on property, plant and equipment	–	784
Interest income from financial institutions	(26)	(15)
Interest on loans and borrowings		
- payables to Engineering, Procurement and Construction ("EPC") contractor	2,016	1,289
- unwinding of discount in relation to the present value of loans from major shareholders	669	710
Write-off of property, plant and equipment	495	451

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 2023 $'000	**30 June 2022 $'000**
Current tax expense	2,285	1,993
Deferred tax income	(30)	(154)
Under provision in respect of prior years	279	–
Withholding tax paid on dividends declared by subsidiaries	2,754	2,027
	5,288	3,866

The Group's consolidated effective tax rate for the six months ended 30 June 2023 was 22% (six months ended 30 June 2022: 22%).

Deferred tax income for the six months ended 30 June 2023 and 2022 mainly comprised deferred tax arising from temporary differences on property, plant and equipment and intangible assets, and recognition of unutilised tax losses carried forward. Disregarding withholding tax paid on dividends declared by subsidiaries, total tax expense for the six months ended 30 June 2023 would have been $2,534,000 (six months ended 30 June 2022: $1,839,000).

The Group's profit before tax for the six months ended 30 June 2023 was $24,004,000 (six months ended 30 June 2022: $17,491,000). Disregarding:

(i) tax exempt income and non-deductible expenses (mainly foreign exchange gains/losses, corporate expenses, fines and penalties and other tax related expenses) of $8,662,000 (six months ended 30 June 2022: $4,464,000); and

(ii) profits from subsidiaries which are on tax holidays of $15,773,000 (six months ended 30 June 2022: $9,056,000),

the Group's profit before tax would have been $16,893,000 (six months ended 30 June 2022: $12,899,000).

The Group's adjusted effective tax rate for the six months ended 30 June 2023 would have been 15% (six months ended 30 June 2022: 14%), which remained relatively consistent period-on-period.

Judgement is required in determining the deductibility of certain expenses, taxability of certain income and the applicable tax rates for the entities in the Group during the estimation of the provision of taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for current and deferred taxes in the period in which such determination is made.

In December 2022, one of the Group's subsidiaries in Tajikistan received a letter from the local tax authority, notifying that the subsidiary is subject to a higher corporate tax rate. Subsequently, the subsidiary initiated an appeal process on the basis that the higher tax rate is not applicable to the industry in which the subsidiary operates. Based on present facts and discussions with its external tax specialists, management is of the view that they have grounds for the appeal and shall not be subject to additional corporate taxes in Tajikistan. As such, no additional provision for tax has been made as at 30 June 2023.

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 2023 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 2023 $'000	30 June 2022 $'000
Profit for the period, representing profit attributable to ordinary shareholders	11,528	11,072

Weighted average number of ordinary shares

	30 June 2023 '000	30 June 2022 '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 2023, the Group acquired assets with a cost of $27,219,000 (six months ended 30 June 2022: $27,345,000). This amount was mainly incurred for the construction of additional facilities for an existing cement plant in Kazakhstan, upgrading works and construction of additional facilities for another 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 2023 and 2022.

Capital commitments

As at 30 June 2023, the Group had contracted $175,640,000 (31 December 2022: $126,254,000) of capital expenditure for the construction of additional facilities of an existing cement plant in Kazakhstan, upgrading works and construction of additional facilities for another cement plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan.

9 Intangible assets and goodwill

Additions and disposals

There were no significant additions and disposals during the six months ended 30 June 2023 and 2022.

Reconciliation of carrying amount of goodwill

	Group **$'000**
At 1 January 2023	19,417
Translation differences on consolidation	(1,075)
At 30 June 2023	18,342

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 2023.

10 Capital and reserves

Share capital

	Company No. of shares	
	30 June 2023	**31 December 2022**
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 2023 (30 June 2022: nil) and had no treasury shares and subsidiary holdings of the Company as at 30 June 2023 (31 December 2022: nil). The Group did not have outstanding warrants as at 30 June 2023 (31 December 2022: nil).

