ANNUAL REPORT 2018

STEPPE CEMENT

Plant Location In Kazakhstan

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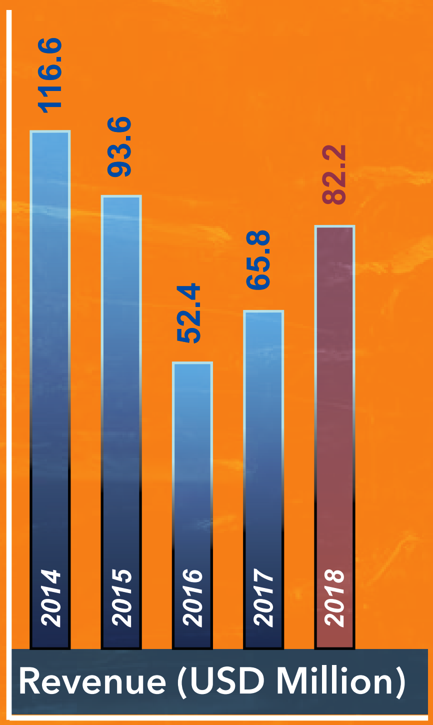
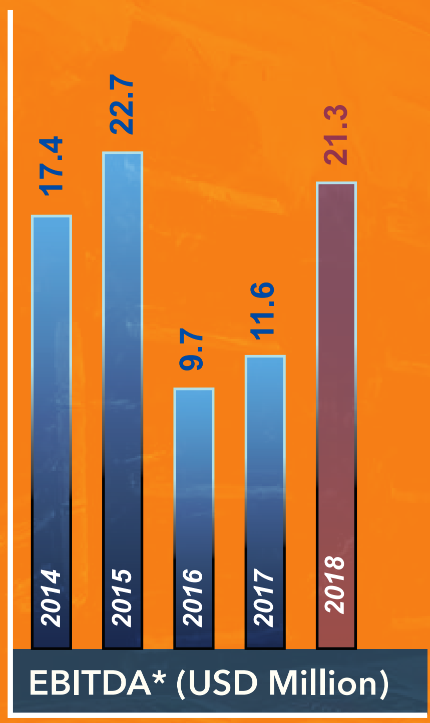
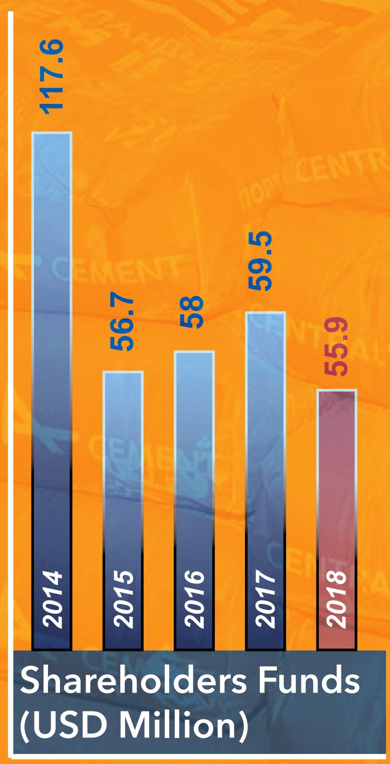


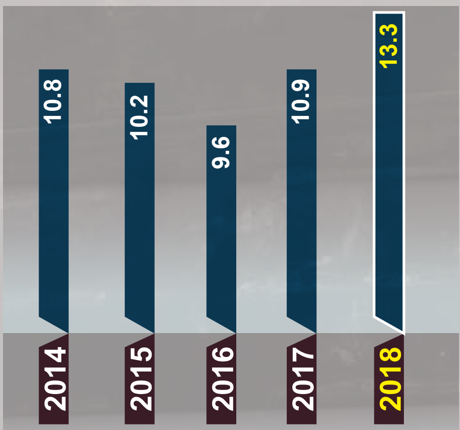


* excluding foreign exchange gain/ losses arising on devaluation of the Tenge.

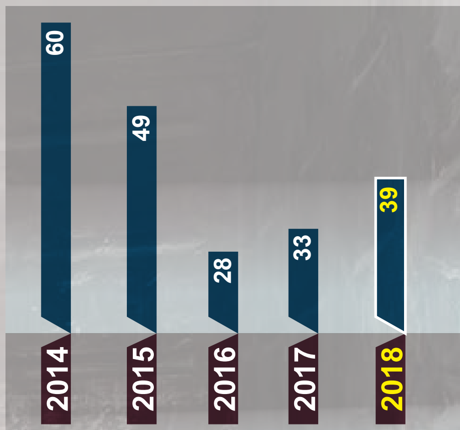


Shareholders funds as of 31st December 2018 include USD8.9 million current year profits, USD3 million dividends paid and USD9.5 million fx losses charged to Other Comprehensive Income

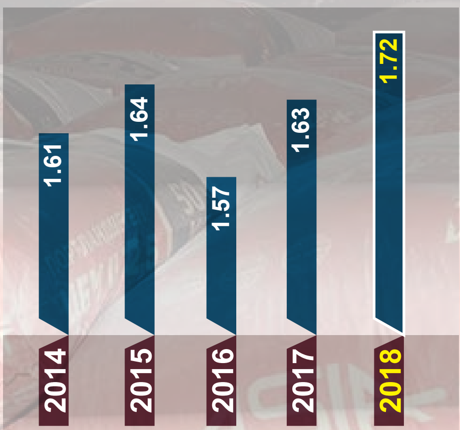
Operational and Market Data



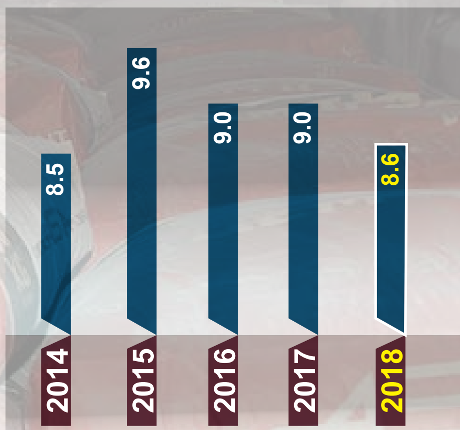
Ex-factory price (KZT'000)



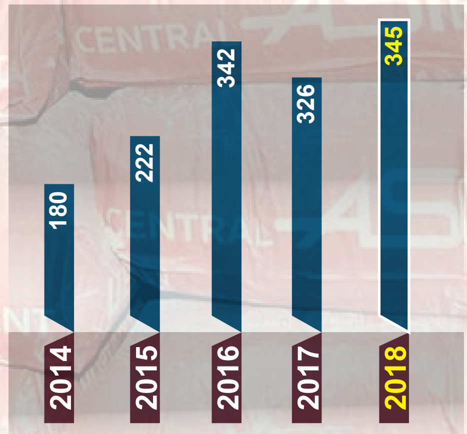
Ex-factory price (USD)



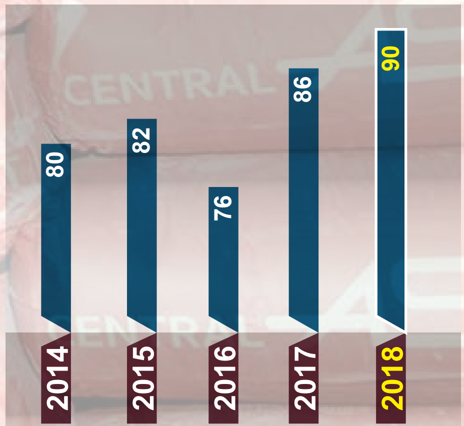
Sales volume (million tonnes)



Market Size (million tonnes)



Average exchange rates (USD/KZT)



Capacity utilisation (%)

Financial Data

Data	2014	2015	2016	2017	**2018**
Gross profit margin (%)	31	36	30	30	**43**
Profit/(Loss) after tax margin (%)	(7)	(4)	0	2	**11**
Net earnings/(Loss) per share (cents)	(4)	(2)	0	0.6	**4**
Return on shareholders funds (%)	(7)	(6)	0	2	**16**
NTA per share (cents per share)	54	26	27	27	**26**
Number of shares issued (million)	219	219	219	219	**219**

CORPORATE INFORMATION

Listing

London Stock Exchange AIM, London
Since 15 September 2005

AIM Stock Code

STCM

Bloomberg Ticker

STCM LN

Reuters Ticker

STCM L

Country of incorporation

Federal Territory of Labuan, Malaysia

Company Registration

LL04433

Registered Address

Brumby Centre
Lot 42, Jalan Muhibbah
87000 Federal Territory of Labuan
Malaysia

Head Office Address

Suite 10.1, 10th Floor
Rohas Perkasa, West Wing
No.8, Jalan Perak
50450 Kuala Lumpur
Malaysia

Main Country of Operation
(Operating Subsidiaries' Address)

472380, Aktau Village
Karaganda Region
Republic of Kazakhstan

Company Secretary

TMF Trust Labuan Limited

Nominated Advisor

RFC Ambrian Limited
Level 12, Gateway,1 Macquarie Place
Sydney NSW 2000 Australia

and

Level 28, QV1 Building
250 St Georges Tce
Perth, Western Australia 6000

Broker

RFC Ambrian Limited
Level 5, Condor House
10 St Paul's Churchyard
Londond EC4M 8AL, United Kingdom

Group Auditor

Deloitte PLT
Unit 3(I2) Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Wilayah Persekutuan Labuan
Malaysia

UK Registrar

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Bankers

Halyk Bank JSC
Altyn Bank JSC
VTB Bank Kazakhstan JSC

Solicitor

BMF Group LLP
Alatau Business Center
151 Abay Street, Almaty
050009, Republic of Kazakhstan

Adelaida Legal Group, LLP
12/1 Kunayev Street, Block 5B, 4th floor,
Office #1, Astana
010000, Republic of Kazakhstan

Chairman's Statement

THE FACT THAT THE COMPANY HAS SUCCESSFULLY REACHED A STRONG STABLE POSITION ALLOWS MANAGEMENT TO DEDICATE AN INCREASED SHARE OF THEIR TIME TO DEVELOP THE EMPLOYEE'S SKILLS AND PRACTICES. CONTINUOUS IN-HOUSE TRAINING HAS BEEN DEFINED AND NOW IMPLEMENTED IN EARLY 2019.

Dear Shareholders

Following several years of dedication and drive by the management of your Company, 2018 saw these efforts bear fruit. Across the business, we have continued with our wide-ranging consolidation plans and I'm pleased to say that these are very much on track.

GDP growth in Kazakhstan was estimated at 3.8%, a slight decline against 2017 (4.1%). This slowdown was reflected in the domestic cement consumption which ended down at 8.6 million tonnes against 9.0 million in 2017.

The opening of Uzbekistan to International Trade, combined with a solid surge in their construction activity allowed our competitors from South Kazakhstan to sell a substantial part of their production to what is logistically their natural market. It will take several years to see the supply/demand balance reach equilibrium, with new capacities operating effectively in this country. Moreover, Uzbekistan retains a high growth potential until it reaches the per capita consumption of Kazakhstan (500 kg per capita against 350kg in Uzbekistan now). This, as demonstrated in 2018, should allow the utilisation of the structural excess production capacity of Kazakhstan in the foreseeable future.

With a stable domestic demand at 9 million tonnes, a robust export market, limited imports, and a progressive disappearance of obsolete producers, the selling prices of cement stabilized at a higher level than in the few past years. It has not yet reached international levels and so presently does not provide a reasonable return for investors and lenders willing to build a new factory at today's construction costs. This is especially true if one is to consider that the corresponding investment is, or was, made in USD, with foreign technology and new costly environmental devices required, whilst the profits are in an undervalued currency.

Your Company is today one of the few, if not the only one, which has almost fully repaid its debts and completed all major industrial investments. It can produce and sell 1.8 million tonnes per year, and some minor debottlenecking investments could bring this up to 1.9-2.0 million, should the market need it. It is currently close to completing its investments in packaging, loading and logistics: this will raise its ability to sell some 35% of its production in bags, thereby meeting better the needs of the market in terms of quality, something which traders do not often provide, but also practicality and reduction of 'time to market ' on a number of construction jobs.

From a shareholder perspective, it will broaden the product mix, diversify our customer base, and increase margins despite the additional packaging costs.

Being primarily selling in the Northern half of Kazakhstan, the factory is subject to stronger seasonal variations than its Southern competitors. It must sell its production over a shorter period, and this requires very careful manufacturing plans and stock management. These are obviously basic industrial practices, which your Company is pursuing very effectively. In this respect it should be highlighted that there is a substantially increased capacity to load trucks and wagons during the high season. The optimum fleet of wagons has been secured through a proper mix of ownership and leases. Loading stations and equipment have been reorganized and upgraded to ensure a smoother and faster delivery process.

The fact that the Company has successfully reached a strong, stable position allows management to dedicate an increased share of their time to develop the employees' skills and practices. Continuous in-house training has been defined and now implemented in early 2019. Under the supervision of the Audit Committee internal control procedures are in continuous progress, aiming at matching best practices in this respect. Training and clear procedures will reduce crisis management occurrences and further improve the staff's dedication to ensure proper safeguard of the business and its assets.

2019 starts on a very positive outlook, and your Company, free of debt related to revamp of the factory and fully geared to produce and distribute at full capacity, is committed to take the best advantage of more attractive price levels, robust domestic demand and sustained export markets. The controlled succession process in the leadership of the country in March 2019 is reducing the level of uncertainty which characterized the economic and political environment of the recent years and will, I hope, contribute to maintain or even improve the investment climate and consumption levels.

Xavier Blutel
Non-Executive Chairman

CEO's Statement

Our expectations are that overall market demand in 2019 will increase by 5% reflecting a recovering of the market from 2018. The Kazakh population has reached 18 million people and therefore consumption represents 500 kg/person per year.

In 2018, Steppe Cement posted a net profit of USD 8.9 million. Steppe Cement's EBITDA increased to USD 21.3 million from USD 11.6 million in 2017 mostly due to higher prices and volumes.

The overall domestic cement market decreased by 4% to 8.6 million tonnes, but our sales volume increased by 6% mostly due to an increase of 63% in exports, helped by the continued weakness of the KZT against the neighbouring currencies. The delivered price in USD increased by 18%.

In 2018 our cost of production per tonne in KZT increased by 6%, in line with inflation.

Steppe Cement operated both lines at 90% of their current combined capacity (which is 1.1 million tonnes for line 5 and 0.8 million tonnes for line 6). We aim to increase their utilization and we are planning to increase the capacity of line 6 to 0.9 million tonnes in late 2019.

Shareholders' funds decreased to USD55.9 million from USD59.5 million after dividend distribution of USD3 million to shareholders and due to the devaluation of the KZT. However, the replacement cost of the Company's assets remains many times higher than their current book value.

The Kazakh cement market decreased by 4% in 2018 but we expect it to improve in 2019

The Kazakh cement market in 2018 was 8.6 million tonnes, a decrease of 4% from 2017. Imports into Kazakshtan decreased by 4% to 0.65 million tonnes or 8% of the total market. Exports from local producers increased by 118% to 1.9 million tonnes.

Our expectations are that overall market demand in 2019 will increase by 5% reflecting a recovering of the market from 2018. The Kazakh population has reached 18 million people and therefore consumption represents 500 kg/person per year.

