2014
Annual Report

STEPPE CEMENT

PLANT LOCATION IN KAZAKHSTAN

Major Projects

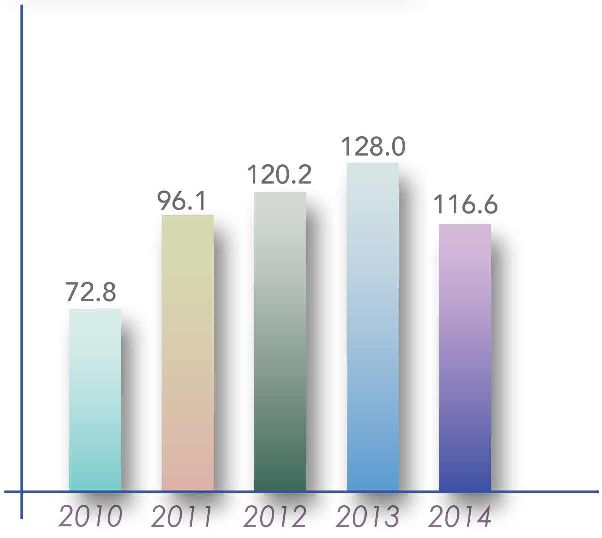
EXPO 2017

EAST WEST AND CENTER SOUTH ROAD PROJECT

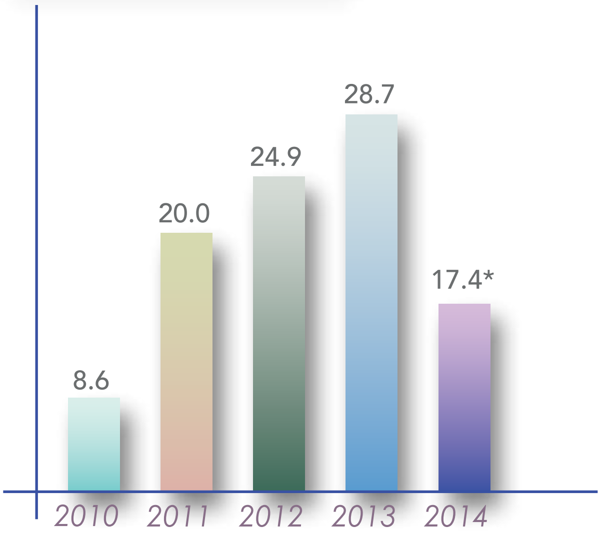
ABU DHABI PLAZA

CONTENTS

Revenue (USD Million)

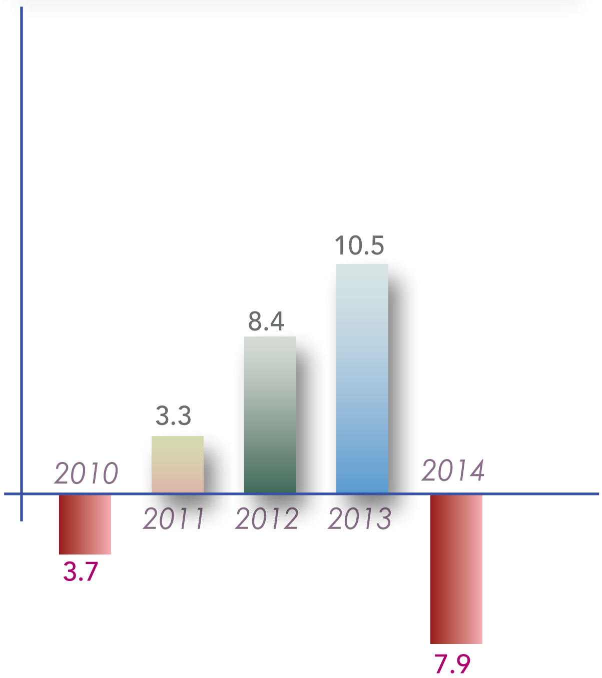


EBITDA(USD Million)

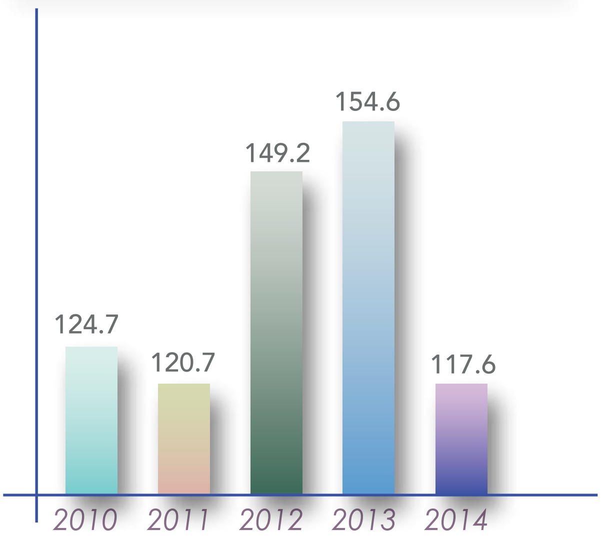


* excluding foreign exchange losses arising on devaluation of the Tenge.

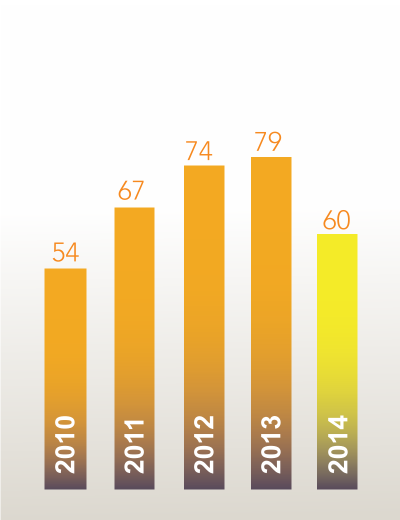
Profit/Loss after Tax (USD Million)



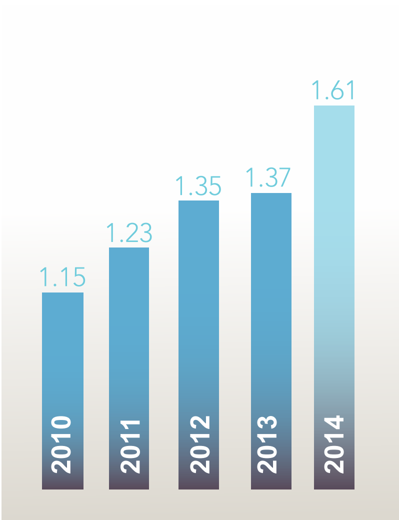
Shareholders Fund (USD Million)



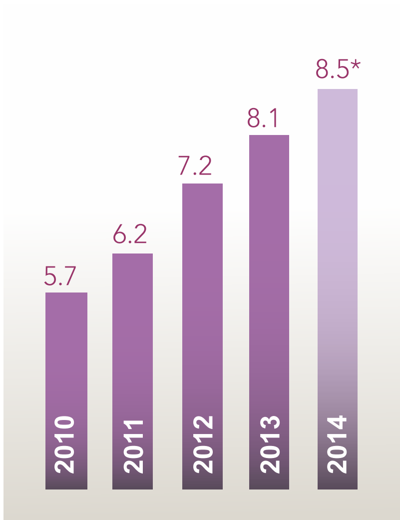
Operational and Market Data



Ex-factory price (USD)

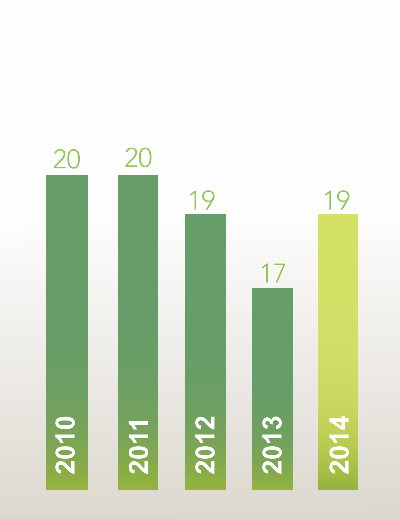


Sales Volume *(million tonnes)*

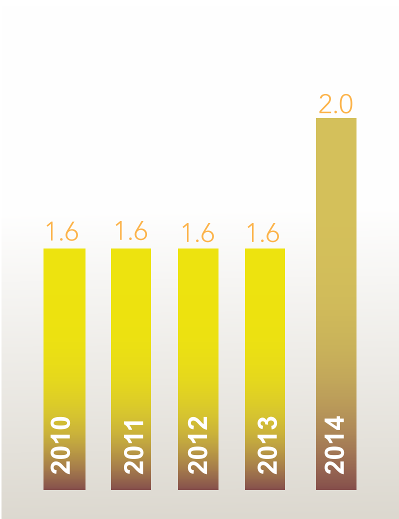


Cement consumption *(million tonnes)*

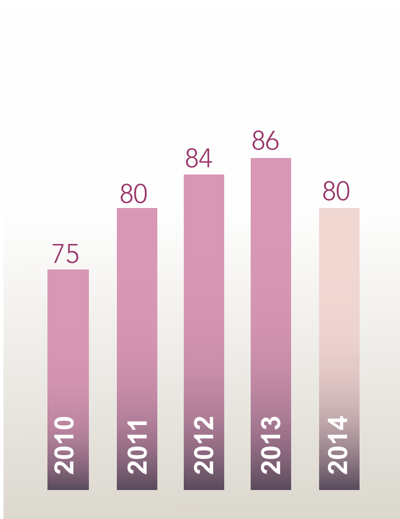
** estimated*



Market Share %

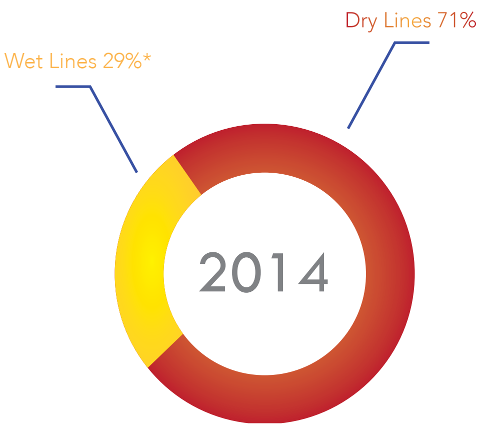


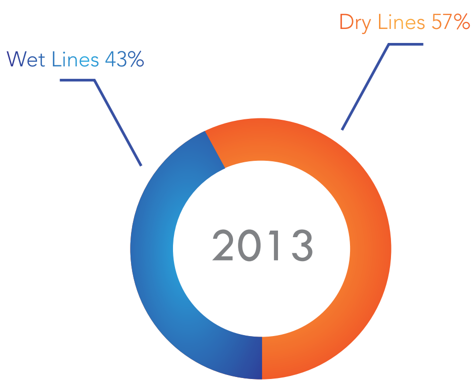
Annual Production Capacity *(million tonnes)*

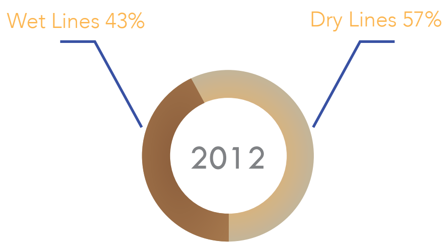


Capacity utilisation (%)