Dividends

During the six months ended 30 June 2023, a subsidiary of the Group declared dividends to a non-controlling interest amounting to $9,274,000 (six months ended 30 June 2022: $8,346,000).

11 Loans and borrowings

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
At 1 January 2023				44,511	41,882
Additions					
Loans from non-controlling interest	TJS	–	2027	1,750	1,750
Other movements					
Interest expense					669
Effect of changes in foreign exchange rates				(414)	(388)
At 30 June 2023				45,847	43,913
Company					
At 1 January 2023				41,095	38,466
Other movements					
Interest expense					669
Effect of changes in foreign exchange rates				(213)	(187)
At 30 June 2023				40,882	38,948

Interest-free loans from major shareholders were measured at fair value at initial recognition and the difference between the fair value and face value of the loan is recognised in 'capital reserve', representing a contribution from owner of the Company.

A non-controlling interest provided new interest-free loans to the Group during the six months ended 30 June 2023, with face value of $1,750,000 and due in 2027, for the construction of a new gypsum plasterboard plant in Tajikistan and the non-controlling interest has the right to demand for payment before the due date.

Aggregate amount of Group's borrowings and debt securities

	30 June 2023		31 December 2022	
	$'000 Secured	$'000 Unsecured	$'000 Secured	$'000 Unsecured
Group				
Amount repayable in one year or less	–	4,965	–	3,416
Amount repayable after one year	–	38,948	–	38,466
	–	43,913	–	41,882

12 Provisions

Restoration costs

Restoration costs relate to the cost of dismantling and removing asset and restoring the premises to its original condition. In accordance with the applicable legal requirements in Kazakhstan, the Group is expected to perform recultivation works by the end of its operations. The Group expects to incur the liability upon the end of the expected economic useful lives of its respective operations in Kazakhstan.

13 Financial instruments

Accounting classifications and fair values

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

	Carrying amount			**Fair value**
	Amortised cost $'000	**Other financial liabilities $'000**	**Total $'000**	**Level 2 $'000**
Group				
30 June 2023				
Financial assets not measured at fair value				
Trade and other receivables	22,235	–	22,235	
Cash and cash equivalents	7,807	–	7,807	
	30,042	–	30,042	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(38,948)	(38,948)	(38,013)
Loans from non-controlling interest	–	(4,965)	(4,965)	
Trade and other payables*	–	(142,743)	(142,743)	(135,584)
	–	(186,656)	(186,656)	

	Carrying amount			Fair value
	Amortised cost $'000	**Other financial liabilities $'000**	**Total $'000**	**Level 2 $'000**
Group				
31 December 2022				
Financial assets not measured at fair value				
Trade and other receivables	21,917	–	21,917	
Cash and cash equivalents	11,632	–	11,632	
	33,549	–	33,549	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(38,466)	(38,466)	(37,991)
Loans from non-controlling interest	–	(3,416)	(3,416)	
Trade and other payables*	–	(133,872)	(133,872)	(129,126)
	–	(175,754)	(175,754)	
Company				
30 June 2023				
Financial assets not measured at fair value				
Trade and other receivables	69,205	–	69,205	
Cash and cash equivalents	80	–	80	
	69,285	–	69,285	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(38,948)	(38,948)	(38,013)
Trade and other payables	–	(16,431)	(16,431)	
	–	(55,379)	(55,379)	
31 December 2022				
Financial assets not measured at fair value				
Trade and other receivables	69,726	–	69,726	
Cash and cash equivalents	49	–	49	
	69,775	–	69,775	
Financial liabilities not measured at fair value				
Loans from major shareholders	–	(38,466)	(38,466)	(37,991)
Trade and other payables	–	(15,319)	(15,319)	
	–	(53,785)	(53,785)	

* *Excluding Value-added/Goods and Services tax payable and withholding tax payable on dividends.*

Measurement of fair values

Type	**Valuation technique**
Non-current trade and other receivables, non-current loans and borrowings and non-current 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 (excluding prepayments and deposits) and contract assets was as follows:

	Group $'000	**Company $'000**
At 1 January 2023	3,479	–
Impairment loss reversed	(194)	–
Amounts utilised	(248)	–
Translation differences on consolidation	(33)	–
At 30 June 2023	3,004	–

During the six months ended 30 June 2023, the reversal of loss allowance at the Group level was due to a reduction in the receivables in the 'past due more than 120 days' category as a percentage of total receivables, i.e. an improvement in collection from customers. The weighted average loss rate has not changed significantly on a period-on-period basis.