Key financials	Year ended 31-Dec-2018	Year ended 31-Dec-2017	Inc/ (Dec)%
Sales (tonnes of cement)	1,720,629	1,630,230	6
Consolidated turnover (KZT million)	28,342	21,443	32
Consolidated turnover (USD million)	82.2	65.9	25
Consolidated profit before tax (USD million)	10.7	1.9	> 400
Consolidated profit after tax (USD million)	8.9	1.2	> 700
Profit per share (US cents)	4.1	0.6	> 600
Shareholders' funds (USD million)	55.9	59.5	(6)
Average exchange rate (USD/KZT)	345	326	6
Exchange rate as at year end (USD/KZT)	384	332	13

Improving exports mostly to Uzbekistan and Kyrgyzstan helped local companies to increase their overall volumes by 7%. The companies that benefited most were the ones in the south. In the west, a new competitor has started near Kyzylorda and is expected to increase its production steadily during the year.

In 2019, the local cement factories should maintain these trends with similar level of exports. Imports into Kazakhstan should remain contained to regions near the Russian border and be subject to competition from a new factory.

Steppe Cement's average cement selling prices increased by 25% in KZT and by 18% in USD, to USD 47.7 per tonne delivered.

Line 5 produced 993,850 tonnes of cement while Line 6 produced 726,767. We continue to make small improvements in Line 6 that we expect will contribute to an additional 80,000 tonnes in 2019.

Capital investment in 2018 was directed to the improvement of packing and logistics and we will continue to do so in 2019

The new packing line for 1,800 bags per hour was commisionned in the summer of 2018 and we have doubled the capacity of the big bag facility to 100 tonnes per hour. Capital investment was increased slightly to USD2.7 million from USD1.6 million in 2017.

In 2019, we will plan the following capital investments:

- Increase the capacity of the 50 kg bags packing line to 2,400 bags per hour, equivalent to 120 tonnes per hour.
- Commission the fully automated loading of wagons and trucks.
- Installation of a separator in cement mill number four.
- Change the two preheater fans in Line 6 to improve energy efficiency.
- Automatize the silos and loading in the wet line mill area.

Cost per tonne were maintained as volumes increased

The average cash production cost of cement was maintained at USD23/tonne as production and sales increased offsetting some of inflation increases. Some of the variable costs have been reassigned to fixed costs in 2018 - if we compare with the same cost base 2017 and 2018, the variable cost has increased by around USD0.7/tonne or 3%.

Selling expenses, reflecting mostly cement delivery costs, increased to USD9/tonne from USD7/tonne in 2017, due to higher export volumes (+63%) and transportation tariffs.

General and administrative expenses

General and administrative expenses increased by 19% to USD 6.2 million from USD 5.2 million in 2017. The general expenses have been adjusted both for 2017 and 2018 and include expense previously included in the production costs.

In 2017, we transfered USD1 million from cost of production to general expenses of which USD0.65 million were transfers of management salaries and USD0.35 million were provisions for obsolete inventory. Cost of production for 2017 was therefore decreased by 0.6 USD/tonne.

After taking into consideration these adjustments, the general expenses in 2018 have still increased by USD1 million. This is broken down as follows:

- USD0.28 million as transfers of maintenance and logistic from production to general expenses.
- USD0.25 million as a provision of doubtful receivables in accordance with changes in IFRS9.
- USD0.15 million as increased salaries, extra half month bonus and other compensation as company performance has improved.
- USD0.06 million in increased bank commission as we try to reduce the cash payments.

The balance represents an effective increase of 5% which is on line with the increase of volumes.

On 31 March 2019 the labour count stood at 735 the same level as last year.

Financial position: Continuous debt reduction

During the year, our total loans outstanding were reduced from USD20 million to USD11.8 million.

Long term loans were reduced from USD9.8 million to USD 6.6 million as we continued to repay principals to Halyk Bank for the long term loan for wagons and various government subsidised loans for capex. In addition, due to devaluation, the KZT denominated loans were reduced in USD.

The effective interest rate in the long term loans in USD and KZT was maintained at 6.2% per annum (p.a.).

Our short term loans and current part of the long term loans were significantly reduced from USD10.2 million in 2017 to USD5.2 million in 2018, while the cash position at the end of the year was increased from USD3 million to USD5.7 million.

We consider the risk of a sharp devaluation is now much lower but we have not borrowed significantly since December 2018. We have drawn subsidized short term loans at 6% p.a. in KZT and short term loans at 10% p.a. in KZT when the banks offered them.

We maintain three short term credit lines available as stand by:

- KZT3 billion from Halyk Bank at 6% p.a. in USD or 12% p.a. in KZT which includes a government subsidized program of KZT0.5 billion in KZT at 6% p.a.
- KZT0.9 billion from Altyn Bank at 10% p.a. in KZT.
- KZT3 billion from VTB Bank Kazakhstan at 11.5% p.a. signed in March 2018.

In 2017, finance costs decreased to USD1.6 million from USD2.2 million in 2017 due to the continuous repayment of loan principals.

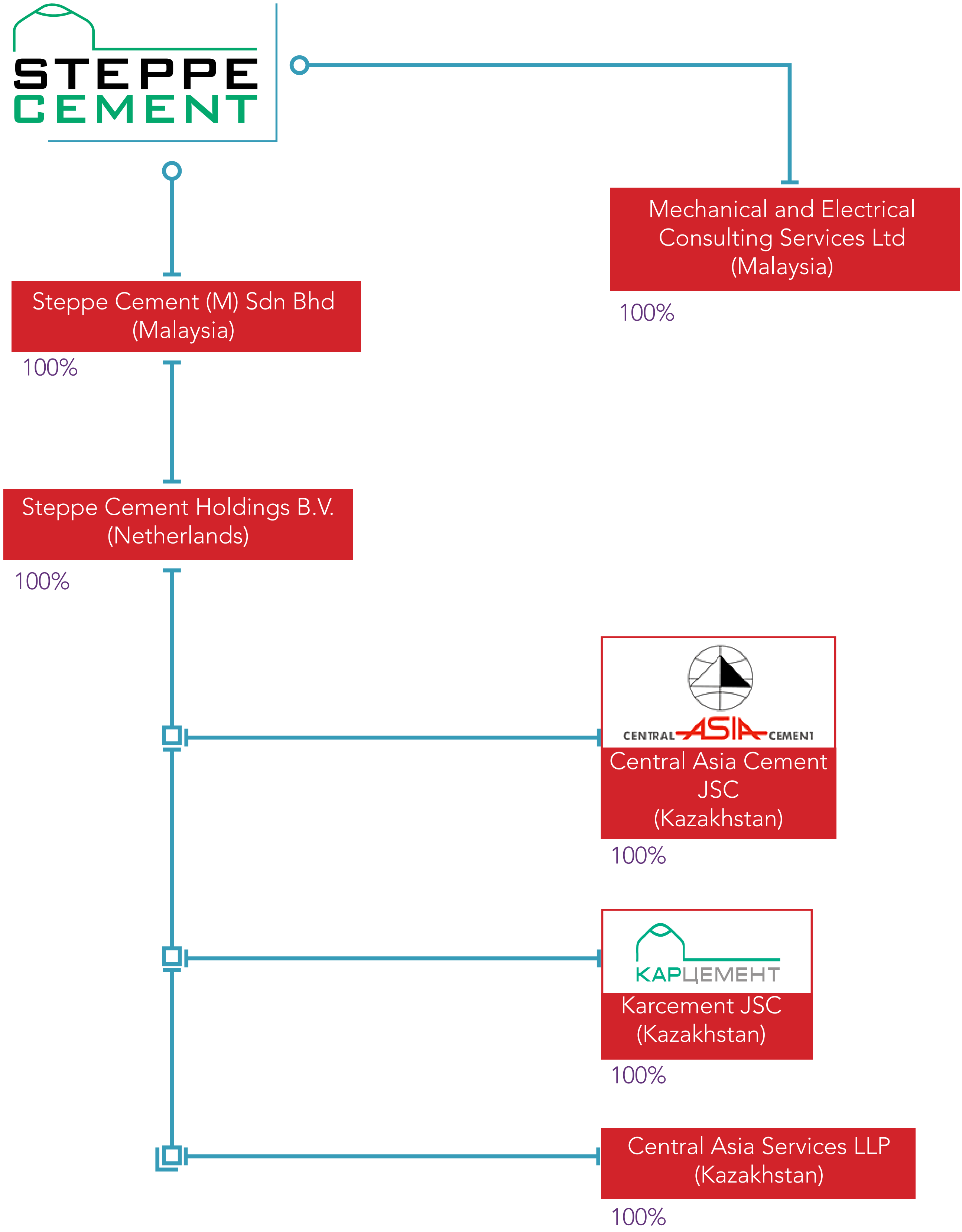
All covenants under the various credit lines have been met comfortably.

Depreciation stayed the same in 2018 at USD7.3 million.

The statutory corporate income tax rate remains at 20% in Kazakhstan.

Javier Del Ser Perez
Chief Executive Officer

Group Structure



Board of Directors

Xavier Blutel
(Non-Executive Chairman)

Xavier Blutel, 64, is currently a member of the Strategic Committee at Wagram Corporate Finance, President and founding partner of SAS Baudrimont and a former Conseiller du Commerce Extérieur de la France. Xavier Blutel spent 33 years as an international executive in capital intensive industries such as the cement industry, with Italcementi Group and Ciments Français Group, and the petrochemicals industry. Besides managing various operations in numerous countries, he was actively involved in screening approach, negotiation and integration of new acquisitions, disposals of non-core businesses and potential mergers. He also spent 6 years (2002-2007) in international lobbying and developed and implemented the Sustainable Development approach in Italcementi Group. He was formerly a director of Shymkent JSC and Beton ATA LLP from 2008 to 2013.

Javier Del Ser Perez
(Chief Executive Officer)

Javier del Ser Perez, 53, is a Chartered Engineer (Spain), master in Structural Engineering and has a degree in Finance from HEC. Javier has lived in Kazakhstan since 1996, when he was appointed as the Investment Adviser to a large investment fund focused on the country. It was through this role that Javier first became involved with the Group's cement business. He is the Chairman of the Company's operating subsidiaries, Central Asia Cement and Karcement. Javier has other business interests in Kazakhstan, including being a Director and large shareholder in the Chagala Group. Javier is also a Director of Steppe Cement Holding B.V. and Mechanical and Electrical Consulting Services Ltd.

Rupert Wood
(Non-Executive Director)

Rupert Wood, 48, has been involved in Emerging Market Equities since the mid-1990s, predominantly in Central and Eastern Europe. Starting his career at NatWest Markets in 1996 covering Emerging Europe as an analyst and then in equity sales, he worked at CA-IB/Bank Austria and then at ING, where he managed distribution of Emerging Market Equities to institutional investors as Head of EMEA Equity Sales. He then joined Wood & Co as Head of Sales, before becoming Head of Equities and subsequently Senior Advisor. His wide capital markets experience has spanned the broader EMEA region including Central Asia, Turkey, the Gulf, South Africa, as well as Latin America. He holds degrees from the University of Oxford and the School of Slavonic and East European Studies (SSEES), now a part of University College London (UCL).

Senior Management

General Director: George Ramesh
A Mechanical Engineer by profession with a Master degree in Business Management (Finance & Marketing) from India. He has about 24 years' of vast experience in the Dry process cement industry in various countries (India, Malaysia & Singapore), handled plant improvement projects, operational reliability, methodology development and maintenance. Before joining Karcement in September 2007, he worked as Maintenance & Project Manager for Holcim (Malaysia) and prior to that, with Lafarge (Malaysia). He was the Project Manager of the Line 5 dry line modernization Project in Karcement which was successfully commissioned in 2014.

Head of Production, Processes and Quality Assurance : Gottapu Nageswara Rao
A Chemist by profession with a Bachelor Degree in Chemistry from India. He has about 34 years of vast experience in Dry process cement industry in India and abroad, handled Raw mix preparation, Product development, Product quality control, Alternative Fuels and Raw Materials planning and ISO systems. Before joining Karcement in April 2017, he worked as Chief Chemist for Lafarge Holcim (Malaysia)for 17 years in quality and optimization department in various positions and projects. Prior to that, with Cheran Cements as project and Plant Manager for grinding unit.

Legal Department Chief: Veronica Kuznetsova
A graduate from the Legal Academy of Kazakhstan with a Master's Degree in Law. She joined CAC in 2005 as a Lawyer. In 2007 she was transferred to Karcement and from 2010, she was appointed Chief of the Legal Department.

Chief Accountant: Tkachenko Yulia Vladislavovna
In 1998 she graduated from Buketov Karaganda State University where she was trained in the field of "Finance and credit". In 2012 she graduated with a bachelors degree in law from Kunayev University. She has a total work experience of 17 years, of which Yulia worked as chief accountant (chief economist) for more than 11 years. She has worked in Karcement JSC since October, 2014 and as the chief accountant since August 2016. Yulia is a certified professional accountant since January 2016.

General Director : Peter Durnev
A graduate of Academy Marketing Moscow. He has worked in CAC for about 20 years rising from marketing executive to his present position. He also holds the position of Marketing Director. .

Finance Director: Derek Kuan Boon San
Derek Kuan is a member of Malaysian Institute of Certified Public Accountants (MICPA). He started his career as an articled student with a local accounting firm in Kuala Lumpur and presently has over 30 years of audit and commercial working experience. Before joining CAC, he held a position of finance director based in Liberia, after having spent 9 years in Jakarta and 3 years in Singapore. His expertise encompasses audit, financial reporting, internal control procedures, corporate finance and investment evaluation.

Chief Accountant : Zilya Khasanova
She holds a bachelor degree in accounting and audit from the Karagandy Economical University of Kazpotrebsouz and has worked for 25 years in the cement industry.

Personnel Manager : Irina Poluychik
An economist by qualification. She specializes in human resources matters. She has been with CAC for 32 years.

MANAGEMENT AND STAFF OF KARCEMENT JSC

MANAGEMENT AND STAFF OF CENTRAL ASIA CEMENT JSC

Corporate Governance

Chairman's Statement on Governance

Throughout 2018 the Company continued to engage with stakeholders, ranging from the unions, local authorities, suppliers, to its shareholders. Your Company sees such engagement as critical to the successful future of the Company, to ensure smooth relations and continued understanding of stakeholder interests. The Company's role as the major employer in Aktau is taken into consideration whenever employee issues are being discussed. The three half month bonuses paid by the Company in 2018 were indicative of the Company's desire to remain on the best possible terms with employees and other related stakeholders.

Health and safety is as ever of high importance for the Company and its workforce. The training programme being rolled out, including H&S issues, endeavours to entrench a culture that reduces any potential risks to employees. Within the Company, the Board remains focused on improving the skill sets of the workforce, with an emphasis on training and a broadening of understanding of the key aims and objectives of the Company, to generate a focused and harmonious culture throughout the business. Continued engagement of senior management to pass knowledge on to the broader workforce is seen as of great importance, and is being rolled out across business lines.

The CEO remains the key point of contact with investors, whether by video-conference/ conference call or in person, attending two conferences in Moscow and Prague in 2018, as well as meeting other shareholders and potential investors in London, Paris and Kuala Lumpur. Continued investor dialogue remains of high importance for the Company.

Maintaining oversight of your Company is a principal role of your Board, as well as its sub-committees, and continued progress is being made to enhance such supervisory function.

2018 saw the strengthening of Governance within the Group with the election of several new independent non-executive directors to both Karcement and CAC, whilst the Audit, Nomination and Remuneration Committees expended considerable energy overseeing best practice, rigorous protocols and the implementation of further procedures to enhance supervision and controls within the Company.