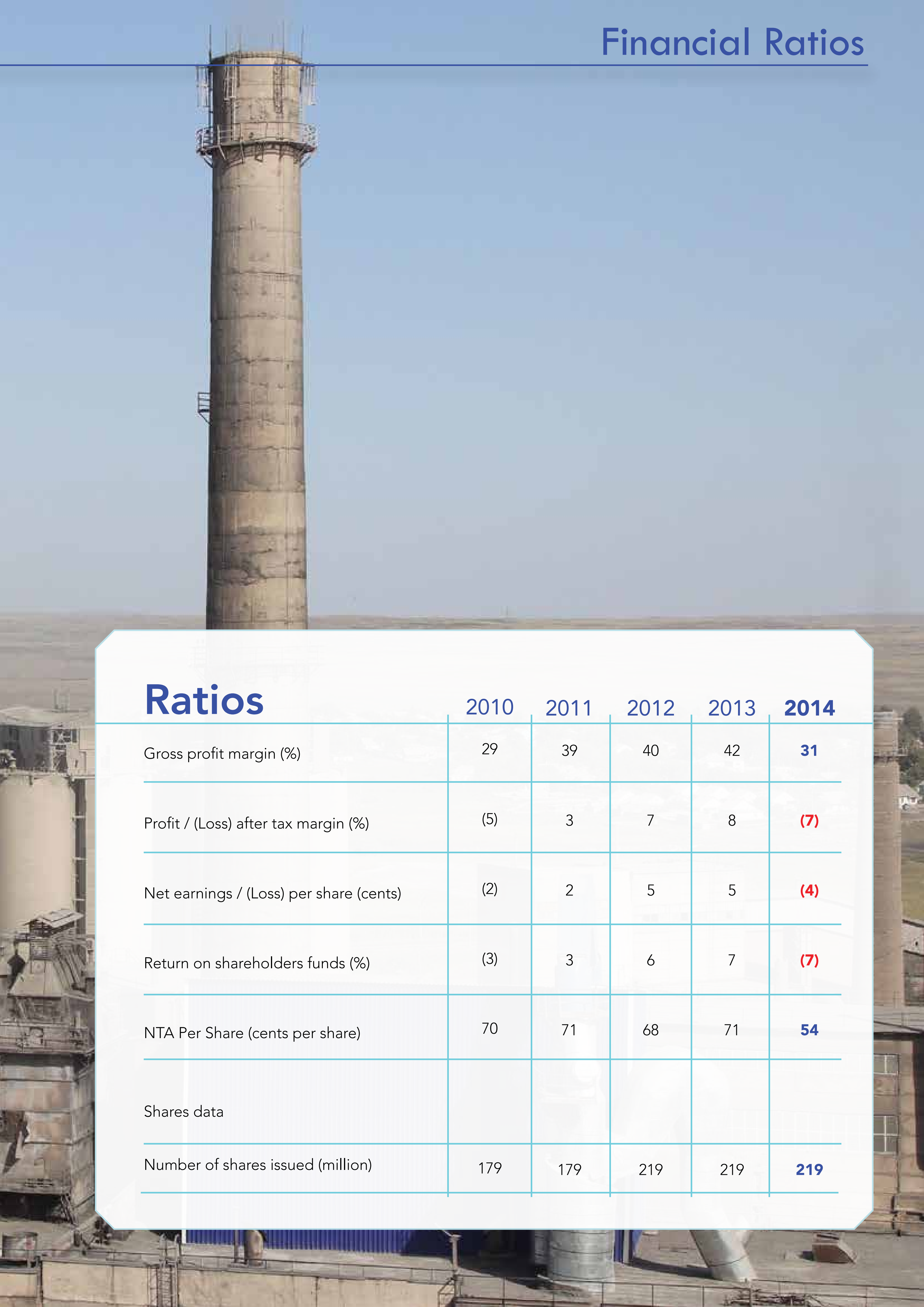
Wet Lines/ Dry Lines production mix







* Wet Lines were dicontinued in October 2014



Financial Ratios

Ratios

Ratios	2010	2011	2012	2013	**2014**
Gross profit margin (%)	29	39	40	42	**31**
Profit / (Loss) after tax margin (%)	(5)	3	7	8	**(7)**
Net earnings / (Loss) per share (cents)	(2)	2	5	5	**(4)**
Return on shareholders funds (%)	(3)	3	6	7	**(7)**
NTA Per Share (cents per share)	70	71	68	71	**54**
Shares data					
Number of shares issued (million)	179	179	219	219	**219**

Corporate Information

Listing
London Stock Exchange AIM Market, London
Since 15 September 2005

AIM Stock Code
STCM

Bloomberg Ticker
STCM LN Equity

Reuters Ticker
STCM L

Company Registration
LL04433

Country of incorporation
Federal Territory of Labuan, Malaysia

Head Office Address
Suite 8.4, 8th, 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 14, 19-31 Pitt Street
Sydney, NSW 2000
Australia

Level 15 QV1Building
250 St Georges Terrace,
Perth, WA 6000
Australia

Broker
Westhouse Securities Limited
110 Bishopgate
London EC2N 4AY

Bankers
VTB Bank (Austria) AG
VTB Bank (France) SA
Halyk Bank JSC
Altyn Bank JSC

Group Auditor
Deloitte & Touche
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
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Bristol BS99 6ZZ

Solicitor
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BMF Group LLP
Alatau Business Center
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Almaty 050009,
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Adelaida Legal Group, LLP
12/1 Kunayev Street, Block 5B,
4th floor, Office #1,
Astana 010000,
Republic of Kazakhstan

Chairman's Statement

During 2014, Steppe Cement Ltd completed the transition to a fully dry process method of cement production when in October a decision was taken to shut down the four wet lines of our subsidiary Central Asia Cement (CAC). These old, smaller capacity kilns had both higher manning levels and had become progressively less fuel-efficient at a time when the spectre of competition was growing. Two new entrants, Kazakh Cement and Caspi Cement (Heidelberg Group) had both commissioned new capacity during 2013 and early 2014 that would increase supply by a combined 1.5 million tonnes. The first plant competed directly with Steppe Cement in Astana and Almaty, while the second will be focused mostly in West Kazakhstan.

As competition becomes more intense the challenge for management is to fully integrate and upgrade the residual milling activities of CAC within Karcement to better match market demand for cement during the summer when demand is at a peak. Important cost savings have been identified following an extensive audit of utilities and services. This is yielding excellent results to which can be added the benefit of lower power costs from the dry manufacturing process itself and the electrical bypass allowing the factory to connect directly to the National Grid.

Increasing competition has made it the imperative for Steppe Cement to be one of the lowest cost producers and to this end the group has embarked on a carefully phased rationalisation of the workforce. Employee numbers are expected to continue to reduce as a consequence of the heavy capital investment that has been made over the last five years. Including those operating in transport and quarrying, activities that a number of our competitors contract out, staff numbers are expected to fall from 950 at the end of 2014 to around 800 by the end of 2016.

Marketing and distribution is to be accorded a higher priority. To this end the group has spent US$15million on the purchase of 330 railway wagons in part to supply the future expanded silo capacity of the terminals in Astana but also to more efficiently handle the expanded output from the two new dry lines to take advantage of the lower ex works costs.

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Steppe Cement has also had to face and deal with factors beyond its control, most notably the extreme volatility exhibited by the Russian Rouble. The sanctions added greater uncertainty to the economy after the 19% devaluation in the value of the Kazakh Tenge in February 2014. The exchange rate to the US$ fell from KZT 155 to KZT185 resulting in a US$5.1 million realized foreign exchange loss in the first six months trading results from long term US$ denominated loans. The weak Rouble also had the effect of making markets close to southern Russia such as Kazakhstan attractive for cement exports, increasing competition and driving down prices thereby depressing returns in the second half of 2014.

Notwithstanding these negative factors, domestic demand for cement remains resilient underpinned by sustained public infrastructure programmes for roads and the hosting of Expo 2017 in Astana.

This is my last statement to you as your Chairman since I do not intend to stand for re-election at the forthcoming AGM. It would be extremely remiss for me not to pay my thanks to my colleagues for their dedication and commitment shown over the last seven years that I have been privileged to be granted this stewardship role. Steppe Cement's proximity to major markets and the new investment made in modern plant should guarantee a strong and successful future.

Malcolm Ronald Brown
Non-Executive Chairman

CEO's Statement

The 2014 results were affected by the depreciation of the Kazakhstan Tenge in February, the subsequent devaluation of the Rouble and the lower oil price. Steppe Cement has long term USD-denominated loans but assets denominated in Tenge. During the year, we ceased operating the clinker production in the old wet lines and took a full impairment against its remaining carrying value. We expensed full depreciation and interest costs for the dry line assets for the first time.

In order to facilitate the ramp up of the newly installed capacity we increased sales volume significantly (18%), partly at the expense of price (-9%). The additional market share will be meaningful in the coming years as we will reduce our production cost per tonne thanks to higher energy efficiency and capacity utilization.

Steppe Cement operated the 4 original wet lines until October 2014, Line 5 at 50% of its capacity and Line 6 at 85%. When their ramp up is completed, Lines 5 and 6 will be able to produce a combined 2 million tonnes per year.

Steppe Cement refinanced its long-term debt in April 2014 and purchased 330 rail wagons that will cover 40% of our yearly needs with a new long-term loan. The short term loan lines have been extended and increased allowing the company to maintain flexibility in production.

The full impact of the savings from the switch to the dry lines and the ramp up in production will be felt in 2015 and the change should allow Steppe Cement to maintain its leading position in the growing Kazakhstan cement market.

In 2014, Steppe Cement posted a net loss of USD7.9 million with factory capacity utilization of 57% on the dry lines and 52% on the wet lines. Effective dry line capacity will increase to 1.8 million tonnes in 2015 and 2 million tonnes in 2016. Sales volume improved by 18% while selling prices decreased by 9% in KZT and 23% in USD. Steppe Cement's EBITDA decreased to USD17.4 million from USD28.7 million in 2013 due to KZT devaluation, lower pricing and still relatively higher costs as the wet lines were still running and Line 5 was operating at 50% capacity.

The wet lines were fully impaired in 2014 as we do not expect to operate them in the near future. We charged impairment loss of USD3.1

Key financials	Year ended 31-Dec-2014	Year ended 31-Dec-2013	Inc/ (Dec)%
Sales (tonnes of cement)	1,612,709	1,366,678	18%
Consolidated turnover (KZT million)	20,926	19,469	7.5%
Consolidated turnover (USD Million)	116.6	128.0	(8.9%)
Consolidated (loss)/profit before tax (USD Million)	(8.1)	13.0	(162%)
Consolidated (loss)/profit after tax (USD Million)	(7.9)	10.5	(175%)
(Loss)/profit per share (US cents)	(3.6)	4.8	(175%)
Shareholders' funds (USD Million)	117.7	154.6	(24%)
Average exchange rate (USD/KZT)	179.5	152.2	(18%)
Exchange rate as at year end (USD/KZT)	182.35	154.3	(18%)

million to Income Statements and USD0.48 million (net of tax) to Revaluation Reserve.

We shall maintain them in a mothball condition pending the evolution of the market.

There should be no further impairment required in the future as the milling department, quarry and all auxiliary equipment will continue to work.

The market volume increased by 5% in 2014 and we expect a 3% increase in 2015

The Kazakh cement market in 2014 was 8.5 million tonnes, an increase of 5% compared to 8.1 million tonnes in 2013. The increase in market size was taken up by the ramp up of Steppe Cement, Caspi Cement (Heidelberg), Jambyl Cement (Vicat) and Kazakhcement (local ownership). The imports' share decreased from 19% of the market in 2013 to 13% in 2014.

Our expectations are that overall market demand in 2015 will increase by 3% to 8.8 million tonnes and the increase will be taken by the ramp up of Steppe Cement, Caspi Cement and imports depending on the exchange rate of the Rouble against the Tenge during the year.

Steppe Cement's average cement selling prices decreased by 9% in KZT and by 23% in USD to USD 72.3 per tonne delivered (equivalent to USD 60 per tonne ex-factory). Steppe Cement had a market share of 19% in 2014 compared to 17% in 2013. In 2015 we expect to maintain our share in line with increased production capacity.

Despite the drop in the oil price, the government remains commited to a strong infrastructure plan and the outlook of the construction industry in Kazakhstan remains positive driven by the Expo 2017 and road building programs.

Production and costs

The four wet lines produced 465,879 tonnes of cement a decrease of 21% from 2013 before they were finally stopped in the fourth quarter. The dry lines contributed 1,134,197 tonnes representing 71% of total production of Steppe Cement. Line 5 and Line 6 contributed 35% and 39% of sales volumes respectively.