14 Contingent liabilities

In 2021, one of the Group's subsidiaries in Kazakhstan acquired cement-related assets in Kazakhstan from a bank and a third party (the "Acquisition"). These cement-related assets were distressed and put under forced sale by the bank. Subsequent to the year end, the third party was declared bankrupt. The subsidiary may be exposed to risk of this Acquisition being invalidated by creditors of the third party if the purchase price of the Acquisition is not deemed to be at fair value. As at the date of these financial statements, there has been no claims or litigations against the subsidiary arising from this Acquisition and accordingly, no provision has been made as at 30 June 2023.

15 Related parties

Related party transactions

	Transaction value for the six months ended		Balance outstanding	
	30 June 2023 $'000	**30 June 2022 $'000**	**30 June 2023 $'000**	**31 December 2022 $'000**
Purchase of services				
Non-controlling interest	–	(1,942)	–	–

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 2023 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 2023, 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 2023, 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 2023, 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

Revenue

The Group's revenue increased by $27.0 million from $92.3 million for the six months ended 30 June 2022 ("1H2022") to $119.3 million for the six months ended 30 June 2023 ("1H2023"). This was mainly contributed by:

(i) increase in sales volume from a cement plant in Almaty region in Kazakhstan arising from the growth of the construction sector in the Almaty region;
(ii) increase in sales volume from a cement plant in Tajikistan arising from the introduction of sales volume rebates to distributors during the period; and
(iii) commencement of sales of a cement plant in East Kazakhstan since August 2022.

Gross profit

Overall gross profit margins declined from 45% in 1H2022 to 37% in 1H2023. Overall gross profit margins declined period-on-period was largely due to:

(i) decrease in gross profit margins of a cement plant in Almaty region in Kazakhstan, mainly due to decrease in selling prices and significant increase in cost of raw materials; and
(ii) lower gross profit margins of a cement plant in East Kazakhstan, mainly due to lower sales volume since commencement of sales in August 2022 which resulted in lower absorption of overheads,

which was offset by the increase in gross profit margins in Tajikistan due to increase in selling prices.

Other income

Other income mainly comprised foreign exchange gains, government grants, sale of scrap, rental income and utility recharges, sale of fuel and rental income from suppliers for the extraction of raw materials in quarries and distribution income from customers. The increase in other income period-on-period was largely due to:

(i) foreign exchange gains of $2.0 million in 1H2023 as compared to foreign exchange losses of $6.6 million in 1H2022 which was recorded under 'other expenses'. Foreign exchange gains in 1H2023 mainly arose from the revaluation of amounts owing to the EPC contractor, suppliers and intercompany loans denominated in foreign currencies (mainly US Dollar ("USD") and Chinese Yuan ("CNY"), where the Kazakhstani Tenge ("KZT") appreciated against USD and CNY by 2% and 6% respectively during 1H2023 (1H2022: KZT depreciated against USD and CNY by 8% and 3% respectively); and
(ii) increase in distribution income from customers of $3.8 million from a cement plant in East Kazakhstan since commencement of sales in August 2022.

Selling and distribution expenses

Selling and distribution expenses mainly comprised staff costs of the selling and distribution departments and distribution expenses. The increase in selling and distribution expenses period-on-period was largely due to:
(i) increase in sales volume of a cement plant in Almaty region in Kazakhstan;
(ii) commencement of sales of a cement plant in East Kazakhstan since August 2022; and
(iii) rising fuel costs incurred for the delivery of cement from the cement plants in Kazakhstan to customers.