We continue to see Key Risks around the level of domestic demand for cement and the domestic cement price, combined with the same issues in the export market especially to Uzbekistan, though these are largely out of the Company's control. Sales strategy remains an important area of focus for the Board as well as senior management, to maximise revenue throughout the year, both in terms of price and volume.

Whilst the Company looks to maximise revenues in bulk export volumes, it is also aware that these may not last into the long term and so is looking to enhance its product offering into the "big bag" and "small bag" market, ramping up capacity to these greater added-value areas. Strategic aims remain to have the most efficient plant possible, and to produce and sell as much cement as the market and environment allow, whilst keeping as tight a lid on costs as possible.

Plant production problems remain a potential risk, though optimisation, thorough breakdown analyses, improved procedures and training have helped curtail unplanned stoppages and breakdowns. Focus has been kept on critical spares to ensure that any unexpected breakdowns or stoppages are as short as possible, while not carrying an unnecessarily large inventory of expensive spares.

In terms of competition, there are new entrants to the market on the horizon, though the Company cannot prevent these operating in an economically irrational fashion.

I am pleased to say that another aim for the Board in 2018 was to ensure as much control of transport for the Company's cement as possible, which was successfully achieved in 2018 with the long term lease of 250 rail wagons (additional to the 952 that the Company owns).

The management has seen a reduction in expatriate employees as a greater number of roles are filled by Kazakh nationals, in line with Company policy, while a reduction in overall headcount has been another target that the Company has successfully met.

Xavier Blutel, Chairman of the Board

Corporate Governance

The Board's role in Corporate Governance

The Board of Directors ("Board") is fully committed and strives to take the necessary measures to uphold the best principles and practices of corporate governance in the Group. Good corporate governance is fundamental to the Group's discharge of its corporate responsibilities and accountability to protect and enhance the financial performance and shareholders' value of the Group. The Board sets the tone by defining and demonstrating the Company's values and standards. The Board recognises that a robust corporate governance framework is essential to effective delivery of the strategy of the Group and ensure the highest standards of integrity.

Chairman's role in Corporate Governance

The Chairman's role is to ensure that the governance structure remains relevant and appropriate, whilst supporting the Group's strategy and culture and ensuring that the Board delivers effective leadership in order to discharge its duties responsibly and effectively to ensure the long-term success of the Group.

Compliance with QCA code

Steppe Cement complies with the latest Quoted Companies Alliance Corporate Governance Code ("QCA") guidelines published in 2018. Nonetheless, Steppe Cement adopts the principal requirements of the UK Combined Code of Corporate Governance (Combined Code), as far as practicable, to ensure high standards of corporate governance.

Steppe Cement is not required to comply with the Combined Code published by the UK Financial Reporting Council. The Combined Code applies to companies listed on the Main Board but not AIM companies.

The QCA has published a set of corporate governance guidelines for as a minimum standard to follow for companies, such as those listed on AIM, which adopt the QCA. The QCA guidelines are less rigorous than the Combined Code and recommendations, examples of which include the following:

- Separation of Chairman and Chief Executive Officer (CEO) roles -both roles should not be performed by the same individual.
- Independent non-executive Directors - at least two independent non-executive Directors, one of whom may be the Chairman.
- Establishment of Audit, Remuneration and Nomination Committees and that Audit and Remuneration Committees should comprise at least two independent non-executive Directors.
- Re-election of Directors - All Directors should be submitted to re-election at regular intervals subject to continued satisfactory performance of the Directors.
- Dialogue with shareholders - there should be a dialogue with shareholders based on mutual understanding of objectives.
- Matters reserved for the Board - there be a formal schedule of matters specifically reserved for the Board's decision.
- Timely information - the Board should be supplied with timely information to discharge its duties.
- Review of internal controls annually. The review should encompass all material controls including financial, operational and compliance controls and risk management systems

The application of the principles of the QCA code by Steppe Cement are published on Steppe Cement's website.

BOARD OF DIRECTORS

The Board's primary objective is to protect and enhance long-term shareholders' value. The Board is responsible for:

- formulating the Group's strategic direction and major policies;
- review performance of the Group and monitor the achievement of management's goals;

- approval of the Group's financial statements, annual report and announcements;
- approval of Group's operational and capital budgets;
- approval of major contracts, capital expenditure, acquisitions and disposals;
- setting the remuneration, appointing, removing and creating succession policies for Directors and senior executives;
- the effectiveness and integrity of the Group's internal control and management information systems; and
- overall corporate governance of the Group.

BOARD PROCESSES

The Board has established a framework for the management of the Group including a system of internal control, risk management practices and the establishment of appropriate ethical standards. The Board holds regular meetings to discuss strategy, operational matters and any extraordinary meetings at such other times as may be necessary to address any specific and significant matters that may arise. The Board has determined that individual Directors have the right qualification and experience to perform their duties and responsibilities as Directors.

BOARD COMPOSITION

At least half of the Board comprises of independent non-executive Directors. The Board composition reflects the balance of skills and expertise to ensure that these are in line with the Group's strategies.

There is a clear segregation of roles of between the Chairman and CEO. The Chairman is responsible for leadership and management of the Board and ensures that it operates effectively and fully discharges its responsibilities. The Board has delegated responsibility for the day-to-day management and operations of the Group in accordance with the objectives and strategies established by the Board to the CEO and the senior management.

Independence

The Non-Executive Directors are responsible for providing independent advice and are considered by the Board to be independent of management and free from any business or relationship that would materially interfere with the exercise of independent judgment as a member. No one individual in the Board has unfettered powers of decision and no Director or group of Directors is able to unduly influence the Board's decision making. This enables the independent Directors to debate and constructively challenge the management on the Group's strategy, financial and operational matters.

Selection and appointment of Directors

The mix of skills, business and industry experience of the Directors is considered to be appropriate for the proper and efficient functioning of the Board. The Board has delegated the functions of selection and appointment of Directors to the Nomination Committee including the annual review of the structure, size, composition and balance of the Board.

Section 87(1) of the Labuan Companies Act provides that every Company shall have at least one director who may be a resident Director. Section 87(2) states that only an officer of a trust company established in Labuan shall act or be appointed as a resident Director. The Company's Articles provide that there shall be at least one and not more than 7 Directors. If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required to supervise adequately the Company is determined within the limitations imposed by the Company's Articles and as circumstances demand.

Performance evaluation

The Board conducts regular evaluation of its performance and the effectiveness of the Board Committees. The performance of the Chairman and individual Directors is continually assessed to ensure that each director continues to contribute effectively and demonstrates commitment to the role.

Re-election of Directors

Every year, the Directors offer themselves for re-election and their re-election is subject to the shareholders approval at the Company's Annual General Meeting.

Remuneration policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board has delegated the setting of broad remuneration policy to the Remuneration Committee. The purpose of the policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

Independence advice and insurance

The Board may seek independent consultant's advice at the Company's expense in relation to Director's rights and duties and the engagement is subject to prior approval of the Chairman and this will not be withheld unreasonably. The Company maintains a Directors' and Officers' Liability Insurance policy that provides appropriate cover in respect of legal action brought against its Directors.

BOARD COMMITTEES

The Board has established the Nomination Committee, the Remuneration Committee and the Audit Committee and delegated certain functions to these committees as set out in each Committee's Terms of Reference.

Board Meetings

During the year ended 31 December 2018, 5 board meetings were held. The following is the attendance record of the directors:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Xavier Blutel (Non-Executive Chairman)	5	4	4	4
Javier Del Ser Perez (Chief Executive Officer)	5	N/A	N/A	4
Rupert Wood (Non-Executive Director)	5	4	4	4

Committee meetings are held concurrently with the board meetings.

Nomination Committee

The Committee comprises of majority independent Non-Executive Directors. The Terms of Reference of the Nomination Committee was approved by the Board. The Nomination Committee meets at least once a year.

The Nomination Committee's members comprises:

1. Rupert Wood (Chairman)
2. Javier Del Ser Perez
3. Xavier Blutel

The principal objectives of the Committee are to review that the Board structure, size, composition and the mix of skills and expertise to ensure that these are in line with the Group's strategies and to recommend to the Board the potential candidates for directorship. The selection criteria for selection and recruitment of the potential candidates for directorship shall include qualifications of the individual, experience, knowledge and achievements, credibility and background and ability of the candidates to contribute effectively to the Board and Group.

The functions of the Nomination Committee include:

- Review annually the structure, size and composition of the Board taking into account the Group's strategies;
- Identify and nominate the potential candidates to the Board for approval;
- Monitor the appointment process of Directors;
- Recommend to the Board for approval on the re-appointment of Directors;
- Oversee the succession planning of Directors taking into consideration of the Group's strategies;
- Report and make recommendations to the Board on the Committee's activities; and
- Review and update the Terms of Reference at least once a year.

Remuneration Committee

The Remuneration Committee comprises entirely of independent Non-Executive Directors. The functions of the Remuneration Committee are governed by the Terms of Reference which was approved by the Board. The Remuneration Committee meets at least twice (2) a year. The principal objectives of the Committee are to ensure that the broad remuneration policy and practices of the Group reflect the level of responsibilities, performance, relevant legal requirements and high standards of governance. In determining such policy, the Committee shall ensure that remuneration levels are appropriately and competitively set to attract, retain and motivate people of the highest quality.

The functions of the Remuneration Committee include:

- Determine and review the broad remuneration policy of the Chairman, CEO, Executive Directors and senior executives;
- Review the contracts for the Chairman, CEO, Executive Directors and the contractual terms;
- Obtain information on the remuneration of other listed companies of similar size and industry;
- Report and make recommendations to the Board on the Committee's activities; and
- Review and update the Terms of Reference every two (2) years, or more frequently as required to ensure its ongoing relevance and effectiveness.

The Remuneration Committee's members comprises:

1. Xavier Blutel (Chairman)
2. Rupert Wood

Audit Committee

The Audit Committee comprises entirely of independent Non-Executive Directors. The functions of the Audit Committee are governed by the Terms of Reference which was approved by the Board. The Audit Committee meets at least three times (3) a year.

The principal objectives of the Committee are to monitor and review the adequacy, integrity and compliance of the Group's financial reporting and policies, internal controls system and procedures including risk management, and compliance and the external audit process. The Committee shall make the necessary recommendations to the Board to achieve its objectives.

The functions of the Audit Committee include:

- Review the Group's financial statements, regulatory announcements relating to the Group's results;
- Review the Group's significant accounting policies and practices;
- Review compliance with international financial reporting standards, regulatory and other legal requirements;
- Review and advise the Board on the appointment, nomination and re-appointment of the external auditors;
- Oversee the relationship with the external auditors, including the engagement of auditors, the audit scope, plan, remuneration and objectivity;
- Evaluate and monitor the adequacy and effectiveness of the internal controls system and procedures including risk management and compliance;
- Monitor and review the performance and effectiveness of the internal audit function;
- Report and make recommendations to the Board on the Committee's activities; and
- Review and update the Terms of Reference at least once a year and recommend any changes to the Board for approval.

The Audit Committee's members comprises:

1. Rupert Wood (Chairman)
2. Xavier Blutel

BUSINESS CONDUCT AND ETHICS

In the course of business, the Board acknowledges the need to maintain high standards of business and ethical conduct by all Directors, management and employees of the Group. In this respect, the Group has the responsibility to observe local laws, customs and culture of each country in which it operates in particular Kazakhstan and to adopt the high standards of business practice, procedure and integrity. All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Conflict of interest

All Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists for a Director on a board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

INVESTOR RELATIONS

The Board recognises and values the importance of managing its relationship with the investing community. The Board is committed and communicates regularly with shareholders on the Group's strategy, financial performance, developments and prospects via issuance of annual and interim financial statements to shareholders, stock exchange announcements and in meetings. The Group's management meets regularly with fund managers, analysts and shareholders to convey information about the development of the Group's performance and operations in Kazakhstan.

Annual General Meeting

The Annual General Meeting ("AGM") provides the main forum and opportunity for discussion and interaction between the Board and the shareholders. The Board encourages the active participation of shareholders, both individuals and institutional at the AGM on important and relevant matters. The results of the AGM are announced via Regulatory News Service to the public after the AGM.

INTERNAL CONTROL

The Board places importance on the maintenance of a strong internal control system in the Group, including compliance and risk management practices to ensure good corporate governance. The Board regularly evaluates and monitors the effectiveness of the internal control system.

Purpose

The Group's internal control system is designed to safeguard the Group's assets and enhance the shareholders investments. The Group's internal control system is designed to manage rather than fully eliminate the risk of failure to achieve business objectives. Therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

Key elements

The key elements of the Group's internal control system are:

- Control - an organisational structure is in place with clearly defined levels of responsibility and authority together with appropriate reporting procedures, particularly with respect to financial information and capital expenditure.

- Financial Reporting and Budgeting - A financial reporting and budgeting system with an annual budget approved by the Directors has been established to monitor the performance of the subsidiaries. The management evaluates the actual against budget to identify and explain the causes of the significant variances for appropriate action. The budgets are revised regularly taking into account internal and external variables such as performance, costs, capital expenditure requirements, macro outlook and other relevant factors.

- Risk Management and Compliance - Risk management and compliance policies, controls and practices are in place for the Group to identify, assess, manage and monitor key business risks and exposure and for evaluation of their financial impact and other implications.

Monitoring and review mechanism

The Audit Committee is tasked to monitor and review the adequacy and effectiveness of the internal control system and procedures including risk management and compliance. The Group's internal audit function is responsible for conducting internal audits based on the risk-based audit plan approved annually by the Audit Committee. The internal audit function provides regular reports to the Audit Committee highlighting the observations, recommendations and management action to improve the internal control system. The scope of work, authority and resources of the internal audit function are reviewed by the Audit Committee annually. The Audit Committee also deliberates on control issues highlighted by the external auditors during the course of statutory audits.

Corporate Governance

Nomination Committee Report 2018

Dear Shareholder,

Over the course of 2018 the Committee met four times in person and worked on several projects to streamline governance and reduce costs in your company. The Committee held reviews of the Boards of two subsidiary companies and elected to appoint two more independent non-executive directors to each of these subsidiaries, which will improve governance of these subsidiary companies, whilst also having the benefit of reducing costs incurred from the previous requirement to use international lawyers for certain authorisations. These are now signed off by the Independent Directors of the subsidiaries.

The end of 2018 also saw the retirement from full time engagement of the General Manager, Gan Chee Leong, after many years of service. The Committee and Board thanks him for his long years of dedication, but have been fortunate enough to retain his engagement on a part time basis in Kuala Lumpur, to work with Head Office, the CEO, and to assist with any shareholder issues that may arise. Gan will continue to visit the factory periodically to consult with successor management and offer the wisdom gleaned from his veteran service. The Committee approved this transition and will oversee the smooth operation of this agreement.

The Committee was pleased with the smooth management transition in 2018 and the way in which senior management have stepped up into bigger roles, and continues to monitor management composition and performance, as well as that of the Board itself.

2019 has seen an approach to strengthen the HR function, by retaining a consultant to advise on internal process and structure and to assist with the recruitment requirements of the Board and Company.

Yours faithfully

Rupert Wood, Nomination Committee Chairman

Audit Committee Report 2018

Dear Shareholder,

The Audit Committee has had an active year working to ensure your Company's operational, financial, compliance and audit health continues to go from strength to strength, reviewing procedures and protocols to ensure Best Practice wherever possible.