The production from the dry lines will increase significantly in 2015 to cover for the previous wet lines production plus the expected sales increase in line with the market. It is expected that Line 5 and Line 6 will contribute 57% and 43% of production volumes at 80% and 90% of capacity respectively. Line 5 design capacity is 1.2 million tonnes and Line 6 is 0.8 million tonnes.

Cash production costs in the dry lines was reduced to USD38/tonne from USD43/tonne in 2013. Once accounted for devaluation, cost increased in KZT in line with inflation. We expect cost to be reduced in 2015 as the utilization rate increases in Lines 5 and 6 and the utilities and services are optimized following the closure of the wet lines.

Selling expenses, reflecting mostly delivery costs, reduced to USD11.9/tonne from USD14.5 per tonne in 2013. This is a combination of the effects of the devaluation and the savings brought about in the second half of the year by the purchase of our own fleet of wagons, partly offset by the above-average increase in transportation rates.

Financial expenses and debt levels

In 2014 finance costs increased to USD4.8 million from a comparable USD3.9 million in 2013 (had the interest not been capitalized in 2013). The increase reflects the increase of long term debt to purchase the wagons and the increase of short term debt towards the end of the year to increase stocks and to hedge the expected currency fluctuations into 2015.

During the year, we increased slightly our long term debt to USD30.4 million from USD27.1 million in 2013 as well as its maturity as we refinanced the previous EBRD and HSBC debt with a 2 year loan from VTB Austria and France. We negotiated a new USD15 million 5 year loan to purchase rail wagons.

At the end of the year, we decided to increase our cash position to USD 9.3 million to hedge against the potential devaluation of the KZT and to be able to increase our stocks levels through the winter. This decision pushed the short term liquidity ratio to 1.55 slightly above the bank requirement of 1.50 once the final EBITDA calculation was finalised in April 2015.

We have renewed the revolving working capital credit line from Halyk Bank for KZT3 billion at 10.75% per annum and we have increased the credit line from Altyn Bank (previously HSBC Kazakhstan) to KZT 1.65 billion. Together they represent approximately USD25 million.

We are currently negotiating a government subsidized loan in KZT to cover some of our capital expenditure, improve our distribution, replace part of the working capital lines and to purchase up to additional 100 rail wagons.

General and administrative expenses

General and administrative expenses decreased by 4% to USD12.2 million from USD12.7 million in 2013 mainly due to the KZT devaluation.

The labour count stood at 926 on 31 March 2015 compared with 1,099 on 31 March 2014. We now have 449 employees in the milling department, services, sales and administration (compared to 719 last year) and 477 in the dry lines to run both Lines 5 and 6 (compared to 380 last year). We will continue to optimize the labour count until the end of 2016.

Depreciation significantly increased to USD 12.2 million in 2014 from USD 9 million despite the devaluation as we accounted for the first time the full investment in Line 5.

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

Capital investment and rail wagons

During 2014 we completed the outstanding payments for investment in respect of Line 5 (USD 4.5 million).

We changed the preheater fan motors in Dry Line 6 at a cost of USD0.26 million and with a payback of 1.2 years due to lower electrical consumption.

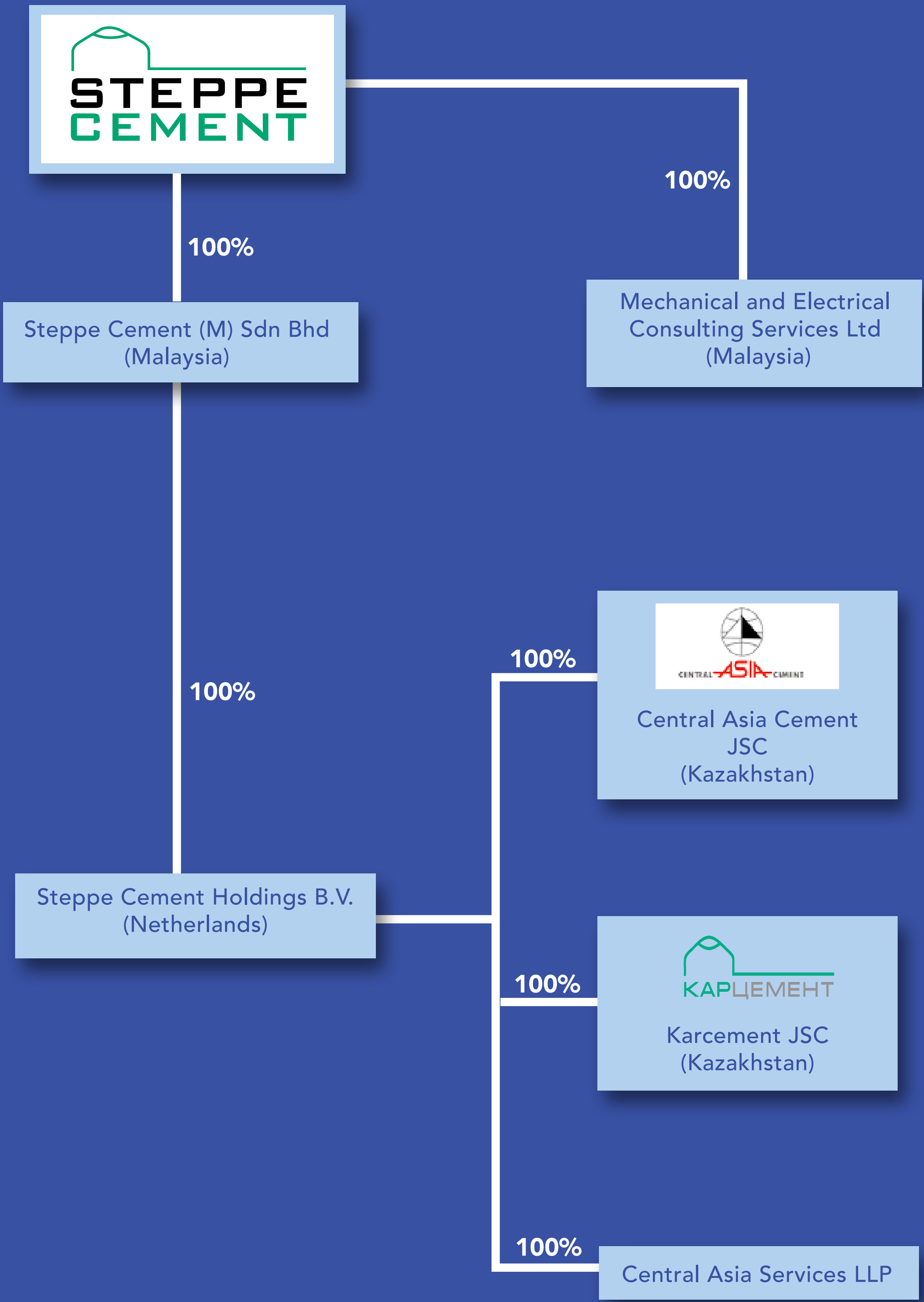
From April to July 2014 we purchased 330 new rail wagons of 72 tonnes capacity for USD15 million . They represent 40% of our needs and allow us to avoid renting wagons four months a year. The purchase was fully financed with a loan from VTB Bank. The return on this investment is approximately 23%.

We will focus the capex next year on increasing the milling capacity, logistics, packing and distribution. We will limit our yearly capital expenditure depending on the market conditions and the availability of financing in KZT.

This year will see the departure of our long term Chairman and loyal shareholder Mr Malcolm Brown. On behalf the employees, main shareholders and the board, I would like to thank him for his support and understanding particularly during the difficult times.

Javier del Ser
Chief Executive Officer

Group Structure



Malcom Brown, *Non-Executive Chairman*

Malcolm Brown, 68 years of age, is a UK national with a background as an analyst and corporate finance adviser. He has significant experience with the European building materials sector and has been involved in a number of cement related transactions. Mr Brown worked with HSBC Investment Bank and its predecessor James Capel for 34 years as a director, senior analyst and adviser until his retirement in 2006. The research output, supported by a strong specialist sales team, enabled James Capel and subsequent to its purchase, by HSBC, to establish a leading position in the building material and construction sectors in both the primary and the secondary markets. This was reflected in the external poll ratings and the expanded number of corporate brokerships.

Some of the mandates in which Mr Brown was actively involved included the privatisation of the cement industry in Serbia and those in Algeria. In the former case, following the cessation of hostilities it was decided in 2001 that the three plants Beocin, Novi Popovac and Kosjeric should be sold and following a successful competitive auction, which was fast-tracked, these were acquired by Lafarge, Holcim and Titan respectively. In Algeria, HSBC won the mandate to advise the government on the sale of its cement assets and it was decided to prepare three out of the twelve plants for auction. Regrettably, although this had proceeded a long way, even to soliciting offers from international cement groups, the government withdrew at the eleventh hour in the face of strong union opposition.

Whilst at HSBC, Mr Brown was also engaged to find acquisitions on the Indian sub-continent for Holcim (Switzerland), Cimpor (Portugal) and Votorantim (Brazil). He has also worked with Vicat and Ciments Francais on opportunities in Egypt. Mr Brown is currently the Managing Director of a small consultancy business, Carbery Cement Consultants, which provides strategic advice to mid cap, family-controlled businesses in the cement industry.

Javier Del Ser Perez, *Chief Executive Officer*

Javier del Ser Perez 49, 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.

Paul Rodzianko, *Non-Executive Director*

Paul Rodzianko, 69, is an international business executive with extensive experience in the energy, infrastructure and green technology sectors. He serves as Chairman or Independent Director of several emerging companies. Currently volunteering as Chairman Emeritus of the Hermitage Museum Foundation (USA), he serves on the boards of the US-Russia Business Council, the Kennan Council of the Woodrow Wilson International Center, and the International Tax & Investment Center. Previously he was Vice-Chairman of the Board of the US-Kazakhstan Business Association and Director of Energibolaget i Sverige (Sweden). He has served in senior executive capacities at Access Industries, Bogatyr Access Komir (Kazakhstan), the General Electric Company, Grace Geothermal Corporation, GreenFuel Technologies Corporation, CNPC-Aktobemunaigas (Kazakhstan), Sterling Grace & Co., Tyumen Oil Company (Russia), DataPort at the World Trade Center, and Mt. Hope Hydro. Paul holds a B.A. from Princeton University and an M.A. from the Institute of Critical Languages. He is a Fellow of The Explorers Club and the Royal Geographic Society.

Senior Management

Management & staff of Karcement JSC

General Director: Gan Chee Leong
Gan is a Chartered Accountant from England and Wales. He started work in Kuala Lumpur as a senior auditor with a well-known international firm. He has about 23 years of experience in the cement industry in various capacities. Before joining CAC and Karcement, he was GM-Marketing, of a leading cement company in Malaysia and held various directorships within the Group companies. He also held a number of positions in the Cement and Concrete Association Malaysia and was once the Deputy Secretary General of Asian Federation of Cement Manufacturers.

Operation Director: George Ramesh
A Mechanical Engineer by profession with a Master's 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: P. Sampathkumar
He is a Chemistry graduate with a Master's degree in Sociology, Post Graduate Diploma holder in Personnel Management & Industrial Relations and also a holder of Technical Diploma in Total Productive Maintenance (Gemba Kaizen). He has extensive experience of more than 33 years in the operation of all types of kilns right from wet process to modern kilns. He specializes in process stabilization and optimization. He has worked in India, Iraq, and UAE with companies like ACC Ltd – (now HOLCIM) and Lafarge.

Head of Maintenance: G. Srinivasa Reddy
A Mechanical Engineer from India and graduated from the prestigious Regional Engineering College, Warangal. He has extensive experience in the cement industry for more than 23 years in projects, maintenance and operation in various capacities. He has worked at India Cements Ltd, Dalmia Cements (B) Ltd. and Holcim India before joining Karcement in 2008. He has very good knowledge about modern dry plant maintenance, operation, process control and optimization.

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: Svetlana Alekseeva
Svetlana is a CAP certified accountant and an Engineer-Economist by qualification. She graduated from Karaganda Polytechnic Institute.

Quality Assurance: Tanzilya Sirazieva
She qualified as a chemical-technologist engineer from Belgorod Technological Institute of Building Materials and has 42 years of experience in the cement industry.