Administrative expenses

Administrative expenses mainly comprised staff costs of the finance, human resource and administrative departments and directors' fees, depreciation and amortisation, audit and professional fees, tax-related expenses, utilities, food and accommodation, vehicle-related expenses, fines and penalties, traveling expenses and office, rental and visa-related expenses. The increase in administrative expenses period-on-period was largely due to:
(i) commencement of operations of a cement plant in East Kazakhstan since August 2022;
(ii) increase in tax-related expenses for the cement plants in Kazakhstan for the import of equipment and spare parts;
(iii) rising costs of the operations in Tajikistan and Kazakhstan; and
(iv) increase in staff headcount, audit fees, vehicle-related expenses, travelling expenses, and office and visa related expenses, which is in line with the significant increase in operations in 1H2023.

Loss allowance on trade and other receivables and contract assets

As the collection and aging of trade and other receivables improved during 1H2023, this resulted in an overall reversal of impairment losses of $0.2 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

Other expenses mainly comprised write-off of property, plant and equipment and donations. The decrease in other expenses period-on-period was largely due to:
(i) foreign exchange losses of $6.6 million in 1H2022 as compared to foreign exchange gains of $2.0 million in 1H2023 which was recorded under 'other income'; and
(ii) the absence of impairment loss on property, plant and equipment (right-of-use asset) of $0.8 million in 1H2022 arising from a warehouse lease signed in 1H2022 for the aluminium segment which was loss-making,

which was offset by the increase in donations of $1.1 million.

Finance costs

Finance costs mainly pertained to:
(i) interest expense on the outstanding payables to the EPC contractor for the construction of the cement plant in the Almaty region in Kazakhstan which are interest-bearing at 8.4% per annum, amounting to $2.0 million; 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 major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) were for the construction of the cement plant in the Almaty region in Kazakhstan, and acquisition of cement-related assets for a cement plant in East Kazakhstan and costs incurred for its upgrading works.

The increase in finance costs period-on-period was largely due to an increase in interest expense on the outstanding payables to the EPC contractor due to additional costs arising from the construction of additional facilities for the cement plant in the Almaty region in Kazakhstan in FY2022.

Tax expense

Tax expense mainly pertained to:
(i) current tax expense of $2.3 million (1H2022: $2.0 million), mainly for a subsidiary in Tajikistan;
(ii) under provision of tax mainly from a subsidiary in Tajikistan in respect of prior years of $0.3 million (1H2022: $nil); and
(iii) withholding tax paid on dividends declared by a subsidiary in Tajikistan of $2.8 million (1H2022: $2.0 million).

The increase in current tax expense was mainly due to the increase in profit before tax of the Group's subsidiary in Tajikistan.

Statements of Financial Position

Property, plant and equipment

Increase in property, plant and equipment at the Group level during 1H2023 was due to additions of $27.2 million, mainly arising from the construction of additional facilities for an existing cement plant in the Almaty region in Kazakhstan, upgrading works and construction of additional facilities for a cement plant in East Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan. This was offset by disposals and write-offs of $0.5 million and depreciation charge of $7.6 million. Net translation difference for 1H2023 was a loss of $3.3 million arising from the depreciation of Tajikistan Somoni ("TJS") against Singapore Dollar ("SGD") by 6% which was offset by the appreciation of KZT against SGD by 3%.

Intangible assets

Intangible assets and goodwill at the Group level mainly comprised subsoil rights, goodwill arising on the acquisition of a cement plant in Tajikistan in 2017 and an electricity licence. Decrease in intangible assets at the Group level during 1H2023 was due to:
(i) amortisation charge of $1.3 million; and
(ii) translation loss of $2.1 million, arising from the depreciation of TJS against SGD by 6%.

Trade and other receivables

At the Group level, trade and other receivables as at 30 June 2023 comprised:
(i) trade receivables of $5.1 million;
(ii) tax-related receivables of $14.1 million;
(iii) other receivables of $3.1 million; and
(iv) deposits and prepayments of $23.0 million.