The Audit Committee, a subset of the Board, consisting of the Chairman and Xavier Blutel, formally met four times in person throughout 2018, as well as several further times by telephone or conference call. Most occasions of Committee Meetings were based around Board Meetings, for logistical purposes and in order for access to management, at the time of Board Meetings held twice yearly in Aktau. The Committee aims to advise and challenge the Management of your Company to the best of its ability, and to advise the board on its recommendations to strengthen governance, controls and oversight.

We have been pleased to witness the strong performance of your Company financially, with 2018 seeing a 1p dividend paid in respect of 2017 over last summer. The Committee, alongside the Board, monitors and evaluates the company's financial strength and performance on an ongoing basis. This involves comfort with prudent leverage ratios, monitoring the cashflow situation, whilst monitoring risks both short term as well as medium to long-term to mitigate these potential scenarios, - and to optimise any such opportunity that these situations can present.

The Audit Committee increased the time dedicated to committee business over 2018, and continues to work with the Board to ensure Best Practice in your Company.

Yours faithfully

Rupert Wood, Audit Committee Chairman

External Audit Process

As part of its oversight remit, the Audit Committee held several conference call meetings with the Auditors to approve the Auditor and set fees, set the terms of the Audit and approve the Audit Plan, to monitor its progress and discuss any issues arising from the Audit process. The Audit Committee is satisfied that the Auditor does not have a conflict of interest, and it does not presently provide any other consulting services to the Company which might influence its opinion. It also discussed the Management Letter following the 2017 Audit with the Auditors, and followed up to ensure that all items raised had been resolved and closed off between the Auditor and the Company.

Risk Management

The area of risk management is one that is managed by senior management of the Company, business heads with the Board and Audit Committee overseeing this work. This is an area that is under constant monitoring and revision to ensure that the Company is as prepared as it can be for a range of eventualities. In the view of the Audit Committee and Board, the overall risk level has not materially changed over the course of 2018, but we remain ever vigilant for signs of change.

A risk register is in the process of design in 2019 to ensure a more formal framework for this assessment and monitoring programme.

Financial Oversight

Throughout the year the Committee, with the Board, oversaw and reviewed all material announcements by the Company to shareholders via RNS announcements on AIM, annual and interim reports, and of the AGM.

Audit Committee Report 2018

The Committee, alongside the Board itself, spends a considerable amount of time at each Board meeting, as well as in intervening periods, reviewing the company's financial situation, discussing this with the management and CEO of the company.

The Committee reviewed the changes to IFRS 9 and IFRS 15 from January 2018, and established that any changes to the company's accounts arising from these changes should be minor or not material, concurring with the Finance Department and the external Auditor.

Going forward however, IFRS 16, relating to the difference in treatment for financial versus operating leases, may have some impact, though in the Committee's opinion, such impact should be minor in scope.

Internal Audit

The Audit Committee has dedicated an increasing amount of time to ensure proper follow up of issues arising from meetings and areas seen as requiring further examination or attention. This has including examining the need for a strengthened internal audit function, where the Audit Committee has recommended to the Board the recruitment of a Head of Internal Audit.

The Committee meets with senior management in Kazakhstan at least twice a year, from sales, operations, maintenance, HR, legal, and finance. Internal Audit is presently devolved within departments of the company, with areas of focus in constant review, and with ad hoc investigation when required. The Audit Committee also liaises closely with the Company Secretary on issues between Group Companies, including tax and accounting.

Over 2018, several areas caught the notice of the Audit Committee, and indeed the Board, and received the benefit of further inspection from Internal Audit and the Committee to review and enhance oversight.

Such areas included:

- stock reconciliation between estimated output and assessed inventory, to ensure this was performed far more frequently and communicated more widely, including to the Audit Committee;

- truck loading, where oversight of the loading area has been enhanced, tightening controls regarding access to the loading area, the weighbridge and control room, the size of trucks entering the factory, random checks of loaded vehicles and introducing more CCTV and automated weighing systems, whilst implementing a company wide card access programme for the entire factory site;

- all wagons going forward will be automatically tracked;

- procurement procedures now include a double sign off requirement to make any fraudulent purchasing or fake invoicing far harder;

- and critical spares, where the operations and maintenance management now regularly review their wish list and their critical list, and circulate this to the Audit Committee and Board to ensure that any stoppage time due to broken equipment is kept to an absolute minimum, whilst not carrying redundant inventory of expensive, non-critical spare parts.

The Audit Committee remains vigilant for any signs of suspected fraud, theft or malfeasance, and will continue to improve internal controls throughout 2018 to mitigate such risks. Financial controls, cross checks and reconciliations will continue to be honed going forward.

New QCA Code of Governance

Compliance with legal and regulatory requirements is a key role of the Committee, which oversaw the implementation and adoption of the updated requirements from the QCA Code of Governance, adhering to its principle of comply or explain. The Company has complied with these strictures and the Committee remains alert to ensuring that the Board and the Company maintain this stance. The Chairman of your Committee pays keen attention to corporate governance developments and dedicates time to remaining abreast of the evolving corporate governance environment, attending courses and seeking peer-group insights.

Health and Safety

The Committee regularly reviewed the latest updates on Health and Safety throughout the year, with ongoing training of staff a key component being a focus for the Company. The Company has maintained a laudable record in Health and Safety, though there were incidents recorded with contractors. The ongoing wellbeing of the Company's workforce remains a key objective for the Company.

Membership of Audit Committee

Rupert Wood Committee Chairman, since October 2017

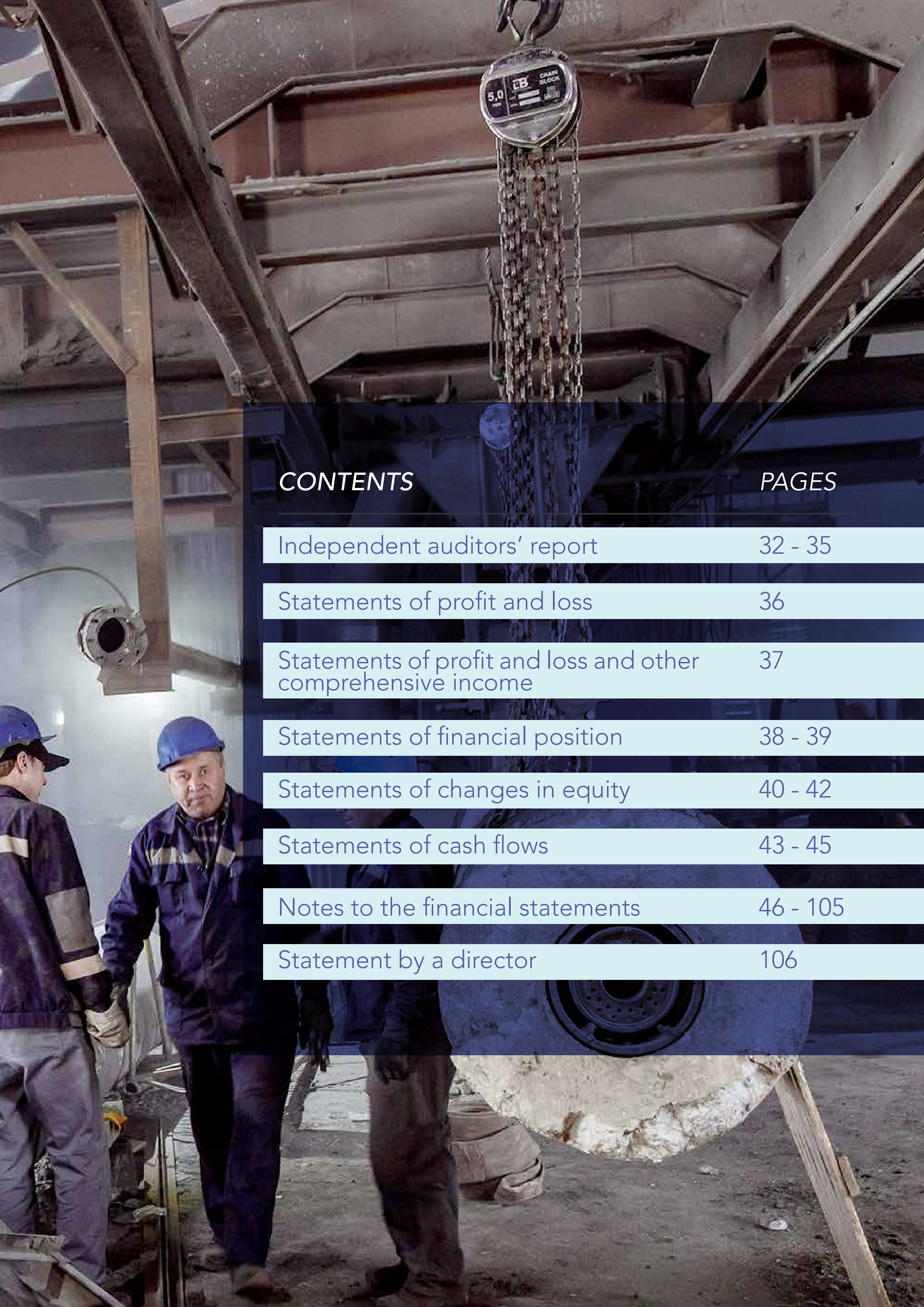
Xavier Blutel Member since June 2015

All members of the Audit Committee re independent, non-executive directors, with backgrounds in relevant areas for Committee purposes (see Biographies and Skill Sets section), both deep and broad experience in the cement industry and plant management as well as relevant financial experience and understanding.

Role and Responsibilities of the Audit Committee

The roles and responsibilites are described in the Audit Committee section of the Corporate Governance framework.


FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(In United States Dollar)



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INDEPENDENT AUDITORS' REPORT

REPORT TO THE MEMBERS OF STEPPE CEMENT LTD
(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of STEPPE CEMENT LTD (the "Company"), which comprise the statements of financial position of the Company and its subsidiary companies (the "Group") and of the Company as of 31 December 2018, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the requirements of the Labuan Companies Act, 1990 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<u>Impairment of property, plant and equipment</u> The carrying value of property, plant and equipment amounted to USD54.6million, representing 67% of the total assets as of 31 December 2018. During the current financial year, the directors considered the Group's historical performance for three consecutive financial periods as well as the Group's current performance and market outlook of the industry. Consequently, an impairment assessment was performed to determine the recoverable amount of the Group's property, plant and equipment. The recoverable amount determined by the directors based on a value-in-use model includes key assumptions that are judgemental in nature specifically in relation to the forecast cash flows, future sales volume, discount rates and the growth rates applied. No impairment was recorded during the current financial year as the recoverable amounts of the property, plant and equipment calculated by the directors were in excess of their carrying values as of 31 December 2018. Significant judgements and inputs used in the value-in-use model are disclosed in Note 10 to the financial statements.	We discussed with management the future plans of the manufacturing entities and economic outlook in the coming years. Our audit procedures included physically sighting the property, plant and equipment to assess whether they are operating and in a good condition. We considered the appropriateness of the key assumptions used in the value in use model approved by the management, including those related to forecast and to project future cash flows, future sales volume, discount rates and growth rates applied. In performing our audit procedures, we validated the mathematical accuracy of the forecasts and projections and evaluated the pricing and volumes used in management's considerations taking into account the cement market outlook in Kazakhstan. In addition, sensitivity analysis was performed on the key assumptions to assess the potential impact of a range of possible outcome on the impairment assessment. We reviewed historical financial performance of the subsidiary companies involved in the production and sale of cement and compared with previous forecasts to evaluate the accuracy of management's budgeting process.

There was no key audit matter identified for the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

LIM KENG PEO
Partner - 2939/01/2020 J
Chartered Accountant

Labuan
10 May 2019

STATEMENTS OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
	Note	2018 USD	2017 USD	2018 USD	2017 USD
Revenue	4	82,184,670	65,855,137	8,912,843	3,535,005
Cost of sales		(46,871,195)	(45,211,517)	-	-
Gross profit		35,313,475	20,643,620	8,912,843	3,535,005
Selling expenses		(15,612,203)	(11,819,521)	-	-
General and administrative expenses		(6,226,994)	(5,245,588)	(300,517)	(270,136)
Interest income		42,649	61,449	458	39
Finance costs	5	(1,637,834)	(2,236,516)	-	-
Net foreign exchange (loss)/gain	6	(1,786,724)	(205,610)	26,141	(81,355)
Other income, net		576,570	736,727	(4,855)	-
Profit before income tax	7	10,668,939	1,934,561	8,634,070	3,183,553
Income tax expense	8	(1,744,486)	(703,091)	-	(4,941)
Profit for the year		8,924,453	1,231,470	8,634,070	3,178,612
Attributable to:					
Shareholders of the Company		8,924,453	1,231,470	8,634,070	3,178,612
Earnings per share:					
Basic and diluted (cents)	9	4.1	0.6		

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

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Profit for the year	8,924,453	1,231,470	8,634,070	3,178,612
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations	(9,525,368)	244,646	-	-
Total other comprehensive (loss)/income	(9,525,368)	244,646	-	-
Total comprehensive (loss)/income for the year	(600,915)	1,476,116	8,634,070	3,178,612
Attributable to:				
Shareholders of the Company	(600,915)	1,476,116	8,634,070	3,178,612

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

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
	Note	2018	2017	2018	2017
		USD	USD	USD	USD
Assets					
Non-Current Assets					
Property, plant and equipment	10	54,611,723	67,358,584	-	-
Investment in subsidiary companies	11	-	-	26,500,001	26,500,001
Loans to subsidiary company	25	-	-	30,170,000	-
Advances	15	191,242	508,555	-	-
Other assets	12	2,203,459	1,247,835	-	-
Total Non-Current Assets		57,006,424	69,114,974	56,670,001	26,500,001
Current Assets					
Inventories	13	13,381,295	13,013,642	-	-
Trade and other receivables	14	3,500,468	3,101,667	8,883,956	3,435,005
Income tax recoverable		175,336	127,208	-	-
Loans and advances to subsidiary companies	25	-	-	9,634,325	39,605,291
Advances and prepaid expenses	15	2,312,534	3,477,179	6,704	6,579
Cash and cash equivalents	16	5,719,491	3,045,336	23,570	12,985
Total Current Assets		25,089,124	22,765,032	18,548,555	43,059,860
Total Assets		82,095,548	91,880,006	75,218,556	69,559,861

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
	Note	2018 USD	2017 USD	2018 USD	2017 USD
Equity and Liabilities					
Capital and Reserves					
Share capital	17	73,760,924	73,760,924	73,760,924	73,760,924
Revaluation reserve	18	2,349,282	2,680,003	-	-
Translation reserve	18	(116,266,492)	(106,741,124)	-	-
Retained earnings/ (Accumulated losses)	18	96,112,997	89,817,170	399,237	(5,275,486)
Total Equity		55,956,711	59,516,973	74,160,161	68,485,438
Non-Current Liabilities					
Borrowings	19	6,606,910	9,834,719	-	-
Deferred taxes	20	2,054,758	637,777	-	-
Deferred income	21	1,629,508	1,519,487	-	-
Provision for site restoration		65,354	66,861	-	-
Total Non-Current Liabilities		10,356,530	12,058,844	-	-
Current Liabilities					
Trade and other payables	22	6,614,604	7,684,371	-	-
Accrued and other liabilities	23	2,682,569	2,229,254	1,058,395	1,069,482
Borrowings	19	5,217,009	10,194,584	-	-
Taxes payable	24	1,268,125	195,980	-	4,941
Total Current Liabilities		15,782,307	20,304,189	1,058,395	1,074,423
Total Liabilities		26,138,837	32,363,033	1,058,395	1,074,423
Total Equity and Liabilities		82,095,548	91,880,006	75,218,556	69,559,861