Management & staff of Central Asia Cement JSC

General Director : Peter Durnev
He is a graduate of the Academy Marketing Moscow. He has worked in CAC for about 18 years rising from marketing executive to his present position. He also holds the position of Marketing Director.

Finance Director: Chan Keng Chung
Chan Keng Chung is a member of Malaysian Institute of Certified Public Accountants (MICPA) and a graduate from the University of Malaya with a bachelor degree in accountancy. He has over 18 years of working experience including in audit with a big-four accounting firm in Kuala Lumpur and in commerce with a Hong-Kong listed company. Before joining CAC, he held the position of financial controller based in Hong Kong, after having spent 6 years in Shanghai. His expertise encompasses audit, financial reporting, internal control procedures, corporate finance and investment evaluation.

Head of Services: Karunakaran Perumal
A degree holder in Mechanical Engineer from Leeds University UK (1982), he has been in the cement industry since 2000. He has been spearheading the preventative maintenance program as the Methods Manager in two of the Lafarge Cement Plants in Malaysia with the implementation of Computerized Maintenance Management Systems (CMMS). He has 18 years experience in the design, repair, maintenance and commissioning of boilers, pressure vessels, and oil and gas equipment in many countries around the world. He is also an Internal Auditor for ISO 14001(Environment).

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 more than 25 years.

Line 5





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.

Steppe Cement is not required to comply with the UK Combined Code of Corporate Governance ("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 Quoted Companies Alliance ("QCA") has published a set of corporate governance guidelines for AIM companies as a minimum standard to follow. The QCA guidelines are less rigorous than the Combined Code and recommendations include the following:

- Separation of Chairman and 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.

Steppe Cement complies with the QCA guidelines. Nonetheless, Steppe Cement adopts the principal requirements of the Combined Code, as far as practicable, to ensure high standards of corporate governance.

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 Meetings

During the year ended 31 December 2014, 4 board meetings were held. The following is the attendance record of the 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 Chief Executive Officer. 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-today management and operations of the Group in accordance with the objectives and strategies established by the Board to the Chief Executive Officer and the senior management.

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Malcolm Brown (Non-Executive Chairman)	4/4	3/3	2/2	N/A
Javier Del Ser Perez (Chief Executive Officer)	4/4	N/A	N/A	1/1
Paul Rodzianko (Non-Executive Director)	4/4	3/3	2/2	1/1

Committee meetings are held concurrently with the board meetings.

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.

The Chairman currently holds 1,000,000 shares or 0.46% of the issued share capital of Steppe Cement. The Board does not consider the shares held by the Chairman, Malcolm Brown, to have any impact on his independence given the insignificant shareholdings as a percentage of Steppe paid-up capital. The Board has viewed the Chairman's contribution as valuable due to his extensive experience and knowledge of the building materials sector.

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 Offshore Companies Act provides that every offshore 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 evaluates 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.

The Chairman, Malcolm Brown, has decided not to stand for re-election in the forthcoming AGM.

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.

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 of:

Paul Rodzianko (Chairman)

Javier Del Ser Perez

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, Chief Executive Officer, Executive Directors and Senior Executives;
- Review the contracts for the Chairman, Chief Executive Officer, 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 of:

Malcolm Brown (Chairman)

Paul Rodzianko

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 of:

Paul Rodzianko (Chairman)

Malcolm Brown

Corporate Governance

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, that 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 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 at annually. The Audit Committee also deliberates on control issues highlighted by the external auditors during the course of statutory audits.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014
(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 Financial Statements

We have audited the financial statements of STEPPE CEMENT LTD, which comprise the statements of financial position of the Group and of the Company as of 31 December 2014, and the income statements, statements of 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 a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 98.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion and audit opinion on the financial statements of the Group and of the Company, respectively.

Basis for Qualified Opinion

Revaluation of land and buildings
As disclosed in Note 9 to the financial statements, the carrying amount of the Group's land and buildings, which were measured at fair value less accumulated depreciation and impairment losses, amounted to USD24,305,760 as of 31 December 2014. The fair values of the land and buildings were determined based on an independent appraisal performed on 27 August 2010 and they have not been revalued since that date. According to International Accounting Standard 16, Property, Plant and Equipment, for property, plant and equipment that is accounted for under the 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 since the date of revaluation until 31 December 2014 do not differ significantly from their fair values. However, we were unable to obtain sufficient appropriate audit evidence relating to the fair values of the land and buildings as of 31 December 2014. Consequently, we were unable to determine whether any adjustments were necessary in respect of the carrying amount of the land and buildings and the revaluation reserve of the Group as of 31 December 2014 and the elements making up the income statement, statement of comprehensive income and statement of changes in equity of the Group for the year then ended.

Classification of bank loan

As disclosed in Note 18 to the financial statements, borrowings as of 31 December 2014 included a non-current bank loan of USD22,418,569 whose covenant was breached during the year and as of 31 December 2014. As the Group did not have an unconditional right to defer its settlement for at least twelve months after 31 December 2014, the non-current bank loan should be classified as a current liability as required by International Accounting Standard 1, Presentation of Financial Statements.

Qualified Opinion

In our opinion, except for the effect of the matters described in the paragraphs of the basis for qualified opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Labuan Companies Act, 1990 in Malaysia.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Labuan Companies Act, 1990 in Malaysia.

Other matter

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

DELOITTE & TOUCHE
AAL 0011
Chartered Accountants

LIM BOON TENG
Partner - 3064/04/17 (J)
Chartered Accountant

8 May 2015

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
	Note	2014 USD	2013 USD	2014 USD	2013 USD
Revenue	4	116,634,875	127,981,763	4,247,325	100,000
Cost of sales		(80,925,733)	(74,194,003)	-	-
Gross profit		35,709,142	53,787,760	4,247,325	100,000
Interest income		8,245	68,401	-	-
Selling expenses		(19,139,532)	(19,799,639)	-	-
General and administrative expenses		(12,151,311)	(12,696,958)	(531,641)	(523,094)
Finance costs	5	(4,787,593)	(2,689,949)	-	-
Impairment loss on property, plant and equipment	9	(3,144,100)	(4,089,167)	-	-
Other expenses, net	6	(4,589,697)	(1,604,046)	29,391	(16,740)
(Loss)/Profit before income tax	6	(8,094,846)	12,976,402	3,745,075	(439,834)
Income tax credit/(expense)	7	154,161	(2,525,429)	(5,720)	-
(Loss)/Profit for the year		(7,940,685)	10,450,973	3,739,355	(439,834)
Attributable to: Shareholders of the Company		(7,940,685)	10,450,973	3,739,355	(439,834)
(Loss)/Profit per share:					
Basic and diluted (cents)	8	(3.6)	4.8		

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

Statements Of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
		2014	2013	2014	2013
	Note	USD	USD	USD	USD
(Loss)/Profit for the year		(7,940,685)	10,450,973	3,739,355	(439,834)
Other comprehensive loss:					
Items that will not be reclassified subsequently to profit or loss:					
Impairment loss on property, plant and equipment, net of tax	17	(481,777)	(1,022,132)	-	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations, net of tax	17	(24,936,678)	(3,977,068)	-	-
Total other comprehensive loss		(25,418,455)	(4,999,200)	-	-
Total comprehensive (loss)/income for the year		(33,359,140)	5,451,773	3,739,355	(439,834)
Attributable to:					
Shareholders of the Company		(33,359,140)	5,451,773	3,739,355	(439,834)

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

Statements Of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
	Note	2014	2013	2014	2013
		USD	USD	USD	USD
Assets					
Non-Current Assets					
Property, plant and equipment	9	151,695,517	167,164,899	-	-
Investment in subsidiary companies	10	-	-	30,500,002	30,500,002
Advances and prepaid expenses	14	50,666	678,285	-	-
Other assets	11	7,021,239	17,124,247	-	-
Total Non-Current Assets		158,767,422	184,967,431	30,500,002	30,500,002
Current Assets					
Inventories	12	22,112,879	20,466,479	-	-
Trade and other receivables	13	3,949,124	7,114,144	-	-
Income tax recoverable		1,211,045	8,628	-	-
Loans and advances to subsidiary companies	10	-	-	40,377,069	39,908,676
Advances and prepaid expenses	14	2,514,290	4,275,356	5,731	8,887
Cash and cash equivalents	15	9,295,439	4,299,183	2,112	238,111
Total Current Assets		39,082,777	36,163,790	40,384,912	40,155,674
Total Assets		197,850,199	221,131,221	70,884,914	70,655,676

Statements Of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
	Note	2014 USD	2013 USD	2014 USD	2013 USD
Equity and Liabilities					
Capital and Reserves					
Share capital	16	73,760,924	73,760,924	73,760,924	73,760,924
Revaluation reserve	17	3,986,065	5,603,756	-	-
Translation reserve	17	(50,558,555)	(25,621,877)	-	-
Retained earnings/ (Accumulated losses)		90,502,844	100,883,344	(4,216,258)	(4,379,884)
Total Equity		117,691,278	154,626,147	69,544,666	69,381,040
Non-Current Liabilities					
Borrowings	18	30,363,401	27,064,821	-	-
Deferred taxes	19	7,399,794	9,357,535	-	-
Provision for site restoration		84,458	-	-	-
Total Non-Current Liabilities		37,847,653	36,422,356	-	-
Current Liabilities					
Trade and other payables	20	7,658,755	9,051,771	-	-
Accrued and other liabilities	21	6,638,802	6,801,926	1,334,528	1,274,636
Borrowings	18	27,088,698	13,729,079	-	-
Taxes payable	22	925,013	499,942	5,720	-
Total Current Liabilities		42,311,268	30,082,718	1,340,248	1,274,636
Total Liabilities		80,158,921	66,505,074	1,340,248	1,274,636
Total Equity and Liabilities		197,850,199	221,131,221	70,884,914	70,655,676

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

Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

The Group	Non-distributable			Distributable	
	Share capital USD	Revaluation reserve USD	Translation reserve USD	Retained earnings USD	Total* USD
As of 1 January 2014	73,760,924	5,603,756	(25,621,877)	100,883,344	154,626,147
Loss for the year	-	-	-	(7,940,685)	(7,940,685)
Other comprehensive loss	-	(481,777)	(24,936,678)	-	(25,418,455)
Total comprehensive loss for the year	-	(481,777)	(24,936,678)	(7,940,685)	(33,359,140)
Other transactions impacting equity:					
Dividends (Note 17)	-	-	-	(3,575,729)	(3,575,729)
Transfer of revaluation reserve relating to property, plant and equipment through use (Note 17)	-	(1,135,914)	-	1,135,914	-
As of 31 December 2014	73,760,924	3,986,065	(50,558,555)	90,502,844	117,691,278

*Attributable to the shareholders of the Company

Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

The Group	Share capital USD	← Non-distributable Revaluation reserve USD	Translation reserve USD →	Distributable Retained earnings USD	Total* USD
As of 1 January 2013	73,760,924	8,033,718	(21,644,809)	89,024,541	149,174,374
Profit for the year	-	-	-	10,450,973	10,450,973
Other comprehensive loss	-	(1,022,132)	(3,977,068)	-	(4,999,200)
Total comprehensive (loss)/income for the year	-	(1,022,132)	(3,977,068)	10,450,973	5,451,773
Other transaction impacting equity:					
Transfer of revaluation reserve relating to property, plant and equipment through use (Note 17)	-	(1,407,830)	-	1,407,830	-
As of 31 December 2013	73,760,924	5,603,756	(25,621,877)	100,883,344	154,626,147

*Attributable to the shareholders of the Company

Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

The Company	Share capital USD	Accumulated losses USD	Total USD
As of 1 January 2013	73,760,924	(3,940,050)	69,820,874
Total comprehensive loss for the year	-	(439,834)	(439,834)
As of 31 December 2013	73,760,924	(4,379,884)	69,381,040
As of 1 January 2014	73,760,924	(4,379,884)	69,381,040
Total comprehensive income for the year	-	3,739,355	3,739,355
Other transaction impacting equity:			
Dividends (Note 17)	-	(3,575,729)	(3,575,729)
As of 31 December 2014	73,760,924	(4,216,258)	69,544,666