Approximately 75% of short-term trade receivables are in the 'current' and 'past due 1 – 30 days' brackets, and there are no recoverability issues.

Tax-related receivables mainly comprised value-added tax receivables from the cement plants arising from purchase of raw materials and spares and consumables, which can be offset against the value-added tax payable from sales going forward, i.e. no recoverability issues.

Other receivables mainly arose from the sale of spare parts to external parties, which is expected to be collected in third quarter of 2023.

Deposits and prepayments mainly comprised amounts prepaid to suppliers for: (i) construction of additional facilities and upgrading works in the cement plants in Kazakhstan; (ii) purchase of spares and consumables for repairs and maintenance works in the cement plants; and (iii) construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan. As these relate to advance payments in nature, there are no recoverability issues.

Increase in trade and other receivables of $7.3 million as at 30 June 2023 as compared to 31 December 2022 was mainly due to:
(i) increase in trade receivables from the cement segment of $1.5 million, mainly arising from higher sales by the cement plant in Tajikistan and Kazakhstan during the second quarter of 2023 as compared to the fourth quarter of 2022;
(ii) increase in tax-related receivables from the cement segment of $1.6 million, mainly arising from higher purchase of raw materials and spares and consumables;
(iii) increase in other receivables from the cement segment of $1.6 million, mainly arising from the sale of spare parts to external parties during second quarter of 2023; and
(iv) increase in prepayments from the cement and others segment of $7.0 million for the construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan,

which was offset by the decrease in non-trade amounts due from non-controlling interest of $4.4 million which were collected in 1H2023.

At the Company level, long-term trade and other receivables comprised:
(i) loans to subsidiaries of $66.1 million for the construction of the cement plant in the Almaty region in Kazakhstan and acquisition of cement-related assets for a cement plant in East Kazakhstan and its related upgrading works; and
(ii) non-trade receivables from subsidiaries of $3.1 million.

Deferred tax assets

Deferred tax assets at the Group level mainly pertained to temporary differences arising from property, plant and equipment and recognition of unutilised tax losses arising from the cement plant in East Kazakhstan.

Inventories

Decrease in inventory balance at the Group level of $1.2 million was due to higher sales during the second quarter of 2023 as compared to the fourth quarter of 2022.

Contract assets

At the Group level, contract assets as at 30 June 2023 pertained to retention sums which are withheld by main contractors from the aluminium segment until the successful completion of the project works and the Group's rights to consideration for work completed on construction contracts but not billed at the reporting date.

Capital reserve

At the Group level, capital reserve mainly pertained to the cash consideration paid in excess of the carrying amount of a cement plant in East Kazakhstan of $26.1 million arising from the step-up acquisition of 15% stake in a subsidiary in November 2022, offset by the fair value adjustment arising from interest-free loans from major shareholders of $5.8 million.

Currency translation reserve

Increase in currency translation reserve losses at the Group level of $5.1 million mainly arose from the depreciation of TJS against SGD by 6%, offset by the appreciation of KZT against SGD by 3%.

Loans and borrowings

At the Group level, loans and borrowings comprised:

(i) unsecured interest-free loans from major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) of $38.9 million for the construction of a cement plant in Almaty region in Kazakhstan and acquisition of cement-related assets for a cement plant in East Kazakhstan and its related upgrading works, and these loans are due between third quarter of 2024 and third quarter of 2025, therefore classified as long-term; and
(ii) unsecured interest-free loans from a non-controlling interest (Dastoni Mohir LLC) of $5.0 million for the construction of a new gypsum plasterboard plant in Tajikistan, and these loans are repayable on demand, therefore classified as short-term.

The increase in long-term loans and borrowings of $0.5 million was mainly due to unwinding of discount in relation to the present value of the loans from major shareholders of $0.7 million, which was offset by foreign exchange gain of $0.2 million (depreciation of USD and appreciation of CNY, against SGD).