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

		Non-distributable		Distributable	
The Group	**Share capital**	**Revaluation reserve**	**Translation reserve**	**Retained earnings**	**Net***
	USD	**USD**	**USD**	**USD**	**USD**
As of 1 January 2018	73,760,924	2,680,003	(106,741,124)	89,817,170	59,516,973
Profit for the year	-	-	-	8,924,453	8,924,453
Other comprehensive loss	-	-	(9,525,368)	-	(9,525,368)
Total comprehensive (loss)/income for the year	-	-	(9,525,368)	8,924,453	(600,915)
Other transactions impacting equity:					
Dividends paid (Note 18)	-	-	-	(2,959,347)	(2,959,347)
Transfer of revaluation reserve relating to property, plant and equipment through use	-	(330,721)	-	330,721	-
As of 31 December 2018	73,760,924	2,349,282	(116,266,492)	96,112,997	55,956,711

*Attributable to the shareholders of the Company

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

The Group	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Net*
	Non-distributable			Distributable	
	USD	USD	USD	USD	USD
As of 1 January 2017	73,760,924	3,062,343	(106,985,770)	88,203,360	58,040,857
Profit for the year	-	-	-	1,231,470	1,231,470
Other comprehensive income	-	-	244,646	-	244,646
Total comprehensive income for the year	-	-	244,646	1,231,470	1,476,116
Other transactions impacting equity:					
Transfer of revaluation reserve relating to property, plant and equipment through use	-	(382,340)	-	382,340	-
As of 31 December 2017	73,760,924	2,680,003	(106,741,124)	89,817,170	59,516,973

*Attributable to the shareholders of the Company

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

The Company	Share Capital USD	Distributable (Accumulated losses)/ Retained earnings USD	Total USD
As of 1 January 2018	73,760,924	(5,275,486)	68,485,438
Total comprehensive income for the year	-	8,634,070	8,634,070
Dividends paid	-	(2,959,347)	(2,959,347)
As of 31 December 2018	73,760,924	399,237	74,160,161
As of 1 January 2017	73,760,924	(8,454,098)	65,306,826
Total comprehensive income for the year	-	3,178,612	3,178,612
As of 31 December 2017	73,760,924	(5,275,486)	68,485,438

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	USD	**USD**	**USD**	**USD**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before income tax	10,668,939	1,934,561	8,634,070	3,183,553
Adjustments for:				
Depreciation of property, plant and equipment	7,272,439	7,265,935	-	-
Amortisation of quarry stripping costs	4,654	30,398	-	-
Amortisation of site restoration costs	1,566	1,656	-	-
Dividend income	-	-	(8,389,233)	(3,435,005)
Reversal of dividend accrued	-	-	4,855	-
Loss on disposal of property, plant and equipment	30,925	72,728	-	-
Interest income	(42,649)	(61,449)	(524,068)	-
Finance costs	1,637,834	2,236,516	-	-
Net foreign exchange loss/ (gain)	1,786,724	205,610	(50,676)	79,897
Provision for obsolete inventories	46,562	33,175	-	-
Credit loss allowance for doubtful receivables	168,365	25,532	-	-
Allowance for advances paid to third parties	139,979	43,782	-	-
Reversal of provision for obsolete inventories	(346,533)	(356,280)	-	-
Deferred income	(41,192)	(49,096)	-	-
Reversal of doubtful receivables	-	(138)	-	-
Write-off of inventories	-	46,820	-	-

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
	21,327,613	11,429,750	(325,052)	(171,555)
Movement in working capital:				
Decrease/(Increase) in:				
Inventories	(2,304,350)	2,606,085	-	-
Trade and other receivables	(2,434,470)	430,552	(125)	-
Loans and advances to subsidiary companies	-	-	(199,034)	104,828
Advances and prepaid expenses	-	(2,682,456)	-	2,549
Increase/(Decrease) in:				
Trade and other payables	(161,809)	(140,863)	-	-
Accrued and other liabilities	2,244,060	570,636	39,589	3,527
Cash Generated From/(Used In) Operations	18,671,044	12,213,704	(484,622)	(60,651)
Income tax paid	(151,305)	-	(4,941)	-
Net Cash From/(Used In) Operating Activities	18,519,739	12,213,704	(489,563)	(60,651)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,138,098)	(2,104,293)	-	-
Purchase of other assets	(25,621)	(68,273)	-	-
Proceeds from disposal of property, plant and equipment	-	476,689	-	-
Dividends received from subsidiary	-	-	3,430,150	-
Interest received	42,649	61,449	29,345	-
Net Cash (Used In)/From Investing Activities	(3,121,070)	(1,634,428)	3,459,495	-

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Redemption of bonds (Note 19)	-	(4,483,495)	-	-
Proceeds from borrowings (Note 19)	9,363,949	18,201,873	-	-
Repayment of borrowings (Note 19)	(16,732,905)	(20,045,342)	-	-
Dividends paid	(2,959,347)	-	(2,959,347)	-
Interest paid	(1,650,182)	(2,235,965)	-	-
Net Cash Used In Financing Activities	(11,978,485)	(8,562,929)	(2,959,347)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,420,184	2,016,347	10,585	(60,651)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(746,029)	5,784	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,045,336	1,023,205	12,985	73,636
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)	5,719,491	3,045,336	23,570	12,985

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

1. GENERAL INFORMATION

Steppe Cement Ltd (the "Company") is a limited liability company incorporated in Malaysia. The Company's registered office is Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The Group comprises the Company and the subsidiary companies (collectively the "Group") that are disclosed in Note 11.

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

The Company's principal activity is investment holding. The Company's operating subsidiary companies are principally engaged in the production and sale of cement. The principal activities of the subsidiary companies are disclosed in Note 11.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 10 May 2019.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Application of new and amendments to International Financial Reporting Standards (IFRS)

New and amendments to IFRS that are mandatorily effective for the current year

In the current year, the Group and the Company have applied a number of new and amendments to IFRS issued by IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRSs	Annual Improvements to IFRSs 2014 - 2016 Cycle
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The application of these new and amendments to IFRS did not result in significant changes in the accounting policies of the Group and of the Company and have no material impact on the disclosures in the financial statements of the Group and of the Company, except for the application of IFRS 9 and IFRS 15 as described below.

IFRS 9 Financial Instruments

In the current year, the Group and the Company applied IFRS 9 Financial Instruments. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; and 2) impairment for financial assets.

Details of these new requirements as well as their impact on the Group's and the Company's financial statements are described below.

Classification and measurement of financial assets and financial liabilities
All recognised financial assets are to be subsequently measured at amortised cost or at fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at their fair values.

The directors of the Company reviewed and assessed the Group's and the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. The Group and the Company intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding and concluded that upon initial application of IFRS 9, the financial assets held by the Group and the Company as of 31 December 2017 will continue to be measured at amortised cost.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities except for measurement of financial liabilities designated as at fair value through profit or loss in which IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk being presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. The Group's and the Company's assessment did not reveal any changes in classification of financial liabilities as of 1 January 2018. The Group's and the Company's financial liabilities, previously classified as other financial liabilities will be reclassified to amortised cost.

Impairment of financial assets
IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The expected credit loss model requires the Group and the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 requires the Group and the Company to measure the loss allowance for applicable financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group and the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

As at 1 January 2018, the Group and the Company reviewed and assessed existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 1 January 2018. The Group and the Company measure the ECL on other receivables, advances and cash and bank balances at an amount equal to:

- 12-months ECL
  For a financial asset for which there is no significant increase in credit risk since initial recognition such as other receivables, the Group and the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

- Lifetime ECL
  For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

The Group and the Company apply the simplified approach to measure the ECL of trade receivables. The simplified approach requires a lifetime ECL to be recognised from initial recognition. The Group and the Company applied IFRS 9 in accordance with the transitional provisions set out in IFRS 9 for modified retrospective application from 1 January 2018 onwards with no restatements made to the comparative values.

<u>IFRS 15 Revenue from Contracts with Customers</u>
In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers. IFRS 15 supersedes the revenue recognition guidance under IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 introduces a 5-step approach to revenue recognition and requires an entity to recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group's and the Company's accounting policies for its revenue streams are disclosed in detail in Note 3. The Group applied the modified retrospective approach and apart from providing more extensive disclosures on the Group's and the Company's revenue transactions, the application of IFRS 15 has not had a material financial impact on the financial position and/or financial performance of the Group and of the Company. There are no changes to the amounts reported in the Company's statement of financial position as of 1 January 2018 arising from the application of IFRS 15.

New and amendments to IFRS and IFRIC Interpretation in issue but not yet effective

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRS	Conceptual Framework for Financial Reporting[2]
IFRIC 23	Uncertainty Over Income Tax Treatments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IAS 1 and IAS 18	Definition of Material[2]
Amendments to IFRS 3	Definition of Business[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2015 - 2017 Cycle[1]

1. Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
3. Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The directors anticipate that the abovementioned new and amendments to IFRSs and IFRIC Interpretation will be adopted in the financial statements of the Group and of the Company when they become effective and that the adoption of these new and amendments to IFRS will have no material impact on the financial statements of the Group and of the Company except for the application of IFRS 16 which may have impact on the disclosure as described below.

IFRS 16 Leases

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors will continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

When IFRS 16 becomes effective, the Group and the Company will elect to adopt the modified retrospective approach when applying IFRS 16 to lease commitments on January 1, 2019 and elects to adjust the opening balance of retained earnings for any financial impact, if any.

The directors of the Group and the Company are still in the process of finalising the outcome of the effect of adoption of IFRS 16 on the Group's and the Company's financial statements. Preliminary assessment indicates that the Group will recognise the right of use asset of USD9,498,160 and a corresponding lease liability of USD8,087,598. The impact on profit or loss for the year ended 31 December 2018 is to decrease expenses by USD2,952,259, to increase depreciation charges by USD2,116,089 and to increase finance costs by USD1,382,969.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

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

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

The principal accounting policies are set out below.

Basis of Consolidation

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

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

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Changes in the Group's ownership interests in existing subsidiary companies

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are accounted for as equity transactions. The carrying amounts of the Group's interests are adjusted to reflect the changes in their relative interests in the subsidiary companies.

When the Group loses control of a subsidiary company, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company. All amounts previously recognised in other comprehensive income in relation to that subsidiary company are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue

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

Sale of cement
On transition to IFRS 15 Revenue from Contract with Customers with effect from 1 January 2018, The Group applied the modified retrospective approach without restatements to the comparative periods relating to adoption of IFRS 15 and there are no cumulative effect on application of IFRS 15 as of the date of initial application.

Revenue is recognised at a point in time when control of the promised goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customer has full ownership of the goods and bears the risks of loss and damage in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately for customers without credit terms granted.

Transmission and distribution of electricity
Revenue is recognised upon delivery of electricity to the customers.

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

Management fee income
Management fee is recognised on a straight-line basis over the period of the agreement as the services are provided.

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

Government Grants

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

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

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

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

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements of the Group, the results and financial position of each entity are expressed in United States Dollars ("USD"), which is the functional currency of the Company, and the presentation currency for the financial statements of the Group and of the Company. The functional currency of the principal subsidiary companies, Karcement JSC and Central Asia Cement JSC ("CAC JSC"), is the Kazakhstan Tenge ("KZT").

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary item and on the retranslation of monetary items are included in the statement of profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of profit or loss for the year except for differences arising on the retranslation of non-monetary item in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

Goodwill (if any) and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

	2018	2017
	USD	USD
1 Sterling Pound ("GBP")	1.2769	1.3513
1 Euro ("EUR")	1.1467	1.2005
1 Ringgit Malaysia ("MYR")	0.2418	0.2471
1 Russian Ruble ("RUB")	0.0026	0.0173
	KZT	KZT
1 USD	384.20	332.33

Retirement Benefit Costs

In accordance with the requirements of the legislation of the country in which the Group operates, the Group withholds amounts of pension contributions (a defined contribution plan) equivalent to 10% of each employee's wage, but not more than USD615 per month per employee (2017: USD552) from employee salaries and pays them to the state pension fund. In addition, such pension system provides for calculation of current payments by the employer as a percentage of current total disbursements to staff. Such expenses are charged to statements of profit or loss in the period the related salaries are earned. Upon retirement, all retirement benefit payments are made by pension funds selected by the employees. The Group does not have any pension arrangements separate from the state pension system of the countries where its subsidiary companies operate. In addition, the Group has no post-retirement benefits or other significant compensation benefits requiring accrual.

Taxation

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

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

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

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

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

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

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

Property, Plant and Equipment

Property, plant and equipment except for land and buildings and construction in progress

Property, plant and equipment except for land and buildings are carried at historical cost less accumulated depreciation and any recognised impairment loss. The initial cost of property, plant and equipment consists of its purchase price, including import duties, taxes and any directly attributable cost to bring the property, plant and equipment to its working condition and location for its intended use.

Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at their revalued amounts in the statement of financial position, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on revaluation of such land and buildings is recognised in other comprehensive income and revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of profit or loss, in which case, the increase is credited to the statement of profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation of such land and buildings is recognised in the statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Revaluation surplus is transferred directly to retained earnings as and when the revalued asset is used by the Group. The amount of the surplus transferred is calculated as the difference between depreciation calculated based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Construction in Progress

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

Depreciation

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

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

Freehold land and land improvement are not depreciated.

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

Buildings	25 years
Machinery and equipment	14 years
Railway wagons	20 years
Stand-by equipment, major spare parts and other assets	5 - 10 years

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

Derecognition

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

Mining assets

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

(i) Quarry stripping costs

The cost of removal of the overburden from the quarry is deferred until the commencement of physical extraction of limestone from the site. Such costs are amortised over the expected life of the quarry from the date of commencement of extraction.

(ii) Site restoration costs

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

Impairment of tangible assets

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

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Equity

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

Contingent Liabilities

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote.

Financial Instruments

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

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

Financial Assets under IFRS 9 with effect from 1 January 2018
All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirely at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

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

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

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

Amortised cost and effective interest method

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

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

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

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

(ii) Impairment of financial assets

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

The Group and the Company always recognise lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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

Significant increase in credit risk

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

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

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

Measurement and recognition of expected credit losses

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

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

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

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

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

(iii) Financial liabilities at amortised costs

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

Financial Assets under IAS 39

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, short-term investments, trade and other receivables and loans and advances to subsidiary companies) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

The Group does not have financial assets designated as at FVTPL, held-to-maturity investments or AFS financial assets.

(i) Loans and receivables

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with initial maturity period of up to three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. When cash and cash equivalents are restricted from use, they are disclosed in the notes to the financial statements.

Short-term investments represent fixed short-term deposits in banks with original maturity of more than three months.

Trade and other receivables are recognised and carried at fair value upon initial recognition. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method, less impairment.

(ii) Impairment of Financial Assets

The Group provides an allowance for impairment of financial assets when there is an objective evidence of impairment of a financial asset. Financial assets are assessed on individual basis. The allowance for impairment of financial assets represents a difference between the carrying value of the assets and present value of estimated future cash inflows, discounted using the original effective interest rate on the financial instrument, which is reflected at amortised value. If in a subsequent period the value of the financial asset increases, and such an increase can be objectively connected with an event which happen after recognition of the impairment then the previously recognised impairment loss is reversed with an adjustment of the allowance account.