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

Statements Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group		The Company	
	2014	2013	2014	2013
	USD	USD	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before income tax	(8,094,846)	12,976,402	3,745,075	(439,834)
Adjustments for:				
Depreciation of property, plant and equipment	12,239,764	8,968,434	-	-
Impairment loss on property, plant and equipment	3,144,100	4,089,167	-	-
Dividend income	-	-	(4,147,325)	-
Foreign exchange loss/(gain)	5,284,714	842,564	(66,613)	17,214
Finance costs	4,787,593	2,689,949	-	-
Provision for obsolete inventories	1,750,864	1,897,712	-	-
Provision for doubtful advances paid to third parties	119,956	145,777	-	-
Provision for doubtful receivables	103,630	137,331	-	-
Loss on disposal of property, plant and equipment	237,877	223,238	-	-
Accrued unused leaves	19,359	21,627	-	-
Amortisation of quarry stripping costs	15,699	37,539	-	-
Reversal of accrued unused leaves	(55,688)	(7,108)	-	-
Provision for electricity charges	-	210,629	-	-
Interest income	(8,245)	(68,401)	-	-
Operating Profit/(Loss) Before Working Capital Changes	19,544,777	32,164,860	(468,863)	(422,620)

Statements Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group		The Company	
	2014	2013	2014	2013
	USD	USD	USD	USD
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	(3,619,182)	(2,174,486)	-	-
Trade and other receivables	1,069,568	(466,814)	3,156	-
Loans and advances to subsidiary companies	-	-	(468,393)	(2,398,823)
Advances and prepaid expenses	1,505,920	2,240,157	-	(2,796)
Other assets	-	3,071,875	-	-
Increase/(Decrease) in:				
Trade and other payables	(169,749)	1,026,086	-	-
Accrued and other liabilities	1,483,330	(304,807)	126,505	139,016
Cash From/(Used In) Operations	19,814,664	35,556,871	(807,595)	(2,685,223)
Income tax paid	(1,448,896)	(1,317,587)	-	-
Interest paid	(4,806,663)	(3,892,302)	-	-
Net Cash From/(Used In) Operating Activities	13,559,105	30,346,982	(807,595)	(2,685,223)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(21,834,528)	(16,590,562)	-	-
Purchase of other assets	(356,421)	(15,571,913)	-	-
Payment for quarry stripping costs	-	(21,436)	-	-
Proceeds from short-term investment	-	5,997,607	-	-
Dividends received	-	-	4,147,325	-
Interest received	8,245	68,401	-	-
Net Cash (Used In)/From Investing Activities	(22,182,704)	(26,117,903)	4,147,325	-

Statements Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(3,575,729)	-	(3,575,729)	-
Proceeds from bank loans	89,745,890	15,621,961	-	-
Repayment of bank loans	(71,954,803)	(29,470,458)	-	-
Net Cash From/(Used In) Financing Activities	14,215,358	(13,848,497)	(3,575,729)	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	5,591,759	(9,619,418)	(235,999)	(2,685,223)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(595,503)	(97,150)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,299,183	14,015,751	238,111	2,923,334
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	9,295,439	4,299,183	2,112	238,111

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 10.

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

The Company's principal activity is investment holding. The Company's operating subsidiaries are principally engaged in the production and sale of cement. The principal activities of the subsidiary companies are disclosed in Note 10.

The financial statements of the Group and the Company have been approved by the Board of Directors and were authorised for issuance on 8 May 2015.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The financial statements of the Group and 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 revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

<u>Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities</u>
The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments [4]
IFRS 14	Regulatory Deferral Accounts [2]
IFRS 15	Revenue from Contracts with Customers [4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations [2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation [3]
Amendments to IAS 1	Disclosure Initiative [2]
Amendments to IAS 19	Defined Benefit Plans - Employee Contributions [1]
Amendments to IAS 27	Equity Method in Separate Financial Statements [2]

Amendments to IFRSs contained in the document entitled Annual Improvements to IFRSs 2010 - 2012 Cycle [1]

Amendments to IFRSs contained in the document entitled Annual Improvements to IFRSs 2011 - 2013 Cycle [1]

Amendments to IFRSs contained in the document entitled Annual Improvements to IFRSs 2012 - 2014 Cycle [2]

[1] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and the Company except for the application of IFRS 15 which may have impact on the disclosure as described below.

IFRS 15 Revenue from Contracts with Customers
In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises 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. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements of the Group. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and 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 9).

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 of a subsidiary company disposed of during the year are included in the income statement and statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiary companies is attributed to the owners of the 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 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 IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue of the Group represents sales of cement, transmission and distribution of electricity and interest income. Sales of cement and transmission and distribution of electricity are stated at invoice value net of discounts, rebates, commissions and returns. Revenue of the Company represents management fee and dividend income.

Sales of goods
Upon shipment/delivery of goods and when the risks and rewards of ownership have passed to the customers, revenue is recognised at gross invoiced value, net of discounts, rebates, commissions and returns.

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 income is recognised when the right to receive payment is established.

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. 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 income statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement 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, if any, are recorded in other comprehensive income and accumulated in the Group's translation reserve. Such translation differences are recognised in the income statement 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:

	2014 USD	2013 USD
1 Sterling Pound ("GBP")	1.5577	1.6557
1 Euro ("EUR")	1.2098	1.3743
1 Ringgit Malaysia ("MYR")	0.2860	0.3053
1 Russian Ruble ("RUB")	0.0173	0.0304
	KZT	KZT
1 USD	182.35	154.27

Retirement Benefit Costs

In accordance with the requirements of the legislation of the countries 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 USD821 per month per employee (2013: USD869) 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 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 income statement 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 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 settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the income statement, 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. In the case of 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 properties under construction

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 income statement, in which case, the increase is credited to the income statement 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 income statement 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.

Properties under construction

Properties 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 properties 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 income statement. 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 is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) 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
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 sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Mining assets

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

(i) Deferred 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 property, plant and equipment

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 income statement 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 income statement 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:

More than 1 year	33.3%
More than 2 years	66.7%
More than 3 years	100%

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 reporting date 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 statement 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 income statement.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees, paid or received, which comprise an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial Assets

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.

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

Trade and Other Receivables
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.

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.

For financial assets carried at cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the current market rate of return for a similar financial instrument.

The changes in impairment allowances are charged to income statement 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 liquidation of borrowers, solvency and exposure to financial risks, insolvency trends regarding similar financial assets, general economic condition and fair value of security and guarantees.

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.

Offset of Financial Assets and Liabilities

Financial assets and 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.

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 income statement.

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 income statement 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.

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 9, 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 27 August 2010. 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 2014, the directors consider that the carrying amount of the land and buildings is reflective of the fair value 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 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 values 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.

On 27 October 2014, the clinker production process in the wet production line of the Group was ceased. As a result, the Group recognised an impairment loss of USD3,144,100 with respect to its property, plant and equipment during the year ended 31 December 2014 together with a reversal of the revaluation surplus of USD481,777, net of tax of USD120,446, in respect of certain buildings which was recognised in the statement of comprehensive income (Note 17).

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.

Provisions for Doubtful Debts, Advances paid to Third Parties and Inventories

The Group makes provisions for doubtful debts and advances paid to third parties. Significant judgement is used to estimate doubtful debts. In estimating doubtful debts, historical and anticipated customer performances are considered. Changes in the economy or specific customer conditions may require adjustments to the provision for doubtful debts and advances paid to third parties. As of 31 December 2014, provision for doubtful debt and advances paid to third parties amounted to USD1,589,449 (2013: USD1,635,295) (Notes 13 and 14).

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. As of 31 December 2014, provision for obsolete and slow moving inventories amounted to USD4,485,879 (2013: USD3,232,839) (Note 12).

Provision for Electricity Charges

As stated in Note 21, as of 31 December 2014, a provision of USD3,492,586 (2013: USD4,128,301) was made by the Group pertaining to ongoing lawsuit between a subsidiary company, CAC JSC, and Karaganda Zharyk LLP on electricity transportation services. There is an inherent uncertainty in the final outcome of the court case. Having considered all pertinent factors, including after due consultation with solicitor and assessment of the merits of the case, management considers the provision made as adequate.

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% 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		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Sales of manufactured goods	116,576,914	127,897,372	-	-
Transmission and distribution of electricity	57,961	84,391	-	-
Dividend income	-	-	4,147,325	-
Management fee receivable from subsidiary company	-	-	100,000	100,000
	116,634,875	127,981,763	4,247,325	100,000

5. FINANCE COSTS

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Interest expense on:				
- Bank loans	3,774,373	2,784,616	-	-
- Bonds issued	830,084	978,846	-	-
Amortisation of discount on bonds issued	64,217	67,941	-	-
Others	118,919	60,899	-	-
	4,787,593	3,892,302	-	-
Less: Amounts included in the cost of qualifying assets (Note 9)	-	(1,202,353)	-	-
	4,787,593	2,689,949	-	-

The Group's weighted average interest rate on the bank loans is 7.65% (2013: 6.53%) per annum.

Commencing from 1 January 2014, the Group ceased capitalisation of interest expense due to commissioning of dry production line 5. The capitalised borrowing costs in 2013 represent interest expense on the bank loans obtained by a subsidiary company, Karcement JSC, from European Bank for Reconstruction and Development ("EBRD") and Altyn Bank JSC (formerly known as SB HSBC Bank Kazakhstan JSC) that are directly attributable to the construction of the dry production line 5.

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Interest income	8,245	68,401	-	-
Staff costs	(8,713,682)	(9,214,627)	-	-
Depreciation of property, plant and equipment	(12,239,764)	(8,968,434)	-	-
Loss on disposal of property, plant and equipment	(237,877)	(223,238)	-	-
Provision for obsolete inventories	(1,750,864)	(1,897,712)	-	-
Provision for doubtful advances paid to third parties	(119,956)	(145,777)	-	-
Provision for doubtful receivables	(103,630)	(137,331)	-	-
Provision for electricity charges	-	(210,629)	-	-
Accrued unused leaves	(19,359)	(21,627)	-	-
Amortisation of quarry stripping costs	(15,699)	(37,539)	-	-
Foreign exchange (loss)/gain:				
Realised	(5,055,795)	474	(37,221)	474
Unrealised	(228,919)	(842,564)	66,613	(17,214)

The total foreign exchange loss of USD5,284,714 is included in Other expenses, net. It represents loss arising from the foreign exchange fluctuation as a result of the KZT devaluation as disclosed in Note 17. Out of the realised exchange loss of USD5,055,795, USD5,025,799 was incurred due to repayment of bank loans which were denominated in USD and the related cash flow is presented as part of the repayment of bank loans in statement of cash flows.

7. INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expense) is as follows:

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Current tax expense:				
- Company	(5,720)	-	(5,720)	-
- Subsidiary companies	-	(1,153,271)	-	-
- Underprovision in prior years	(246,479)	(60,380)	-	-
Deferred tax credit /(expense) (Note 19):				
- Subsidiary companies	406,360	(1,311,778)	-	-
	154,161	(2,525,429)	(5,720)	-

Under the Labuan Business Activity Tax Act, 1990, the Company has to elect annually whether it is to be charged tax at the amount of RM20,000 (USD5,720) or at a tax rate of 3% on the chargeable profits of an offshore company carrying on offshore trading activities for the basis period for that year of assessment. No tax is charged on offshore non-trading activities. During the current year, the Company elected to be charged tax at the rate of RM20,000 (USD5,720) on chargeable profits.

The profits earned by the subsidiary companies incorporated in the Republic of Kazakhstan are subject to the prevailing statutory tax rate of 20% (2013: 20%), and Malaysian and Netherland subsidiaries are subject to statutory tax rates of 25% (2013: 25%).