The increase in short-term loans and borrowings of $1.5 million was mainly due to additional loans obtained from non-controlling interest of $1.7 million, which was offset by foreign exchange gain of $0.2 million (depreciation of TJS against SGD).

At the Company level, long-term loans and borrowings as at 30 June 2023 comprised interest-free loans from major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang. The increase was mainly due to unwinding of discount in relation to the present value of the loans from major shareholders of $0.7 million, which was offset by foreign exchange gain of $0.2 million (depreciation of USD and appreciation of CNY, against SGD).

Trade and other payables

The Group's long-term trade and other payables mainly pertained to amounts owing to:

(i) the EPC contractor for the construction of a cement plant in the Almaty region in Kazakhstan under a deferred payment arrangement which are interest-bearing at 8.4% and due between third quarter of 2024 to 2026; and
(ii) suppliers for spares and consumables and property, plant and equipment for the cement plants in Kazakhstan and Tajikistan, which are due in 2025.

Increase in long-term trade and other payables was mainly due to additional costs arising from the construction of additional facilities for an existing cement plant in the Almaty region in Kazakhstan, upgrading works for a cement plant in East Kazakhstan, and construction of a new cement plant in Kazakhstan and new gypsum plasterboard plant in Tajikistan.

The Group's short-term trade and other payables at the Group level mainly comprised:
(i) trade payables of $11.7 million;
(ii) accrued operating expenses of $2.6 million;
(iii) dividend payable of $4.0 million;
(iv) tax-related payables of $6.7 million;
(v) payables for property, plant and equipment of $25.7 million;
(vi) non-trade payables to non-controlling interest $0.8 million; and
(vii) other payables of $7.6 million.

More than 95% of short-term trade and other payables are in the 'current' bracket, i.e. not overdue.

Trade payables mainly pertained to the purchase of raw materials, and spares and consumables.

Dividend payable pertained to amounts owing to the non-controlling interest in Tajikistan for dividends declared in 2023 on profits earned by a subsidiary in FY2022.

Tax-related payables mainly pertained to taxes collected on sales and tax payable on import of property, plant and equipment, and spares and consumables (Value-Added Tax/Goods and Services Tax) and withholding tax payable on dividends.

Non-trade payables to non-controlling interest pertained to balances of payable to a non-controlling interest, Mr Nurzhan Shakirov, for the step-up acquisition of 15% stake in a subsidiary in November 2022.

Other payables mainly pertained to amounts payable for distribution expenses and professional fees.

Decrease in short-term trade and other payables at the Group level was mainly due to decrease in non-trade payables to non-controlling interest of $17.2 million arising from payments made during the period which was offset by:
(i) increase in payables for property, plant and equipment of $12.0 million, mainly due to increase in payables to EPC contractor due within one year, and increase in payables for property, plant and equipment of the new cement plant in Kazakhstan;
(ii) increase in tax-related payables of $2.5 million, mainly due to increase in withholding tax payable on dividends; and
(ii) increase in other payables of $3.0 million, mainly due to increase in payables for distribution expenses and professional fees of the cement plant in East Kazakhstan.

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

Provisions

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

Deferred tax liabilities

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

Contract liabilities

Contract liabilities as at 30 June 2023 pertained to advance consideration received from customers.

Consolidated Statement of Cash Flows

Cash and cash equivalents of the Group decreased from $11.6 million as at 31 December 2022 to $7.8 million as at 30 June 2023. This was mainly due to cash flows from operating activities of $35.1 million, offset by:

(i) acquisition of property, plant and equipment of $12.3 million for the construction of additional facilities for an existing cement plant in the Almaty region in Kazakhstan, upgrading works and construction of additional facilities for a cement plant in East Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan;
(ii) partial payment of the consideration for the step-up acquisition of 15% stake in a subsidiary in November 2022 of $17.2 million;
(iii) dividends paid to non-controlling interest of $5.4 million (Dastoni Mohir LLC, non-controlling shareholder of the Group's subsidiaries in Tajikistan);
(iv) withholding tax paid on dividends declared by the Tajikistan subsidiary of $2.8 million; and
(v) interest paid to EPC contractor under the deferred payment arrangement of $1.0 million.