The changes in impairment allowances are charged to the statement of profit or loss and the assets are reduced by the amount of the impairment allowances. The factors evaluated in determining whether the evidence of impairment is objective includes information on liquidity of borrowers, solvency and exposure to financial risks, insolvency trends regarding similar financial assets, general economic condition and fair value of security and guarantees.

(iii) Financial Liabilities and Equity Instruments Issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Other financial liabilities (including accrued and other financial liabilities, borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group does not have financial liabilities designated as FVTPL.

(iv) Offset of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and recorded on a net basis in the statement of financial position when the Group is legally entitled to offset certain amounts and the Group intends to either record on a net basis or receive assets and offset liabilities simultaneously.

(v) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

Borrowing Costs

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

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

Statements of Cash Flows

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

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

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Revaluation of Property, Plant and Equipment

As stated in Note 10, land and buildings of the Group are measured at fair value at the date of revaluation less accumulated depreciation and impairment losses recognised. The carrying amount of the land and buildings was determined by professional valuers on 31 August 2015. Valuation techniques used by the professional valuers are subjective and involve the use of professional judgement in the estimation of, amongst others, the Group's future cash flows from operations and appropriate discount factors and in the application of relevant market information.

As of 31 December 2018, the directors consider that the carrying amount of the land and buildings is reflective of the fair values of these assets.

Impairment of Property, Plant and Equipment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is determined based on a large number of factors, such as expected growth in the industry, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate an impairment exists. The recoverable amount and the fair value are typically determined using a discounted cash flow method which incorporates reasonable market participant assumptions. The identification of impairment indicators, the estimation of future cash flows and the determination of fair values for assets (or group of assets) requires management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values. The determination of the recoverable amount of a CGU involves the use of estimates by management. These estimates can have a material impact on the fair value and ultimately the amount of any property, plant and equipment impairment.

Useful Lives of Property, Plant and Equipment

The estimated useful lives and residual values of property, plant and equipment and depreciation method are reviewed at each year end. The useful lives and residual values are estimated based on normal life expectancies and industry factors. Changes in expected level of usage could impact the economic useful lives and the residual values of these assets, hence future depreciation charges on such assets could be revised.

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

The Group makes loss allowance for doubtful receivables and advances paid to third parties. Significant judgement is used to estimate doubtful receivables. Loss allowance for doubtful receivables is established based on an expected credit loss model. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The primary factors that the Company considers whether a receivable is impaired is its overdue status, collection history and forward looking macro-economic factors. As of 31 December 2018, loss allowance for doubtful trade receivables amounted to USD206,330 (2017: USD45,563) (Note 14) and on advances paid to third parties amounted to USD211,668 (2017: USD82,878) (Note 15).

The Group makes provision for obsolete and slow-moving inventories based on information obtained from annual stock count and the results of inventory turnover analysis based upon past experience and the level of write-offs in previous years. As of 31 December 2018, provision for obsolete and slow moving inventories amounted to USD2,262,085 (2017: USD2,907,854) (Note 13).

Provision for Site Restoration
The Company's subsidiary company, CAC JSC, engaged professional consultants with geology and environmental protection expertise to estimate site restoration obligation which may arise from its limestone and clay quarries in accordance with Subsurface Use Contracts and relevant legislations. In arriving at the present value of site restoration obligation, a pre-tax discount rate of 13% (2017: 13%) is used as it reflects current market assessment of the time value of money and the risk specific to site restoration obligation.

4. REVENUE

The Group derives its revenue from the transfer of cement at a point in time. Transmission of electricity is determined to be a single performance obligation satisfied over time and represents a promise to transfer to the customer a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer. The Group primarily operates in one geographic location (segment) and as such, no segmental information is presented.

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Sale of manufactured goods	82,174,174	65,844,532	-	-
Transmission and distribution of electricity	10,496	10,605	-	-
Dividend income	-	-	8,389,233	3,435,005
Net interest income	-	-	523,610	-
Management fee receivable from subsidiary company	-	-	-	100,000
Total	82,184,670	65,855,137	8,912,843	3,535,005

The Group applied the practical expedient under IFRS 15 not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period as all unsatisfied contracts with customers are expected to be fulfilled within one year.

As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed.

5. FINANCE COSTS

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	USD	**USD**	**USD**	**USD**
Interest expenses on:				
- Bank loans	1,484,502	1,771,554	-	-
- Bonds issued	-	407,006	-	-
Amortisation of discount on:				
- Bonds issued	-	43,217	-	-
Unwinding of discount	8,374	-	-	-
Others	144,958	14,739	-	-
Total interest expense for financial liabilities not classified as at FVTPL	1,637,834	2,236,516	-	-

6. NET FOREIGN EXCHANGE (LOSS)/GAIN

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	USD	**USD**	**USD**	**USD**
Net foreign exchange (loss)/ gain	(1,786,724)	(205,610)	26,141	(81,355)

During the year, the appreciation in the value of USD against KZT resulted in foreign exchange losses on the USD denominated bank loans.

7. PROFIT BEFORE INCOME TAX

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

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Depreciation of property, plant and equipment	(7,272,439)	(7,265,935)	-	-
Employee benefit expenses	(5,500,332)	(4,670,553)	-	-
Amortisation of quarry stripping costs	(4,654)	(30,398)	-	-
Amortisation of site restoration costs	(1,566)	(1,656)	-	-
Deferred income	41,192	49,096	-	-
Loss on disposal of property, plant and equipment	(30,925)	(72,728)	-	-
Reversal of provision for obsolete inventories	346,533	356,280	-	-
Provision for obsolete inventories	(46,562)	(33,175)	-	-
Credit loss allowance for doubtful receivables	(168,365)	(25,532)	-	-
Allowance for advances paid to third parties	(139,979)	(43,782)	-	-
Reversal of dividend income	-	-	4,855	-
Reversal of doubtful receivables	-	138	-	-
Write-off of inventories	-	(46,820)	-	-

8. INCOME TAX EXPENSE

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Income tax - current year	75,503	4,941	-	4,941
Deferred tax (Note 20) - subsidiary companies	1,668,983	698,150	-	-
Total	1,744,486	703,091	-	4,941

Under the Labuan Business Activity Tax Act, 1990, no tax is chargeable on the Company's Labuan non-trading activities for the current basis period for that year of assessment. Income tax is to be charged tax at the amount of RM20,000 (approximately USD4,957) or at a tax rate of 3% on the chargeable profits of a Labuan company carrying on Labuan trading activities for the basis period for that year of assessment.

The profits earned by the subsidiary companies incorporated in the Republic of Kazakhstan are subject to the prevailing statutory tax rate of 20% (2017: 20%), and Malaysian and Netherland subsidiaries are subject to statutory tax rates of 24% (2017: 24%) and 25% (2017: 25%) respectively.

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

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Profit before income tax	10,668,939	1,934,561	8,634,070	3,183,553
Tax expense calculated at domestic tax rates applicable to the respective jurisdictions	1,138,251	496,899	-	4,941
Tax effects of expenses not deductible for tax purposes	399,052	146,839	-	-
Effect of loss not available for offset against future taxable income	33,524	-	-	-
Effect of previously unrecognised temporary differences	130,048	(40,868)	-	-
Effect of unused tax losses not recognised as deferred tax assets	43,611	100,221	-	-
Income tax expense	1,744,486	703,091	-	4,941

The tax expense calculated at domestic tax rates represents a blend of the tax rates of the jurisdictions in which taxable profits have arisen. The changes from the prior year are due to proportion of income of foreign subsidiaries which are subject to different statutory tax rates, tax effects arising on foreign exchange losses on intercompany loan deductible for tax purposes, higher unrecognised deferred tax assets and the impact of reduced level of certain non-deductible expenses.

9. EARNINGS PER SHARE

Basic and diluted

	The Group	
	2018	**2017**
	USD	**USD**
Profit attributable to ordinary shareholders	8,924,453	1,231,470

	2018	**2017**
Number of ordinary shares in issue at beginning and end of year	219,000,000	219,000,000
Weighted average number of ordinary shares in issue	219,000,000	219,000,000

	2018	**2017**
Earnings per share, basic and diluted (cents)	4.1	0.6

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

There are no dilutive instruments outstanding for the years ended 31 December 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

The Group	Freehold land and land improvement USD	Buildings USD	Machinery and equipment USD	Railway wagons USD	Stand-by equipment and major spare parts USD	Construction in progress USD	Other assets USD	Total USD
Cost								
At 1 January 2017	2,148,002	22,559,571	73,767,492	8,246,892	2,986,488	4,007,470	7,021,022	120,736,937
Additions	592	-	1,797	-	-	2,062,972	38,932	2,104,293
Transfers	-	150,531	1,618,174	-	(62,491)	(1,881,973)	175,759	-
Disposals	(6,431)	(5,195)	(519,878)	-	(54,695)	-	(372,349)	(958,548)
Reclassification from inventories	-	-	45,480	-	661,500	34,219	124,525	865,724
Exchange differences	6,315	62,434	209,822	23,823	(1,769)	7,685	20,905	329,215
At 31 December 2017	2,148,478	22,767,341	75,122,887	8,270,715	3,529,033	4,230,373	7,008,794	123,077,621
Additions	-	-	343,787	-	226	2,562,533	231,552	3,138,098
Transfers	-	198,672	2,352,031	-	(16,590)	(2,791,663)	257,550	-
Disposals	-	-	(6,161)	(26,483)	-	-	(7,379)	(40,023)
Reclassification from/(to) inventories	-	-	14,572	-	(128,689)	137,988	113,555	137,426
Exchange differences	(290,061)	(3,094,091)	(11,239,520)	(1,113,902)	(454,273)	(621,146)	(988,726)	(17,801,719)
At 31 December 2018	1,858,417	19,871,922	66,587,596	7,130,330	2,929,707	3,518,085	6,615,346	108,511,403

The Group	Freehold land and land improvement USD	Buildings USD	Machinery and equipment USD	Railway wagons USD	Stand-by equipment and major spare parts USD	Construction in progress USD	Other assets USD	Total USD
Accumulated depreciation and impairment losses								
At 1 January 2017	-	13,663,148	30,246,542	1,006,949	-	-	3,933,454	48,850,093
Charge for the year	-	809,470	5,422,417	421,463	-	-	612,585	7,265,935
Disposals	-	(104)	(248,385)	-	-	-	(160,642)	(409,131)
Exchange differences	-	24,244	(9,955)	(5,009)	-	-	2,860	12,140
At 31 December 2017	-	14,496,758	35,410,619	1,423,403	-	-	4,388,257	55,719,037
Charge for the year	-	811,670	5,351,605	397,361	-	-	711,803	7,272,439
Disposals	-	-	-	(4,859)	-	-	(4,239)	(9,098)
Exchange differences	-	(2,040,202)	(6,145,344)	(232,318)	-	-	(664,834)	(9,082,698)
At 31 December 2018	-	13,268,226	34,616,880	1,583,587	-	-	4,430,987	53,899,680
Net Book Value								
At 31 December 2018	1,858,417	6,603,696	31,970,716	5,546,743	2,929,707	3,518,085	2,184,359	54,611,723
At 31 December 2017	2,148,478	8,270,583	39,712,268	6,847,312	3,529,033	4,230,373	2,620,537	67,358,584

Land and buildings were revalued on 31 August 2015 by an independent professional valuer based on depreciated replacement cost and income approach. Valuation of buildings was arrived at by reference to the discounted cash flows method, as the property is a production facility, which is a level [3] measurement in the fair value hierarchy.

The following significant inputs were used in preparing the discounted cash flow:

- the forecast period was from September 2015 to December 2018;
- derivation of a terminal value using a constant growth model; and
- discount rate of 17.31% was applied.

Valuation of land was arrived at by reference to market evidence of transaction prices for comparable properties, which is a level [2] measurement in the fair value hierarchy.

The carrying amount of the land and buildings, which is stated at fair value at the revaluation date less subsequent accumulated depreciation and impairment losses, amounted to USD8,462,113 as of 31 December 2018 (2017: USD10,419,061). In the fair value assessment, the highest and best use of the land and buildings is their current use which is production and sale of cement facility. According to International Accounting Standard 16, Property, Plant and Equipment, for property, plant and equipment that is accounted for under revaluation model, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The directors are of the opinion that the carrying amounts of the land and buildings as of 31 December 2018 do not differ significantly from their fair values.

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

	The Group	
	2018	**2017**
	USD	**USD**
Land	210,724	244,197
Buildings	1,096,489	1,402,167

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

The following significant inputs were used to determine the recoverable amount of the cement manufacturing facilities:

- the forecast period was from January 2019 to December 2022;
- derivation of terminal value based on Nil growth beyond the 4 year forecast period with average annual growth rate in EBITDA across the forecast period at 4.0%; and
- discount rate of 17.31% was applied.

As of 31 December 2018, property, plant and equipment of a subsidiary company (Karcement JSC) with a cost and net book value of USD24,708,337 and USD12,247,879 (2017: USD28,559,050 and USD16,108,227) respectively is pledged to secure the loan from Halyk Bank JSC.

As at 31 December 2018, property, plant and equipment of a subsidiary company (Karcement JSC) with a cost and net book value of USD6,636,960 and USD4,370,424 (2017: USD7,568,983 and USD5,577,005) respectively are pledged as collateral for the government-subsidised loan (Note 19).

As of 31 December 2018, the cost of property, plant and equipment that is fully depreciated amounted to USD1,080,666 (2017: USD897,533).

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2018	**2017**
	USD	**USD**
Unquoted shares, at cost	30,500,002	30,500,002
Less: Accumulated impairment loss	(4,000,001)	(4,000,001)
Net	26,500,001	26,500,001

The details of subsidiary companies are as follows:

	Place of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activities
		2018	2017	
		%	%	
Direct Subsidiary Companies				
Steppe Cement (M) Sdn. Bhd.	Malaysia	100	100	Investment holding company
Mechanical & Electrical Consulting Services Ltd. ("MECS Ltd")	Malaysia	100	100	Provision of consultancy services
Indirect Subsidiary Companies				
Held through Steppe Cement (M) Sdn. Bhd.:				
Steppe Cement Holdings B.V. ("SCH BV")	Netherlands	100	100	Investment holding company
Held through SCH BV:				
Central Asia Cement JSC ("CAC JSC")	Republic of Kazakhstan	100	100	Sale of cement
Karcement JSC	Republic of Kazakhstan	100	100	Production and sale of cement
Central Asia Services LLP ("CAS LLP")	Republic of Kazakhstan	100	100	Transmission and distribution of electricity

12. OTHER ASSETS

	The Group		The Company	
	2018	2017	**2018**	2017
	USD	USD	**USD**	USD
VAT recoverable - non-current	1,869,721	884,687	-	-
Quarry stripping costs	192,218	219,508	-	-
Site restoration costs	34,464	41,468	-	-
Site restoration fund	106,840	102,172	-	-
Others	216	-	-	-
Total	2,203,459	1,247,835	-	-

Quarry stripping costs

Quarry stripping costs comprised of stripping cost and site restoration cost. Stripping cost represented costs removing the overburden related to the expansion of the existing quarry. The overburden removal work began in 2009 and continued as necessary up to 31 December 2018. Amortisation commenced upon physical extraction of limestone and clay from this quarry.