A reconciliation of income tax (credit)/expense applicable to (loss)/profit before income tax at the applicable statutory income tax rate to income tax (credit)/expense at the effective income tax rate of the Group is as follows:

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
(Loss)/Profit before income tax	(8,094,846)	12,976,402	3,745,075	(439,834)
Tax (credit)/expense calculated at domestic tax rates applicable to the respective jurisdictions	(1,295,729)	1,536,176	112,352	(13,195)
Tax effects of expenses not deductible for tax purposes	765,703	1,792,025	-	-
Tax effects of income not assessable for tax purposes	(60,540)	(578)	(124,420)	-
Income tax exemption	-	(1,433,458)	-	-
Effect of unused tax losses not recognised as deferred tax assets	184,206	114,282	12,068	13,195
Underprovision of deferred tax in prior years	-	456,602	-	-
Underprovision of current tax in prior years	246,479	60,380	-	-
Election of tax at RM20,000	5,720	-	5,720	-
Income tax (credit)/expense	(154,161)	2,525,429	5,720	-

A subsidiary company (Karcement JSC) was exempted from the payment of income tax for the 5-year period from the date of commissioning of the cement production plant under the investment project. In 2013, income tax of USD1,433,458 was exempted after full utilisation of the available unregconised tax losses. The investment tax preferences ended on 31 December 2013.

8. (LOSS)/PROFIT PER SHARE

Basic and diluted

	The Group	
	2014	2013
	USD	USD
(Loss)/Profit attributable to ordinary shareholders	(7,940,685)	10,450,973

	2014	2013
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

	2014	2013
(Loss)/Profit per share, basic and diluted (cents)	(3.6)	4.8

The basic (loss)/profit per share is calculated by dividing the (loss)/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 2014 and 2013.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

The Group	Freehold land and land improvement	Buildings	Machinery and equipment	Railway wagons	Stand-by equipment and major spare parts	Construction in progress	Other assets	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost								
At 1 January 2013	4,128,742	51,030,118	78,503,457	-	-	36,741,869	15,534,890	185,939,076
Additions	609	10,067	558,534	-	-	48,704,615	336,365	49,610,190
Transfers	-	86,595	1,349,932	-	-	(1,705,730)	269,203	-
Disposals	-	(233)	(293,784)	-	-	(26,868)	(92,656)	(413,541)
Impairment losses (Note 17)	-	(1,277,664)	-	-	-	-	-	(1,277,664)
Exchange differences	(102,503)	(1,249,926)	(1,948,974)	-	-	(1,069,277)	(385,678)	(4,756,358)
At 31 December 2013/ 1 January 2014	4,026,848	48,598,957	78,169,165	-	-	82,644,609	15,662,124	229,101,703
Additions	5,654	8,045	6,822	15,063,905	5,409,970	6,515,809	210,617	27,220,822
Transfers	-	1,989,542	78,259,929	9,344	(10,480)	(81,019,758)	771,423	-
Disposals	-	(296)	(238,870)	-	(60)	(45,632)	(186,844)	(471,702)
Impairment losses (Note 17)	-	(602,223)	-	-	-	-	-	(602,223)
Exchange differences	(620,093)	(7,474,321)	(18,365,169)	-	-	(7,372,912)	(2,411,804)	(36,244,299)
At 31 December 2014	3,412,409	42,519,704	137,831,877	15,073,249	5,399,430	722,116	14,045,516	219,004,301

Statements Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

The Group	Freehold land and land improvement	Buildings	Machinery and equipment	Railway wagons	Stand-by equipment and major spare parts	Construction in progress	Other assets	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Accumulated depreciation and impairment losses								
At 1 January 2013	-	21,438,160	21,905,293	-	-	-	7,153,229	50,496,682
Charge for the year	-	2,297,280	5,296,584	-	-	-	1,374,570	8,968,434
Disposals	-	-	(141,797)	-	-	-	(48,506)	(190,303)
Impairment losses	-	-	4,044,758	-	-	-	44,409	4,089,167
Exchange differences	-	(562,764)	(667,966)	-	-	-	(196,446)	(1,427,176)
At 31 December 2013/ 1 January 2014	-	23,172,676	30,436,872	-	-	-	8,327,256	61,936,804
Charge for the year	-	1,858,195	8,910,156	338,418	-	-	1,132,995	12,239,764
Transfers	-	16	-	-	-	-	(16)	-
Disposals	-	(22)	(114,741)	-	-	-	(119,062)	(233,825)
Impairment losses	-	195,944	2,947,554	-	-	-	602	3,144,100
Exchange differences	-	(3,600,456)	(4,872,288)	(5,289)	-	-	(1,300,026)	(9,778,059)
At 31 December 2014	-	21,626,353	37,307,553	333,129	-	-	8,041,749	67,308,784
Net Book Value								
At 31 December 2014	3,412,409	20,893,351	100,524,324	14,740,120	5,399,430	722,116	6,003,767	151,695,517
At 31 December 2013	4,026,848	25,426,281	47,732,293	-	-	82,644,609	7,334,868	167,164,899

Land and buildings were revalued on 27 August 2010 by an independent professional valuer based on depreciated replacement cost and income approach. 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 USD24,305,760 as of 31 December 2014 (2013: USD29,453,129). 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 since the date of revaluation until 31 December 2014 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	
	2014 USD	2013 USD
Land	428,977	513,807
Buildings	3,649,705	3,996,655

On 27 October 2014, the Group discontinued the use of the clinker production facility in a wet production line comprising building, machinery and equipment and other assets, and management assessed the likelihood of utilising the facility in future as remote. The Group recognised an impairment loss of USD3,144,100 in the income statement together with a reversal of the revaluation surplus of USD481,777 net of tax of USD120,446 in the statement of comprehensive income during the year.

Other assets included in property, plant and equipment comprise commonly used assets for production, administrative facilities, computer and software, and constructed items including cables, conveyors and heaters which are usable for a certain period of time.

As of 31 December 2014, property, plant and equipment of a subsidiary company (Karcement JSC) with a cost and net book value of USD52,061,892 and USD41,794,308, respectively, is pledged to secure the loan from VTB Bank (Austria) AG and VTB Bank (France) SA.

As of 31 December 2013, property, plant and equipment of a subsidiary company (Karcement JSC) with a cost and net book value of USD128,248,330 and USD108,791,818, respectively, is pledged to secure the loans from EBRD and Altyn Bank JSC (formerly known as SB HSBC Bank Kazakhstan JSC) (Note 18). The property, plant and equipment of a subsidiary company (CAC JSC) with a net book value of USD35,597,777 is pledged to secure borrowing obtained from EBRD (Note 18).

As of 31 December 2014, the cost of property, plant and equipment that is fully depreciated amounted to USD907,365 (2013: USD1,923,037).

10. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2014 USD	2013 USD
Unquoted shares, at cost	30,500,002	30,500,002

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
		2014 %	2013 %	
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 onsultancy services

	Place of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activities
		2014	2013	
		%	%	
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

The loans and advances to subsidiary companies are unsecured, interest-free and repayable on demand.

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

Subsidiary Company	Nature of transactions	Revenue from services performed	
		2014 USD	2013 USD
Steppe Cement (M) Sdn. Bhd.	Dividend income	4,147,325	-
MECS Ltd.	Management fees	100,000	100,000

Subsidiary Companies	Nature of transactions	Recieveables from subsidiary Companies	
Karcement JSC	Intercompany loans	34,690,000	35,690,000
MECS Ltd.	Advances and management fees	3,117,634	2,588,433
Steppe Cement (M) Sdn. Bhd.	Advances	2,569,435	1,630,243
		40,377,069	39,908,676

11. OTHER ASSETS

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
VAT recoverable - non- current	6,557,845	6,473,047	-	-
Quarry stripping costs	381,870	369,813	-	-
Site restoration cost	81,524	47,628	-	-
Spare parts	-	2,628,521	-	-
Construction materials	-	7,605,238	-	-
	7,021,239	17,124,247	-	-

During the year, construction materials and spare parts that remained unutilised after the completion of the commissioning of dry production line 5 on 3 March 2014 were reclassified to major spare parts and stand-by equipment in property, plant and equipment and spare parts in inventories amounting to USD68,489 and USD8,589,378, respectively.

Quarry stripping costs represent costs of removing the overburden related to the expansion of the existing quarry. The overburden work began in 2009 and continued up to 31 December 2014. Amortisation commenced upon physical extraction of limestone and clay from the quarry. During the year, the Group recognised amortisation of quarry stripping cost of USD15,699 (2013: USD37,539).

12. INVENTORIES

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Spare parts	11,664,601	10,034,997	-	-
Raw materials	5,331,523	4,971,440	-	-
Work-in-progress	6,692,975	5,072,198	-	-
Finished goods	1,683,035	2,209,572	-	-
Packing materials	317,104	263,901	-	-
Fuel	237,960	297,401	-	-
Goods held for resale	68,966	73,093	-	-
Construction materials	45,769	80,580	-	-
Others	556,825	696,136	-	-
	26,598,758	23,699,318	-	-
Less: Provision for obsolete inventories	(4,485,879)	(3,232,839)	-	-
	22,112,879	20,466,479	-	-

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

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
At beginning of year	(3,232,839)	(1,369,117)	-	-
Add: Provision for obsolete inventories	(1,750,864)	(1,897,712)	-	-
Exchange differences	497,824	33,990	-	-
At end of year	(4,485,879)	(3,232,839)	-	-

As of 31 December 2014, inventories amounting to USD7,048,659 (2013: USD8,515,298) are pledged to secure the short-term loan obtained from a bank (Halyk Bank JSC) (Note 18).

13. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Trade receivables	946,285	2,554,956	-	-
Less: Provision for doubtful receivables	(481,826)	(447,034)	-	-
	464,459	2,107,922	-	-
Other receivables:				
VAT recoverable - current	2,741,782	4,522,312	-	-
Receivables from related party	88,943	49,549	-	-
Receivables from employees	11,900	32,203	-	-
Others	642,040	402,158	-	-
	3,949,124	7,114,144	-	-

The Company 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.

Age of trade receivables that are past due but not impaired as of 31 December are as follows:

	The Group	
	2014 USD	2013 USD
1-90 days	256,764	657,341
91-180 days	44,135	820,374
181-270 days	26,252	107,474
271-360 days	68,479	428,904
	395,630	2,014,093

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised a provision for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. Age of impaired trade receivables as of 31 December are as follows:

	The Group	
	USD	USD
1-2 years	39,901	1,536
> 2 years	126,674	278,408
> 3 years	384,080	260,919
	550,655	540,863

Movement in the provision for doubtful trade receivables is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	USD	USD	USD	USD
At beginning of year	(447,034)	(396,903)	-	-
Exchange differences	68,838	9,849	-	-
Add: Provision for doubtful receivables	(103,630)	(137,331)	-	-
Less: Write-off of provision for doubtful receivables	-	77,351	-	-
At end of year	(481,826)	(447,034)	-	-

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.

14. ADVANCES AND PREPAID EXPENSES

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Advances paid to third parties	3,281,108	5,973,721	-	-
Less: Provision for doubtful advances paid to third parties	(1,107,623)	(1,188,261)	-	-
	2,173,485	4,785,460	-	-
Less: Non-current portion of advances paid to third parties	(50,666)	(678,285)	-	-
Current portion of advances paid to third parties	2,122,819	4,107,175	-	-
Prepaid expenses	391,471	168,181	5,731	8,887
	2,514,290	4,275,356	5,731	8,887

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, while short-term advances are mainly advance payments for materials.

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

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
At beginning of year	(1,188,261)	(1,071,191)	-	-
Exchange differences	182,980	26,594	-	-
Add: Provision for doubtful advances paid to third parties	(119,956)	(145,777)	-	-
Less: Write-off of provision for doubtful advances paid to third parties	17,614	2,113	-	-
At end of year	(1,107,623)	(1,188,261)	-	-

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Provision for doubtful advances paid to third parties:				
Non-current portion	(839,583)	(906,521)	-	-
Current portion	(268,040)	(281,740)	-	-
	(1,107,623)	(1,188,261)	-	-

15. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Cash in hand and at banks	9,259,047	4,259,311	2,112	238,111
Short-term deposit	36,392	39,872	-	-
	9,295,439	4,299,183	2,112	238,111

As at 31 December 2014, in accordance with the Law on Labor of the Republic of Kazakhstan, a non-interest bearing deposit of USD36,392 (2013: USD39,872) was placed with Kazkommertsbank JSC as part of work permit requirements for non-resident employees of the Republic of Kazakhstan which include annual renewal of work permit.