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

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 segment are property developers for public housing projects by the Housing Development Board in Singapore. As such, our aluminium business is largely dependent on the outlook of the local construction sector.

As at 30 June 2023, the Group's order book stood at approximately $10.8 million, including variation orders. These projects are expected to be completed progressively over the next 3 years.

Cement

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

The Group's performance in Tajikistan showed remarkable improvement in sales in 1H2023. Sales volume rose as the Group benefitted from the continual marketing activities to promote the Group's cement.

Buoyed by the strong demand for cement in Kazakhstan due to the growth in the country's construction sector, the Group's operations at the cement plant located in the Almaty region in Kazakhstan performed remarkably well.

In August 2022, our second cement plant in Kazakhstan, located in the Jarminsky district in the East Kazakhstan region, began commercial production. This new plant, with an annual production capacity of 1.0 million metric tonnes, will enable the Group to reach out to new markets in the east of Kazakhstan and the capital, Astana. Moving ahead, we will continue to focus on building up sales of this new plant by creating more awareness for our brand and products, and expanding our distribution networks to grow our customer base.

The construction of our third cement plant in Kazakhstan, with an annual production capacity of 1.5 million metric tonnes in the Korday district, Jambyl region, is underway and is expected to be completed in mid of 2024. Upon completion, the Group's combined annual cement production capacity in Central Asia will increase from 4.0 million to 5.5 million metric tonnes, positioning us well for further growth.

In addition to growing our cement business, we are looking to broaden our product offerings in Central Asia to include drywall (gypsum plasterboard), a construction material used to create interior walls and ceilings. We have made steady headway with the building of the drywall (gypsum plasterboard) production line alongside our main Tajikistan cement plant in the Yovon district since we started construction work in the last quarter of 2021. Upon expected completion by the third quarter of 2023, the production line, with an annual production capacity of 30.0 million square metres of drywall (gypsum plasterboard), will provide the Group with a new revenue stream.

Looking ahead, we are cautiously optimistic for the year to come as we expect the demand for construction materials within the Central Asia region will remain strong. Kazakhstan's construction market is projected to grow at an average annual growth rate of more than 5% between 2024 and 2027, supported by government investment in infrastructure, residential, and renewable energy projects[1]. Tajikistan has recently restricted cement exports due to the substantial increase in domestic demand for cement in recent years arising from the extensive expansion of construction sites and the shutdown of the Dushanbe cement plant. In the first half of 2023, Tajikistan produced approximately 2.1 million metric tonnes of cement, representing a 4.0% increase compared to the same period last year. Tajikistan's decision to temporarily ban cement exports demonstrates its commitment to meeting the rising domestic demand for this essential building material.[2]

We will remain strategic and prudent in exploring opportunities to continue growing our presence in the Central Asia region through our two-pronged approach. Firstly, by strengthening our distributorship and widening our network to secure larger market share, and secondly, to focus on the completion of our cement plant in Jambyl region in Kazakhstan and drywall (gypsum plasterboard) production line in Tajikistan, which are currently in their construction phase, so that they can start to contribute to our top line in the shortest time possible.

[1] https://www.globaldata.com/store/report/kazakhstan-construction-market-analysis/
[2] https://bnn.network/breaking-news/tajikistan-restricts-cement-exports-to-fulfill-growing-domestic-needs/

5 Net asset value

	Group		Company	
	30 June 2023 ’cents	**31 December 2022 ’cents**	**30 June 2023 ’cents**	**31 December 2022 ’cents**
Net asset value per ordinary share based on issued share capital of 5,734,732,849 ordinary shares as at 30 June 2023 (31 December 2022: 5,734,732,849)	4.19	4.08	3.32	3.36

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 2023 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 2023 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
14 August 2023