Movement of quarry stripping costs is as follows:

	The Group		The Company	
	2018	2017	**2018**	2017
	USD	USD	**USD**	USD
At beginning of year	219,508	180,539	-	-
Exchange differences	(29,160)	1,094	-	-
Additions	6,524	68,273	-	-
Amortisation	(4,654)	(30,398)	-	-
At end of year	192,218	219,508	-	-

Site restoration costs

Site restoration cost pertains to CAC's use of limestone and clay quarries and is calculated with reference to the scope of rehabilitation work required under the present relevant laws. The expected timing of economic outflow used in arriving at the site restoration provision is at the expiry of the quarry operating agreement on 24 June 2043.

13. INVENTORIES

	The Group		The Company	
	2018	2017	**2018**	2017
	USD	USD	**USD**	USD
Finished goods	5,678,962	6,354,592	-	-
Work-in-progress	403,895	389,277	-	-
Spare parts	6,958,196	6,417,829	-	-
Raw materials	1,435,747	1,590,768	-	-
Packing materials	411,062	147,104	-	-
Construction materials	23,217	17,633	-	-
Goods held for resale	48,860	38,985	-	-
Fuel	22,075	54	-	-
Others	661,366	965,254	-	-
Total	15,643,380	15,921,496	-	-
Less: Provision for obsolete inventories	(2,262,085)	(2,907,854)	-	-
Net	13,381,295	13,013,642	-	-

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

	The Group		The Company	
	2018	2017	**2018**	2017
	USD	USD	**USD**	USD
At beginning of year	(2,907,854)	(3,223,677)	-	-
Exchange differences	345,798	(7,282)	-	-
Provision for obsolete inventories	(46,562)	(33,175)	-	-
Reversal of provision for obsolete inventories	346,533	356,280	-	-
At end of year	(2,262,085)	(2,907,854)	-	-

As of 31 December 2018, inventories of USD5,301,411 (2017: USD7,628,008) were pledged to secure the short-term loan obtained from Halyk Bank JSC (Note 19).

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Trade receivables	2,970,882	2,820,750	-	-
Less: Loss allowances	(206,330)	(45,563)	-	-
Net	2,764,552	2,775,187	-	-
Other receivables:				
VAT recoverable - Current	91,286	71,432	-	-
Receivables from related party	51,526	44,251	-	-
Receivables from employees	87,492	99,206	-	-
Others	505,612	111,591	-	-
Dividend receivable	-	-	8,389,233	3,435,005
Interest receivable	-	-	494,723	-
Total	3,500,468	3,101,667	8,883,956	3,435,005

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

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

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
At beginning of year	(45,563)	(23,960)	-	-
Exchange differences	6,151	(70)	-	-
Add: Impairment losses	(168,365)	(25,532)	-	-
Less: Write-offs	1,447	3,861	-	-
Less: Amounts recovered	-	138	-	-
At end of year	(206,330)	(45,563)	-	-

The Group measures the loss allowance for trade accounts receivable at an amount equal to lifetime ECL. The expected credit losses on trade accounts receivable are collectively assessed and estimated using the following provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date:

The Group

Days past due	Expected credit loss rate	Gross carrying amount at default	Lifetime ECL
		USD	USD
2018			
Not past due	1%	1,540,913	15,383
<180 days	5%	962,330	48,116
181-270 days	10%	254,159	25,416
271-360 days	20%	5,651	1,130
1-2 years	33%	82,881	27,350
>2 years	66%	109,131	73,118
> 3 years	100%	15,817	15,817
		2,970,882	206,330

Days past due	Gross carrying amount at default	Provision for doubtful trade receivables
	USD	USD
2017		
Not past due	428,246	-
<180 days	731,550	-
181-270 days	825,523	-
271-360 days	729,973	-
>1 year	105,458	45,563
	2,820,750	45,563

As permitted under the transitional provisions in IFRS 9, no expected credit loss rates are disclosed for 2017.

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

Other receivables mainly comprise VAT recoverable and customs duties that are refundable. VAT recoverable are value added tax credits arising from the purchase of materials, property, plant and equipment and repair and maintenance services made or procured by a subsidiary company (Karcement JSC) in relation to the refurbishment of a production line. Refundable customs duties represent customs duties levied on the import of property, plant and equipment for the refurbishment project.

15. ADVANCES AND PREPAID EXPENSES

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	USD	**USD**	**USD**	**USD**
Advances paid to third parties	2,215,502	2,106,301	-	-
Less: Provision on advances paid to third parties	(211,668)	(82,878)	-	-
	2,003,834	2,023,423	-	-
Less: Non-current portion of advances paid to third parties	(191,242)	(508,555)	-	-
Current portion of advances paid to third parties	1,812,592	1,514,868	-	-
Prepaid and deferred expenses	499,942	1,962,311	6,704	6,579
Total	2,312,534	3,477,179	6,704	6,579

Non-current advances paid to third parties represent advances made to suppliers by subsidiary companies for the purchase of machinery, equipment and construction work at cement production plant. Short-term advances are mainly advances for materials.

Included in deferred expenses are consumables, such as refractory bricks and bag filters, which are designed to withstand high heat during the production of the Group's clinkers stock in the kilns and to suppress dust emission from polluting the environment in compliance with the statutory ecology requirement, respectively. The management uses its judgement to defer the expenses based on the useful life of the refractory bricks and bag filters when consumed. The balance of the deferred expenses will be amortised over the next 6 to 8 months of production.

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	USD	**USD**	**USD**	**USD**
At beginning of year	(82,878)	(38,984)	-	-
Exchange differences	11,189	(112)	-	-
Add: Allowance for advances paid to third parties	(139,979)	(43,782)	-	-
At end of year	(211,668)	(82,878)	-	-

16. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	USD	**USD**	**USD**	**USD**
Cash in hand and at banks	2,837,064	427,456	23,570	12,985
Short-term deposit	2,882,427	2,617,880	-	-
Total	5,719,491	3,045,336	23,570	12,985

17. SHARE CAPITAL

	The Group and the Company	
	2018	**2017**
	USD	**USD**
Issued and fully paid:		
219,000,000 ordinary shares of no par value each:		
At beginning and end of year	73,760,924	73,760,924

18. RESERVES

Revaluation reserve

Revaluation reserve represents the reserve arising from the revaluation of land and buildings of subsidiary companies (CAC JSC and Karcement JSC) performed by an independent valuation appraiser.

Translation reserve

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

Retained earnings

Any dividend distributions to be made by foreign subsidiary companies are subject to dividend withholding tax ranging from 15% to 25% which may be reduced to 5% or waived subject to compliance with the relevant tax treaties requirements. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of these subsidiary companies as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Under the Malaysian tax law, any dividend income received by Malaysian subsidiary companies will be credited into an exempt income account from which tax-exempt dividends can be distributed. There is no withholding tax on dividends distributed by Malaysian subsidiary companies.

Under the Labuan Business Activity Tax Act, 1990, any dividends received by the Company from Steppe Cement (M) Sdn. Bhd., a subsidiary company incorporated in Malaysia, will be exempted from tax. There is no withholding tax on dividends distributed to its shareholder.

Dividends paid

During the year, the Company paid a first and final tax exempt dividend of GBP0.01 per ordinary share of no par value each amouting to USD2,959,347 in respect of financial year ended 31 December 2017.

Dividends proposed after reporting period

On 10 May 2019, the board of directors of the Company proposed a final tax-exempt dividend of GBP0.03 per ordinary share of no par value each amounting to GBP6,570,000 in respect of the financial year ended 31 December 2018. The proposed dividend is subject to approval by the shareholders of the Company at the forthcoming Annual General Meeting, and if approved, will be accounted for in equity during the financial year ending 31 December 2019. The dividends have not been recognised as a liability as at 31 December 2018.

19. BORROWINGS

	The Group	
	2018	**2017**
	USD	**USD**
Unsecured - at amortised cost		
Bonds issued at price of:		
96.2458%	-	8,001,718
Exchange differences	-	(3,475,006)
Discount on bonds issued	-	(43,217)
Accrued interest	-	-
Redemption on maturity	-	(4,483,495)
	-	-
Secured - at amortised cost		
Bank loans	11,823,919	20,029,303
Total	11,823,919	20,029,303

	The Group	
	2018	**2017**
	USD	**USD**
Bank loans:		
Current	5,217,009	10,194,584
Non-current	6,606,910	9,834,719
Total	11,823,919	20,029,303

Details of bank loans are as follows:

				The Group	
	Currency	**Maturity month**	**Interest rate**	**2018**	**2017**
				USD	**USD**
Halyk Bank JSC: Facility A	USD	November 2018	6% p.a.	-	4,000,000
Halyk Bank JSC: Facility B	USD	November 2021	6.5% p.a.	6,092,889	7,949,496
Halyk Bank JSC government subsidised facility for capital expenditure	KZT	August 2022	6% p.a.	1,074,656	677,038
	KZT	June 2025	6% p.a.	584,050	740,637
	KZT	September to November 2025	6% p.a.	1,721,273	2,426,392
Halyk Bank JSC government subsidised facility for working capital	KZT	May 2018	6% p.a.	-	1,503,710
Altyn Bank JSC for working capital	KZT	June 2019	11% p.a.	2,342,530	2,711,161
Accrued interest				8,521	20,869
Total outstanding				11,823,919	20,029,303

Halyk Bank JSC facilities

Full repayment of VTB Bank (Austria) AG and VTB Bank (France) SA loan facilities with facility provided by Halyk Bank JSC

The USD16 million credit facility with Halyk Bank JSC consists of USD5.5 million facility A and USD10.5 million facility B. The facility was fully drawn to repay all loan principal and interest outstanding amounts to VTB Bank (Austria) AG and VTB Bank (France) SA in 2015.

Facility A carries an interest rate of 6% per annum. The principal is repayable in 3 instalments; USD1.5 million in July 2017, USD2 million in July 2018 and the final principal of USD2 million in November 2018. Interest is payable monthly from 14 December 2016 until maturity.

Facility B carries an interest rate of 6.5% per annum. The principal is repayable over a 5- year period in 60 equal monthly instalments commencing from 23 December 2016 until the maturity in November 2021. Interest is payable monthly from 23 December 2016 until maturity.

As at 31 December 2018, the amounts outstanding under Facility A have been fully repaid. No further amounts were available for drawdown from Facility A and B.

Halyk Bank JSC government-subsidised facility

The government-subsidised loan of KZT1.69 billion (equivalent of USD4,400,000) carries a subsidised fixed interest rate of 6% per annum. The loan is used for capital expenditure with maturity period of 10 years and was fully drawn in the previous financial year. KZT1.19 billion (equivalent to USD3,580,778) and KZT500 million (equivalent to USD1,504,529) loans come with 2-years grace period and no grace period with monthly principal repayment respectively.

On 17 July 2017, CAC JSC signed a loan agreement with Halyk Bank JSC on terms subsidised under government programs. The loan of KZT580 million (or equivalent of USD1,745,253) carries a subsidised fixed interest rate of 6% per annum. The loan is used for capital expenditure with maturity period of 5 years and is available for drawdown until 17 July 2018. It also comes with a 1-year grace period with monthly principal repayment.

The government-subsidised loans are initially recognised at fair value at interest rate of 14% per annum, and subsequently carried at amortised cost (Note 21).

As at 31 December 2018, no further amounts are available for drawdown from this facility.

Halyk Bank JSC working capital facilities

The KZT2.5 billion (equivalent of USD6.5 million) working capital credit line and a KZT500 million (equivalent of USD1.3 million) working capital requirements under the above government-subsidised facility matures on 23 January 2021 and 19 June 2020 respectively. The loan from the Halyk Bank JSC is secured by inventories of both CAC JSC and Karcement JSC with a carrying amount of USD5,301,411 (2017: USD7,628,008) (Note 13).

As of 31 December 2018, the facility of USD7.8 million with Halyk Bank JSC was available for drawdown.

Altyn Bank JSC working capital facilities

On 28 December 2018, Karcement JSC signed a KZT900 million (equivalent of USD2.3 million) credit line agreement with Altyn Bank JSC for working capital financing. The facility carries a fixed interest rate of 11% per annum and matures on 17 June 2019.

As of 31 December 2018, the Altyn Bank JSC working capital facility loan was fully drawn.

VTB Bank (Kazakhstan) JSC working capital facility

During the financial year, Karcement JSC signed a short-term loan agreement with JSC VTB Bank of Kazakhstan at interest rate of 11.5% per annum. and received borrowings of KZT100 million. The working capital loan facilities have been full repaid and expired on 5 April 2019.

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

	Opening balance	Financing cash flows	Non-cash movements[1]	Closing balance
	USD	USD	USD	USD
2018				
Borrowings	20,029,303	(7,368,956)	(836,428)	11,823,919
2017				
Bonds	4,477,158	(4,483,495)	6,337	-
Borrowings	21,939,917	(1,843,469)	(67,145)	20,029,303
Total	26,417,075	(6,326,964)	(60,808)	20,029,303

[1] Non-cash movements primarily relates to foreign currency exchange differences, accrued interests and amortisation of discount on bonds fully redeemed in 2017.

20. DEFERRED TAXES

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
At beginning of year	(637,777)	47,097	-	-
Exchange differences	252,002	13,276	-	-
Recognised in profit or loss (Note 8)	(1,668,983)	(698,150)	-	-
At end of year	(2,054,758)	(637,777)	-	-

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

	Opening balance	Exchange rate differences	Recognised in profit or loss	Closing balance
	USD	USD	USD	USD
2018				
Temporary differences:				
Property, plant and equipment	(7,576,369)	1,001,466	209,237	(6,365,666)
Inventories	395,012	(70,117)	126,854	451,749
Trade receivables	11,826	(5,133)	34,572	41,265
Accrued unused leaves	8,805	(2,490)	12,720	19,035
Tax losses	6,436,251	(664,045)	(2,005,145)	3,767,061
Payables	78,218	(6,397)	(18,112)	53,709
Others	8,480	(1,282)	(29,109)	(21,911)
Total	(637,777)	252,002	(1,668,983)	(2,054,758)

	Opening balance	Exchange rate differences	Recognised in profit or loss	Closing balance
	USD	USD	USD	USD
2017				
Temporary differences:				
Property, plant and equipment	(7,493,525)	(20,473)	(62,371)	(7,576,369)
Inventories	386,920	1,327	6,765	395,012
Trade receivables	11,447	26	353	11,826
Accrued unused leaves	15,288	169	(6,652)	8,805
Tax losses	7,011,353	31,559	(606,661)	6,436,251
Payables	97,249	424	(19,455)	78,218
Others	18,365	244	(10,129)	8,480
Total	47,097	13,276	(698,150)	(637,777)

The tax losses for which no deferred tax assets have been recognised are as follows:

	The Group		The Company	
	2018	2017	2018	2017
	USD	USD	USD	USD
Tax losses for which no deferred tax assets have been recognised	198,795	100,221	-	-

21. DEFERRED INCOME

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Deferred income	1,629,508	1,519,487	-	-
Less: Amount due within 12 months	-	-	-	-
			-	-
Non-current	1,629,508	1,519,487	-	-

Movement of deferred income are as follows:

	The Group 2018 USD	The Group 2017 USD	The Company 2018 USD	The Company 2017 USD
At beginning of year	1,519,487	1,525,359	-	-
Exchange differences	(200,929)	5,331	-	-
Additions	352,142	37,893	-	-
Recognised in profit or loss	(41,192)	(49,096)	-	-
At end of year	1,629,508	1,519,487	-	-

Deferred income represents government grant in the form of interest rate lower than market interest rates on government-subsidised loan for capital expenditure from Halyk Bank JSC (Note 19). It represents the difference between the initial carrying amount of the loan measured at fair value using interest rate of 14% per annum and the proceeds received, and is amortised to the statement of profit or loss as other income over the useful lives of the related assets.