16. SHARE CAPITAL

	The Group and The Company	
	2014 USD	2013 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

17. 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 in 2010. The details on the impairment loss on property, plant and equipment during the year of USD481,777 (2013: USD1,022,132) recognised as a reversal of revaluation surplus, net of tax of USD120,446 (2013: USD255,532), in other comprehensive income is disclosed in Note 9. The revaluation reserve cannot be used for cash distribution to the Company's shareholders.

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Revaluation reserve				
At beginning of year	5,603,756	8,033,718	-	-
Impairment of property, plant and equipment, net of tax (Note 9)	(481,777)	(1,022,132)	-	-
Transfer of revaluation reserve relating to property, plant and equipment through use, net of tax of USD nil	(1,135,914)	(1,407,830)	-	-
At end of year	3,986,065	5,603,756	-	-

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.

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Translation reserve				
At beginning of year	(25,621,877)	(21,644,809)	-	-
Exchange differences on translation of foreign operations, net of tax of USD nil	(24,936,678)	(3,977,068)	-	-
At end of year	(50,558,555)	(25,621,877)	-	-

On 11 February 2014, the National Bank of Kazakhstan announced the devaluation of the KZT effective from the said date. The benchmark exchange rate between USD and KZT was adjusted from USD1:KZT155 to USD1:KZT185, representing a devaluation rate of approximately 19%. Such devaluation has impacted the Group's exchange differences on translation of foreign operations.

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 shareholders.

Dividends

	The Group and The Company	
	2014 USD	2013 USD
Interim tax exempt dividends of GBP0.01 per ordinary share of no par value each in total of GBP2,190,000 in respect of the financial year ended 31 December 2014:	3,575,729	-

No final dividend will be proposed in respect of the financial year ended 31 December 2014 at the forthcoming Annual General Meeting.

18. BORROWINGS

	The Group	
	2014 USD	2013 USD
Unsecured - at amortised cost		
Bonds issued at price of:		
96.2458%	8,171,100	9,658,391
Discount on bonds issued	(226,268)	(342,173)
Accrued interest	89,301	105,555
	8,034,133	9,421,773
Secured - at amortised cost		
Bank loans	49,417,966	31,372,127
	57,452,099	40,793,900
Current portion:		
Bonds	89,301	105,555
Bank loans	26,999,397	13,623,524
	27,088,698	13,729,079
Non-current portion:		
Bonds	7,944,832	9,316,218
Bank loans	22,418,569	17,748,603
	30,363,401	27,064,821
	57,452,099	40,793,900

In November 2012, a subsidiary company (CAC JSC) issued 5-year KZT1.49 billion (USD9,904,281 net of USD99,043 issue cost) bonds at a coupon rate of 10% per annum maturing in November 2017. The bond coupon is payable semi-annually. The bonds are listed on the Kazakhstan Stock Exchange and all amounts due in relation to the bonds issued are guaranteed by the Company and its subsidiary company (Karcement JSC).

Details of bank loans are as follows:

				The Group	
	Currency	Maturity date	Interest rate	2014 USD	2013 USD
Karcement JSC:					
VTB Bank (Austria) AG and VTB Bank (France) SA	USD	15 November 2016	6.20% p.a.	21,805,435	-
VTB Bank (Austria) AG and VTB Bank (France) SA	USD	11 March 2019	7.20% p.a.	13,861,129	-
EBRD	USD	11 May 2015	LIBOR + 6.50% p.a.	-	23,867,453
Altyn Bank JSC (formerly known as SB HSBC Bank Kazakhstan JSC)	USD	22 September 2015	LIBOR + 6.50% p.a.	-	7,174,033
Altyn Bank JSC (formerly known as SB HSBC Bank Kazakhstan JSC)	KZT	30 June 2015	8.50% to 13.85% p.a.	4,186,998	-
CAC JSC:					
Halyk Bank JSC	KZT	23 January 2016	10.75% p.a.	9,300,795	-
Accrued interest				263,609	330,641
Total outstanding				49,417,966	31,372,127

Karcement JSC

On 27 February 2014, Karcement JSC signed a short-term credit line agreement for working capital financing, maturing on 30 June 2015, with Altyn Bank JSC with a limit of KZT750 million (or equivalent of USD4.1 million) of unsecured loan at an initial interest rate of 8.5% per annum.

On 11 April 2014, Karcement JSC signed a USD60 million credit facility agreement with VTB Bank (Austria) AG and VTB Bank (France) SA ("VTB"). The VTB credit facility consists of three tranches:

- Tranche A loan of up to USD30 million. The purpose the loan is to refinance the outstanding loans due to EBRD and SB HSBC Bank Kazakhstan JSC of up to USD29.1 million and the remaining loan of USD0.9 million is for general working capital purposes. The first instalment of the loan is repayable by 15 July 2014 and the remaining loan outstanding is repayable in equal instalments on 15 July and 15 November annually with the final instalment repayable on maturity date. The applicable interest rate on the loan is 6.2% per annum payable on a quarterly basis on 12 August annually until maturity; and

- Tranche B and C loans of up to USD30 million. The purpose of the loans is for the purchase of railway wagons. 70% of the principal amounts of the loans is to be repaid in equal monthly instalments with the remaining 30% to be repaid on maturity dates. The maturity dates of Tranche B and C loans are 60 months from 11 April 2014 and up to 60 months from 31 March 2015, respectively. The applicable interest rate on the Tranche B loan is 7.2% per annum repayable on a quarterly basis and the interest rate on Tranche C loan will be fixed at a date to be determined on drawdown.

On 11 May 2014, Karcement JSC received the USD30 million under Tranche A, which was used for repaying all outstanding loan principal amounting to USD29,199,250 to EBRD and SB HSBC Bank Kazakhstan JSC, and the remaining amount was used for working capital.

From May to August 2014, Karcement JSC received in stages a total of USD15 million under Tranche B, which was utilised to purchase 330 units of railway wagons.

Repayment of USD10.5 million of Tranche B's loan principal commenced on 11 August 2014 in 56 equal monthly instalments. Repayment of the remainder USD4.5 million is due on 11 March 2019. Payment of interest under Tranche B is made monthly from 27 June 2014.

Tranche C of USD15 million for the purchase of railway wagons is available for drawdown from 31 March 2015 to 30 June 2015.

During 2014, Karcement JSC paid a total of USD2.6 million to settle interest on long-term borrowings as follows:

- Tranche A under loan from VTB Bank (Austria) AG and VTB Bank (France) SA: USD993,507;
- Tranche B under loan from VTB Bank (Austria) AG and VTB Bank (France) SA: USD587,798;
- EBRD: USD719,412; and
- SB HSBC Bank Kazakhstan JSC: USD303,817.

In accordance with the facility agreement with VTB dated 11 April 2014, Karcement JSC is required to comply with financial covenants consisting of five consolidated financial ratios of the Group. As at 31 December 2014, the financial ratio of Short-term Debt over Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA) was calculated at 1.55:1. As the ratio of Short Term Debt to EBITDA required by the financial covenant should not exceed 1.5:1, a technical breach of the facility agreement with VTB occurred as of that date and VTB could declare a default with respect to loans payable amounting to USD22,418,569. On occurrence of an event of default, an outstanding loan may be declared as immediately payable on demand and the total facility commitment may be immediately cancelled. The directors are of the opinion that the breach of the financial covenant will not impact the loan repayment terms and the availability of VTB facility commitment in the twelve months after the balance sheet date. In the opinion of the directors, the definition of Short-term Debt, which is the Group's borrowings that will fall due and be payable within one year from the balance sheet date according to the facility agreement, could be renegotiated and revised as borrowings net of cash and bank balances. Based on such definition of Short-term Debt, the Group would not have breached the financial covenant. The Group adopts foreign currency risk management strategies based on operating circumstances and these include building up of a substantial level of cash in US Dollars towards 31 December 2014 (see cash and cash equivalents in the US Dollars under foreign currency sensitivity analysis in Note 24) to limit currency risk from the potential devaluation in the Kazakh Tenge. The default was not remedied and the terms of the covenant were not renegotiated before the financial statements were authorised for issue.

CAC JSC

On 23 January 2014, CAC JSC signed an extension of working capital credit line agreement, maturing on 23 January 2016 with Halyk Bank JSC with the same credit limit of KZT3 billion (or equivalent of USD16.4 million).

During 2014, the CAC JSC received bank borrowings of USD33.9 million (2013: USD13.2 million) and repaid principal amount of USD24.6 million (2013: USD14.6 million). The monthly repayment comprising principal and interest was made every month after the six month period from the date of withdrawal. The outstanding borrowing from the Halyk Bank JSC is secured by inventories with a carrying amount of USD7,048,659 (2013: USD8,515,298) (Note 12).

As of 31 December 2014, the Group's undrawn loan amounts for the loan facilities from VTB Bank (Austria) AG and VTB Bank (France) SA, and Halyk Bank JSC amounted to USD15 million and USD7.1 million respectively.

19. DEFERRED TAXES

	The Group		The Company	
	2014	2013	2014	2013
	USD	USD	USD	USD
At beginning of year	9,357,535	8,518,666	-	-
Exchange differences	(1,430,935)	(217,377)	-	-
(Credited)/Charged to income statement (Note 7)	(406,360)	1,311,778	-	-
Credited to other comprehensive income	(120,446)	(255,532)	-	-
At end of year	7,399,794	9,357,535	-	-

Movement in net deferred tax liabilities of the Group is as follows:

	Opening balance	Exchange rate differences	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	USD	USD	USD	USD	USD
2014					
Temporary differences:					
Property, plant and equipment	(10,223,439)	1,626,330	(3,449,265)	120,446	(11,925,928)
Inventories	646,567	(105,123)	355,721	-	897,165
Trade receivables	89,409	(14,097)	21,053	-	96,365
Accrued unused leaves	29,746	(4,584)	340	-	25,502
Tax losses	-	(54,614)	3,494,323	-	3,439,709
Others	100,182	(16,977)	(15,812)	-	67,393
	(9,357,535)	1,430,935	406,360	120,446	(7,399,794)

	Opening balance USD	Exchange rate differences USD	Recognised in profit or loss USD	Recognised in other comprehensive income USD	Closing balance USD
2013					
Temporary differences:					
Property, plant and equipment	(11,767,821)	275,284	1,013,566	255,532	(10,223,439)
Inventories	273,823	(11,910)	384,654	-	646,567
Trade receivables	79,381	(2,132)	12,160	-	89,409
Accrued unused leaves	34,385	(796)	(3,843)	-	29,746
Tax losses	2,806,993	(36,891)	(2,770,102)	-	-
Others	54,573	(6,178)	51,787	-	100,182
	(8,518,666)	217,377	(1,311,778)	255,532	(9,357,535)

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

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Cumulative tax losses for which no deferred tax assets have been recognised	184,206	114,282	12,068	13,195

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Trade payables	7,648,774	9,032,266	-	-
Others	9,981	19,505	-	-
	7,658,755	9,051,771	-	-

The credit period granted by creditors ranges from 1 to 30 days.

21. ACCRUED AND OTHER LIABILITIES

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Provision for electricity charges	3,492,586	4,128,301	-	-
Accrued directors' fees	1,288,996	1,193,632	1,288,996	1,193,632
Advances from customers	909,350	462,514	-	-
Accrued salaries	370,200	445,031	-	-
Accrued unused leaves	127,502	192,980	-	-
Liquidation fund accrual	-	138,530	-	-
Others	450,168	240,938	45,532	81,004
	6,638,802	6,801,926	1,334,528	1,274,636

The movement in the provision for electricity charges of the Group is as follows:

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
At beginning of year	4,128,301	3,977,486	-	-
Exchange differences	(635,715)	(98,747)	-	-
Add: Provision for electricity charges	-	1,359,240	-	-
Less: Reversal of provision for electricity charges	-	(1,109,678)	-	-
At end of year	3,492,586	4,128,301	-	-

Provision for electricity charges represents electricity transportation charges provided by the Group in relation to potential claims by Karaganda Zharyk LLP against CAC JSC for the use of its electrical equipment for the years from 2011 to 2013.