As at 31 December 2018, the related assets in the amount of USD9,466,137 were put into use (2017: USD1,822,697). During financial year, the Group recognised USD41,192 (2017: USD49,096) in the statement of profit or loss as other income on a straight-line basis over the useful lives of the related assets.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Trade payables	6,589,435	7,650,549	-	-
Amount due to related parties	5,432	2,612	-	-
Others	19,737	31,210	-	-
Total	6,614,604	7,684,371	-	-

The credit period granted by creditors ranges from 1 to 30 days (2017: 1 to 30 days).

23. ACCRUED AND OTHER LIABILITIES

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Accrued directors' fees	1,024,069	1,036,061	1,024,069	1,036,061
Advances from customers	1,126,169	666,118	-	-
Accrued salaries	237,957	240,029	-	-
Accrued unused leave	95,169	44,026	-	-
Others	199,205	243,020	34,326	33,421
Total	2,682,569	2,229,254	1,058,395	1,069,482

24. TAXES PAYABLE

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Corporate income tax	16,538	6,801	-	4,941
Other taxes:				
VAT payable	839,232	20,221	-	-
Royalties	139,461	-	-	-
Emission taxes	136,398	107,484	-	-
Pension fund	16,921	22,439	-	-
Personal income tax	28,738	20,925	-	-
Property tax	54,193	894	-	-
Social	25,337	17,216	-	-
Others	11,307	-	-	-
Total	1,268,125	195,980	-	4,941

25. RELATED PARTIES

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

Other related parties include entities which are controlled by a director, which a director of the Group has ownership interests and exercises significant influence.

Receivable from/(payable to) related parties and other related parties, which arose mainly from trade transactions and expenses paid on behalf, is unsecured, interest-free and is repayable on demand.

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

Loans and advances to subsidiary companies of the Company are unsecured, interest-free and are repayable on demand except for loan to a subsidiary company of USD30,210,000 which bears interest at 8% per annum repayable by year 2033.

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

	Purchase of services	
	2018	2017
	USD	USD
Other related party		
Opera Holding LLP	14,645	17,158

	(Payable to)/Receivable from related parties	
	2018	2017
	USD	USD
Other related parties		
Opera Holding LLP	(5,432)	(2,612)
Others	51,525	44,251

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

Subsidiary companies	Nature of transactions	2018	2017
		USD	USD
Steppe Cement (M) Sdn. Bhd.	Dividend income	8,389,233	3,435,005
Karcement JSC	Interest income	803,610	-
MECS Ltd.	Interest income assigned	280,000	-
MECS Ltd.	Management fees receivable	-	100,000

Subsidiary companies	Nature of transactions	Receivable from subsidiary companies	
		2018 USD	2017 USD
Karcement JSC	Intercompany loans	30,210,000	30,220,000
Karcement JSC	Interest income	494,723	-
MECS Ltd.	Advances and management fees	6,694,437	6,580,968
Steppe Cement (M) Sdn. Bhd.	Advances	2,899,888	2,804,323
Total		40,299,048	39,605,291

Compensation of key management personnel

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

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Remuneration	467,002	504,247	100,000	86,959
Short-term benefits	306,483	198,829	-	-
Total	773,485	703,076	100,000	86,959

The remuneration of directors and key executives is determined by the remuneration committees of the Company and subsidiary companies having regard to the performance of individuals and market trends.

The directors' remuneration in the Company is as follows:

	The Company	
	2018	**2017**
	USD	**USD**
Director fees		
Executive director:		
Javier del Ser Perez	30,000	30,000
Non-executive directors:		
Xavier Blutel	40,000	32,219
Rupert Wood	30,000	6,658
Paul Rodzianko	-	18,082
Total	100,000	86,959

26. FINANCIAL INSTRUMENTS

Categories of financial instruments under IFRS 9

	The Group	The Company
	USD	**USD**
2018		
Financial assets		
Amortised cost:		
Trade and other receivables	3,409,182	-
Loans and advances to subsidiary companies	-	39,804,325
Cash and cash equivalents	5,719,491	23,570
Financial liabilities		
Amortised cost:		
Trade and other payables	6,614,604	-
Accrued and other liabilities	1,556,400	1,058,395
Borrowings	11,823,919	-

Categories of financial instruments under IAS 39

	The Group	The Company
	USD	USD
2017		
Financial assets		
Loans and receivables at amortised cost:		
Trade and other receivables	3,030,235	-
Loans and advances to subsidiary companies	-	39,605,291
Cash and cash equivalents	3,045,336	12,985
Financial liabilities		
Other financial liabilities at amortised cost:		
Trade and other payables	7,684,371	-
Accrued and other liabilities	1,563,136	1,069,482
Borrowings	20,029,303	-

Capital Risk Management

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

The Group's capital structure consists of net debt (which comprise of borrowings as detailed in Note 19 offset by cash and cash equivalents) and equity attributable to the shareholders of the Group. Equity attributable to the shareholders of the Group includes share capital, reserves and retained earnings. The Group monitors and reviews its capital structure based on its business and operating requirements.

Financial Risk Management Objectives and Policies

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

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

(i) Foreign Currency Risk

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

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

Foreign currency sensitivity analysis

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

The Group 2018	GBP	EUR	MYR	RUB	USD	Total
Financial Asset						
Cash and cash equivalents	19,539	78	20	11,913	2,401,291	2,432,841
Financial Liabilities						
Trade and other payables	-	429,258	-	114,362	855,229	1,398,849
Accrued and other liabilities	871,140	-	37,470	-	-	908,610
Borrowings	-	-	-	-	6,101,140	6,101,140

2017	GBP	EUR	MYR	RUB	USD	Total
Financial Asset						
Cash and cash equivalents	-	83	-	15,626	-	15,709
Financial Liabilities						
Trade and other payables	-	334,041	-	230,485	841,627	1,406,153
Accrued and other liabilities	920,417	-	35,293	-	-	955,710
Borrowings	-	-	-	-	11,970,365	11,970,365

The Company

2018	GBP	EUR	MYR	Total
Financial Asset				
Cash and cash equivalents	3,603	78	10	3,691
Financial Liability				
Accrued and other liabilities	871,140	-	32,426	903,566

2017	GBP	EUR	MYR	Total
Financial Asset				
Cash and cash equivalents	-	82	-	82
Financial Liability				
Accrued and other liabilities	920,417	-	31,622	952,039

The following table displays the Group's and the Company's sensitivity to a 20% increase and decrease of the functional currency of each subsidiary company and the Company against the relevant foreign currencies. A benchmark sensitivity rate of 20% is used to report foreign currency risk internally to key management and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 20% change in foreign currency rates. The sensitivity analysis below indicates the changes in financial assets and liabilities of the effect of a 20% increase in value of the functional currency of each subsidiary company and the Company against the relevant foreign currencies respectively. The positive figure indicates an increase in profit before tax for the reporting period. In the case of 20% decrease in value of the functional currency of each subsidiary company and the Company against the relevant foreign currencies, respectively, there would be an equal but opposite impact on the Group's and the Company's profit before tax.

The Group	Impact on profit or loss and equity 2018	2017
USD	911,070	2,562,398
GBP	170,320	184,083
EUR	85,836	66,792
MYR	7,490	7,059
RUB	20,490	42,972

The Company	Impact on profit or loss and equity 2018	2017
GBP	170,320	184,083
EUR	(16)	(16)
MYR	7,490	7,059

(ii) Credit Risk

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

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

Concentration of credit risk on trade receivables is limited as sales to major customers are based on cash prepayment terms before the actual delivery of cement. The Group does not have significant credit risk exposure to any single counterparty. The financial assets are not secured by any collateral or credit enhancements.

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

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

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

(iii) Liquidity Risk

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

As of 31 December 2018, CAC JSC's short-term loan of USD7.8 million with Halyk Bank JSC is available for drawdown.

Tables on Liquidity Risk

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

	Weighted average interest rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Greater than 5 years	Total
The Group 2018							
Interest bearing							
Borrowings	6.96%	282,715	749,081	5,279,758	8,181,091	1,782,093	16,274,738
Non-interest bearing							
Trade and other payables	-	1,121,677	2,451,924	3,041,003	-	-	6,614,604
Accrued and other liabilities	-	336,101	56,099	1,164,200	-	-	1,556,400
		1,740,493	3,257,104	9,484,961	8,181,091	1,782,093	24,445,742

	Weighted average interest rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Greater than 5 years	Total
2017							
Interest bearing							
Borrowing							
Bank loans	8.75%	323,985	622,466	10,862,252	10,645,551	1,635,982	24,090,236
Non-interest bearing							
Trade and other payables	-	1,545,581	2,184,898	3,953,892	-	-	7,684,371
Accrued and other liabilities	-	431,809	21,504	73,762	1,036,061	-	1,563,136
		2,301,375	2,828,868	14,889,906	11,681,612	1,635,982	33,337,743
The Company							
2018							
Non-interest bearing							
Accrued and other liabilities	-	12,052	1,390	1,044,953	-	-	1,058,395
2017							
Non-interest bearing							
Accrued and other liabilities	-	5,062	898	1,063,522	-	-	1,069,482

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

The following table reflects expected maturities of non-derivative financial assets of the Group and of the Company. The table was prepared based on undiscounted contractual terms of financial assets, including interest received on these assets, except when the Group and the Company expect the cash flow in a different period.

	Weighted average interest rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Greater than 5 years	Total
The Group							
2018							
Interest bearing							
Cash and cash equivalents	7.87%	2,895,762	-	-	-	-	2,895,762
Non-interest bearing							
Cash and cash equivalents	-	2,823,729	-	-	-	-	2,823,729
Trade and other receivables	-	558,996	285,990	2,356,366	207,830	-	3,409,182
		6,278,487	285,990	2,356,366	207,830	-	9,128,673
2017							
Interest bearing							
Cash and cash equivalents	1.20%	39,178	-	-	-	-	39,178
Non-interest bearing							
Cash and cash equivalents	-	3,006,158	-	-	-	-	3,006,158
Trade and other receivables	-	212,587	283,468	2,569,485	-	-	3,065,540
		3,257,923	283,468	2,569,485	-	-	6,110,876

	Weighted average interest rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Greater than 5 years	Total
The Company 2018							
Interest bearing							
Cash and cash equivalents	1.91%	23,333	-	-	-	-	23,333
Non-interest bearing							
Cash and cash equivalents		237	-	-	-	-	237
		23,570	-	-	-	-	23,570
2017							
Interest bearing			-	-	-	-	
Cash and cash equivalents	1.20%	12,500					12,500
Non-interest bearing							
Cash and cash equivalents		485	-	-	-	-	485
		12,985	-	-	-	-	12,985

(iv) Interest rate risk

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

As at 31 December 2018 and 2017, the Group does not have any exposure to floating interest rates as the interest rates of the Group's loans are fixed and therefore, the Group is not exposed to variability in cash flows due to interest rate risk.

Fair Values of Financial Assets and Financial Liabilities

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

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

Cash and cash equivalents
The carrying value of cash and cash equivalents approximates their fair value due to the short maturity of these financial instruments.

Trade and other receivables, trade and other payables and accrued and other liabilities
For financial assets and financial liabilities with maturity less than twelve months, the carrying value approximates fair value due to the short maturity of these financial instruments.

Borrowings
The fair values of the borrowings are estimated by discounting expected future cash flows at market interest rates prevailing at the end of the relevant year with similar maturities adjusted by credit risk. As of 31 December 2018 and 2017, the fair values of borrowings approximate their carrying values, except for the following:

	Fair value		Carrying amount	
	2018	2017	2018	2017
	USD	USD	USD	USD
Borrowings	6,848,589	12,947,691	6,685,460	12,711,002

The fair values of the borrowings with Halyk Bank JSC were included in the Level 2 of fair value hierarchy, as the fair values had been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of the Group. The discount rate used in the fair value calculation was 5.1% per annum (2017: 6.1% per annum).

27. COMMITMENTS

The Group has outstanding amount of contractual commitments for the acquisition of property, plant and equipment of USD1,985,463 as at 31 December 2018 (2017: USD259,736).

28. SEGMENTAL REPORTING

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

29. SUBSEQUENT EVENT

On 10 May 2019, the board of directors of the Company proposed a final tax-exempt dividend of GBP0.03 per ordinary share of no par value each amounting to GBP6,570,000 in respect of the current financial year which, if approved by the shareholders of the Company at the forthcoming Annual General Meeting, will be accounted for in equity during the financial year ending 31 December 2019.

30. COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been restated to conform with current year's presentation. The Group determined that certain changes in disclosure should be made in the notes to the consolidated financial statements in order to provide more clarity for the users of the Group's financial statements. The Group has made changes in presentation of accrual of allowance for impairment of inventories from general and administrative expenses to cost of sales and changed comparative information accordingly.

	The Group		
	As previously stated	Effect of Reclassification	As restated
	2017 USD	2017 USD	Net effect USD
Statement of Profit and Loss			
Cost of sales	46,215,796	(1,004,279)	45,211,517
General and administration expenses	4,241,309	1,004,279	5,245,588

There was no impact on the Group's Statement of Financial Position as a result of the reclassifications.

STATEMENT BY A DIRECTOR

I, JAVIER DEL SER PEREZ, on behalf of the directors of STEPPE CEMENT LTD, state that, in the opinion of the directors, the accompanying statements of financial position and the related statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the year ended on that date.

Signed in accordance with a
resolution of the Directors,

JAVIER DEL SER PEREZ

Labuan
10 May 2019

NOTICE OF THE 2019 AGM

NOTICE OF THE 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 ANNUAL GENERAL MEETING of the Company will be held at the office of Steppe Cement Ltd, Suite 10.1, 10th Floor, West Wing, Rohas Perkasa, 8 Jalan Perak, Kuala Lumpur, Malaysia on Wednesday, 12 June 2019 at 2.30 p.m. for the purpose of considering and if thought fit, passing the following Resolutions:

ORDINARY RESOLUTIONS

1. ADOPTION OF AUDITED FINANCIAL STATEMENTS **RESOLUTION 1**

   To receive and adopt the audited financial statements for year ended 31 December 2018.

2. FIRST AND FINAL TAX EXEMPT DIVIDEND FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2018 **RESOLUTION 2**

   To approve the payment of First and Final Tax Exempt Dividend of GBP0.03 per ordinary share of no par value each in respect of the financial year ended 31 December 2018.

3. RE-ELECTION OF DIRECTORS **RESOLUTION 3**

   To re-elect the following Directors who offered themselves for re-election:

   3.1 Xavier Blutel

   3.2 Javier Del Ser Perez

   3.3 Rupert Wood

4. CHANGE OF AUDITORS **RESOLUTION 4**

   To approve and ratify the change of Auditors from Messrs. Deloitte & Touche PLT to Messrs. Deloitte PLT, due to change of name, approved by the Board of Directors on 26 November 2018.

BY ORDER OF THE BOARD

TMF Secretaries Limited
Corporate Secretary
Labuan F.T., Malaysia

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to appoint and vote instead of him.

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

3. The instrument appointing a proxy shall be in writing under the hand of the appointer, unless the appointer, is a corporation or other form of legal entity other than one or more individuals holding as joint owners, in which case the instrument appointing a proxy shall be in writing under the hand of an individual duly authorised by such corporation or legal entity to execute the same.

4. Copies of the proxy form and form of instruction are available at the UK Registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road BS13 8AE.

STEPPE
CEMENT

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