During 2014, CAC JSC filed, on the basis of the favorable verdict of the case pertaining to 2011 delivered by the highest court, a lawsuit against Karaganda Zharyk LLP for refund of electricity transportation charges for January 2011. Karaganda Zharyk LLP then submitted a countersuit against CAC JSC, demanding payment for amounts that are equal to full electricity transportation services minus 9% profit element. The lower court, in its ruling in November 2014, dismissed claims submitted by both CAC JSC and Karaganda Zharyk LLP who have since proceeded with their respective appeals in what management believes would be the beginning of another legal process. The potential amount which may become payable to Karaganda Zharyk LLP covers a period from 1 August 2011 to 31 December 2013 as the service contracts between CAC JSC and Karaganda Zharyk LLP ended on 31 December 2013, in conjunction with the completion and commencement of bypass electricity line by CAC JSC in 2014. The provision brought forward on 1 January 2014 represents full electricity transport services from 1 January 2012 to 30 June 2013, which the management considers as adequate, given its assessment of the most probable final outcome of the ongoing and future court cases.

22. TAXES PAYABLE

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Corporate income tax	5,720	-	5,720	-
Other taxes:				
VAT payable	534,818	90,685	-	-
Withholding taxes	8,610	153,802	-	-
Emission taxes	220,088	88,358	-	-
Pension fund	41,793	47,495	-	-
Royalty	36,167	44,571	-	-
Personal income tax	36,111	42,497	-	-
Social	27,886	32,534	-	-
Other taxes	13,820	-	-	-
	925,013	499,942	5,720	-

23. 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, or entities over 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 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 repayable on demand.

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

	Purchase of services	
	2014	2013
	USD	USD
Other related party		
Opera Holding LLP	21,170	24,938

	Receivable from/(Payable) to related parties	
	2014	2013
	USD	USD
Other related parties		
Opera Holding LLP	-	(661)
Others	88,944	49,549

Compensation of key management personnel

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

	The Group		The Company	
	2014 USD	2013 USD	2014 USD	2013 USD
Remuneration	782,664	890,454	219,763	233,454
Short-term benefit	135,376	147,694	-	-
Total	918,040	1,038,148	219,763	233,454

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	
	2014 USD	2013 USD
Director fees		
Executive director:		
Javier del Ser Perez	102,868	109,276
Non-executive director:		
Malcolm Brown	77,930	82,785
Paul Rodzianko	38,965	41,393
Total	219,763	233,454

24. FINANCIAL INSTRUMENTS

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 18 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.

The level of the Group's debt is subject to compliance with the financial covenants contained in the facility agreement with VTB as disclosed in Note 18.

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 financial assets and financial liabilities in foreign currencies as of 31 December are presented below:

2014	KZT	GBP	EUR	MYR	RUB	USD	Total
Financial Assets							
Cash and cash equivalents	1,711,160	-	66,290	5,437	-	7,512,552	9,295,439
Trade and other receivables	1,523,411	-	-	-	-	-	1,523,411
Financial Liabilities							
Trade and other payables	6,404,595	-	375,487	-	18,217	860,455	7,658,754
Accrued and other liabilities	1,687,387	1,290,679	29,967	38,253	-	99,931	3,146,217
Borrowings	21,577,386	-	-	-	-	35,874,713	57,452,099

2013	KZT	GBP	EUR	MYR	RUB	USD	Total
Financial Assets							
Cash and cash equivalents	3,827,309	-	26,240	7,035	-	438,599	4,299,183
Trade and other receivables	2,496,610	-	-	-	-	-	2,496,610
Financial Liabilities							
Trade and other payables	7,487,773	-	428,936	-	43,761	1,091,301	9,051,771
Accrued and other liabilities	1,313,950	1,196,522	31,578	45,879	-	85,696	2,673,625
Borrowings	9,421,773	-	-	-	-	31,372,127	40,793,900

The following table displays the Group's sensitivity to a 20% increase and decrease in the value of USD against KZT and to a 10% increase and decrease in the value of USD against the other relevant foreign currencies. Benchmark sensitivity rates of 20% and 10% are 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% and 10% changes in foreign currency rates. The sensitivity analysis below indicates the changes in financial assets and liabilities of the effect of a 20% and 10% increase in value of USD against KZT and the other relevant foreign currencies, respectively. The positive figure indicates an increase in profit before tax and negative indicates a decrease in (loss)/profit before tax for the reporting period. In the case of 20% and 10% decrease in value of USD against KZT and the relevant foreign currencies, respectively, there would be an equal and opposite impact on the Group's (loss)/profit before tax and equity.

	Impact on (loss)/profit before tax and equity	
	2014	2013
KZT	5,286,959	2,379,915
GBP	129,068	119,652
EUR	33,916	43,427
MYR	3,282	3,884
RUB	1,822	4,376

(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 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.

(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 and actual cash flows and matches the maturity profiles of financial assets and liabilities to determine any shortfall in cash requirements.

Liquidity risk can be affected by various factors including any demand for immediate loan repayment made by the bank. The directors consider the risk of the bank declaring that all outstanding loans of USD22,418,569 become immediately due and payable as a result of the breach of loan covenant as low as disclosed in Note 18.

As of 31 December 2014, the Group's undrawn loan amounts for the loan facilities from VTB Bank (Austria) AG and VTB Bank (France) SA, and Halyk Bank JSC amounted to USD15 million and USD7.1 million, respectively. As disclosed in Note 18, the directors are of the opinion that the availability of the VTB facility commitment will not be adversely impacted by the breach of the financial covenant as disclosed in Note 18.

Subsequent to financial year end, on 9 April 2015, a subsidiary company of the Group, Karcement JSC, signed an extension of a credit line agreement for working capital financing with Altyn Bank JSC, maturing on 9 April 2016, with an increased limit of USD9 million.

Tables on Liquidity and Interest Rate Risk

The following table reflects contractual terms of the financial liabilities of the Group. The table is prepared based on the undiscounted cash flows on financial liabilities on the basis of the earliest date at which the Group 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
2014							
Interest bearing							
Borrowings							
Bonds	11.15%	-	817,110	9,805,319	-	-	10,622,429
Bank loans	7.65%	2,723,630	3,431,610	23,070,145	25,600,088	-	54,825,473
Non-interest bearing							
Trade and other payables	-	2,401,519	4,662,177	595,059	-	-	7,658,755
Accrued and other liabilities	-	494,034	294,055	1,341,887	1,016,241	-	3,146,217
		5,619,183	9,204,952	34,812,410	26,616,329	-	76,252,874
2013							
Interest bearing							
Borrowings							
Bonds	11.15%	-	-	965,839	12,555,908	-	13,521,747
Bank loans	6.53%	-	2,351,535	12,732,930	18,494,070	-	33,578,535
Non-interest bearing							
Trade and other payables	-	4,461,591	4,590,180	-	-	-	9,051,771
Accrued and other liabilities	-	521,216	173,112	1,009,021	970,276	-	2,673,625
		4,982,807	7,114,827	14,707,790	32,020,254	-	58,825,678

The amounts included above for borrowings represent amounts the Group expects to repay according to repayment terms in loan agreements. As stated in Note 18, the directors expect that the technical breach of the VTB agreement will not impact on its repayment term.

The following table reflects expected maturities of non-derivative financial assets of the Group. The table was prepared based on undiscounted contractual terms of financial assets, including interest received on these assets, except when the Group expects 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
2014							
Non-interest bearing							
Cash and cash equivalents	-	9,295,439	-	-	-	-	9,295,439
Trade and other receivables	-	555,563	498,448	469,400	-	-	1,523,411
		9,851,002	498,448	469,400	-	-	10,818,850
2013							
Non-interest bearing							
Cash and cash equivalents	-	4,299,183	-	-	-	-	4,299,183
Trade and other receivables	-	1,101,309	697,375	697,926	-	-	2,496,610
		5,400,492	697,375	697,926	-	-	6,795,793

(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 2014, the Group does not have any exposure to floating interest rates as the interest rates of the Group's loans are fixed.

As at 31 December 2013, the Group manages its interest rate risk by borrowing mainly in loans denominated in USD at floating interest rates (LIBOR) which is currently lower than the prevailing fixed interest rate for loan denominated in KZT. The only potential risk of the Group connected with change in interest rates is related to the loans of the Group with floating interest rates.

The sensitivity analysis below shows the Group's sensitivity to the increase/ (decrease) of floating rate (LIBOR) by 1%. The analysis is applied to floating rate loans based on the assumptions that the amount of liability outstanding as of the reporting date is outstanding for the entire year.

	2014 USD	2013 USD
Increase/(decrease) in finance costs	-	310,415

There is no other impact to the Group's equity other than those already affecting the income statement.

Fair Value 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 realize 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-term nature of maturity of these financial instruments.

Short-term investments, trade and other receivables, trade and other payables and accrued and other liabilities
For assets and liabilities with maturity less than twelve months, the carrying value approximates fair value due to the short-term nature of 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 2014 and 2013, the fair values of financial assets and financial liabilities approximate their carrying values, except for the following:

	Carrying amount		Fair Value	
	2014 USD	2013 USD	2014 USD	2013 USD
Borrowings	35,874,708	31,041,486	33,964,936	31,041,486

The fair values of the borrowings with VTB Bank (Austria) AG and VTB Bank (France) SA are included in the Level 3 of fair value hierarchy, as the fair values have 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 counterparties. The discount rate used in the fair value calculation of Tranche A and Tranche B is 10% and 11%, respectively.

If the discount rate used in the fair value calculation of the borrowings with VTB had been increased by 1%, the fair value of the borrowings as of 31 December 2014 would have decreased by USD586,874.

26. CONTINGENCIES

The Group has and continues to be engaged in legal proceedings and adjudications. The Group has recognised the electricity transportation charges in respect of potential claims by Karaganda Zharyk LLP against CAC JSC for the use of its electrical equipment. The directors are of the opinion that the amount recognised to date is adequate based on the outcome of recent legal proceedings (Note 21).

Commercial legislation of the Kazakhstan where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to the valuation of provision for taxation and the market pricing of transactions. The management of the Group believes that it has accrued all tax amounts due and therefore no additional allowance has been made in the financial statements of the Group.

27. COMMITMENTS

The Group has no outstanding amount of contractual commitments for the acquisition of property, plant and equipment as of 31 December 2014 (2013: USD4,581,792).

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 9 April 2015, a subsidiary company of the Group, Karcement JSC, signed an extension of a credit line agreement for working capital financing with Altyn Bank JSC, maturing on 9 April 2016, with an increased limit of USD9 million.

STATEMENT BY A DIRECTOR

STEPPE CEMENT LTD
(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)
AND ITS SUBSIDIARY COMPANIES

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 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 2014 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
8 May 2015

Notice of 2014 AGM

NOTICE IS HEREBY GIVEN that the 2015 ANNUAL GENERAL MEETING of the Company will be held at the office of Steppe Cement Ltd, Suite 8.4, 8th Floor, West Wing, Rohas Perkasa, 8 Jalan Perak, Kuala Lumpur, Malaysia on Wednesday, 10 June 2015 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

   To receive and adopt the audited financial statements for year ended 31 December 2014. RESOLUTION 1

2. RE-ELECTION OF DIRECTORS

   To re-elect the following Directors who offered themselves for re-election: RESOLUTION 2

   2.1 Javier Del Ser Perez

   2.2 Paul Rodzianko

3. To transact any other business of which due notice shall have been given in accordance with the Labuan Companies Act, 1990.

BY ORDER OF THE BOARD

TMF Secretaries Limited
(f.k.a. Equity Trust Secretaries Ltd.)
Corporate Secretary
Labuan F.T., Malaysia
Date:

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 BS99 6ZY.

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(Corporate Office)

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