

**International Cement Group Ltd.
and its subsidiaries**

Registration Number: 201539771E

Condensed Consolidated Interim Financial Statements
Six months and full year ended 31 December 2022

Condensed consolidated interim statement of profit or loss

	Note	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Increase/ (Decrease) %	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000	Increase/ (Decrease) %
Revenue	4	132,873	96,487	38	225,195	181,429	24
Cost of sales		(77,422)	(58,833)	32	(128,522)	(106,629)	21
Gross profit		<u>55,451</u>	<u>37,654</u>		<u>96,673</u>	<u>74,800</u>	
Other income		1,204	995	21	1,991	1,519	31
Selling and distribution expenses		(3,313)	(1,459)	127	(5,553)	(3,520)	58
Administrative expenses		(17,878)	(9,342)	91	(30,230)	(17,816)	70
Reversal of loss allowance on trade and other receivables and contract assets		87	27	222	175	100	75
Other expenses		(5,296)	(1,314)	303	(13,312)	(3,585)	271
Results from operating activities		<u>30,255</u>	<u>26,561</u>		<u>49,744</u>	<u>51,498</u>	
Finance income		36	19	89	51	36	42
Finance costs		(1,102)	(3,075)	(64)	(3,115)	(4,811)	(35)
Net finance costs		<u>(1,066)</u>	<u>(3,056)</u>		<u>(3,064)</u>	<u>(4,775)</u>	
Profit before tax	5	<u>29,189</u>	<u>23,505</u>		<u>46,680</u>	<u>46,723</u>	
Tax expense	6	(3,984)	(4,771)	(16)	(7,850)	(9,339)	(16)
Profit for the period/year		<u><u>25,205</u></u>	<u><u>18,734</u></u>		<u><u>38,830</u></u>	<u><u>37,384</u></u>	
Profit attributable to:							
Owners of the Company		17,868	13,321	34	28,940	26,350	10
Non-controlling interests		7,337	5,413	36	9,890	11,034	(10)
Profit for the period/year		<u><u>25,205</u></u>	<u><u>18,734</u></u>		<u><u>38,830</u></u>	<u><u>37,384</u></u>	
Earnings per share (cents)							
Basic earnings per share	7	<u>0.31</u>	<u>0.23</u>		<u>0.50</u>	<u>0.46</u>	
Diluted earnings per share	7	<u>0.31</u>	<u>0.23</u>		<u>0.50</u>	<u>0.46</u>	

Condensed consolidated interim statement of comprehensive income (cont'd)

	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Increase/ (Decrease) %	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000	Increase/ (Decrease) %
Profit for the period/year	25,205	18,734		38,830	37,384	
Other comprehensive income						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences – foreign operations	(2,476)	(158)	n/m	10,600	3,703	186
	(2,476)	(158)		10,600	3,703	
Other comprehensive income for the period/year, net of tax	(2,476)	(158)		10,600	3,703	
Total comprehensive income for the period/year	22,729	18,576		49,430	41,087	
Total comprehensive income attributable to:						
Owners of the Company	15,747	15,201	4	35,587	29,487	21
Non-controlling interests	6,982	3,375	107	13,843	11,600	19
Total comprehensive income for the period/year	22,729	18,576		49,430	41,087	

n/m – Not meaningful

Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Non-current assets					
Property, plant and equipment	8	356,883	279,423	462	627
Intangible assets and goodwill	9	38,247	39,700	—	—
Investment properties		138	128	—	—
Subsidiaries		—	—	176,009	178,522
Trade and other receivables		13,078	2,627	69,726	65,833
Contract assets		327	1,028	—	—
Deferred tax assets		2,159	129	—	—
		410,832	323,035	246,197	244,982
Current assets					
Inventories		37,441	27,237	—	—
Trade and other receivables		24,878	29,352	39	40
Contract assets		2,747	1,174	—	—
Cash and cash equivalents		11,632	12,390	49	47
		76,698	70,153	88	87
Total assets		487,530	393,188	246,285	245,069
Equity attributable to owners of the Company					
Share capital	10	276,824	276,824	198,647	198,647
Capital reserve		6,236	4,544	5,832	4,140
Other reserve		(26,074)	—	—	—
Currency translation reserve		(27,196)	(33,899)	—	—
Accumulated profits/(losses)		4,166	(23,211)	(11,994)	(26,776)
		233,956	224,258	192,485	176,011
Non-controlling interests		55,322	48,294	—	—
Total equity		289,278	272,552	192,485	176,011
Non-current liabilities					
Loans and borrowings	11	38,466	36,738	38,466	59,269
Trade and other payables		77,844	25,876	242	379
Provisions	12	3,163	28	15	15
Deferred tax liabilities		12,788	10,581	—	—
		132,261	73,223	38,723	59,663
Current liabilities					
Loans and borrowings	11	3,416	—	—	—
Tax payable		209	—	—	—
Trade and other payables		60,247	44,435	15,077	9,395
Contract liabilities		1,837	2,472	—	—
Provisions		282	506	—	—
		65,991	47,413	15,077	9,395
Total liabilities		198,252	120,636	53,800	69,058
Total equity and liabilities		487,530	393,188	246,285	245,069

The notes on pages 9 to 38 are an integral part of these condensed interim financial statements.

Condensed interim statements of changes in equity

						Total equity attributable to owners of the Company	Non- controlling interests	Total equity
Note	Share capital \$'000	Capital reserve \$'000	Other reserve \$'000	Currency translation reserve \$'000	Accumulated profits/ (losses) \$'000	\$'000	\$'000	\$'000
Group								
At 1 January 2022	276,824	4,544	—	(33,899)	(23,211)	224,258	48,294	272,552
Total comprehensive income for the year								
Profit for the year	—	—	—	—	28,940	28,940	9,890	38,830
Other comprehensive income								
Foreign currency translation differences – foreign operations	—	—	—	6,647	—	6,647	3,953	10,600
Total other comprehensive income	—	—	—	6,647	—	6,647	3,953	10,600
Total comprehensive income for the year	—	—	—	6,647	28,940	35,587	13,843	49,430
Transactions with owners, recognised directly in equity								
Contribution by and distribution to owners								
Dividends declared to non-controlling interest	10	—	—	—	—	—	(8,346)	(8,346)
Fair value adjustments on loans from major shareholders	11	—	1,692	—	—	1,692	—	1,692
Total contributions by and distributions to owners		—	1,692	—	—	1,692	(8,346)	(6,654)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests		—	—	—	—	—	24	24
Acquisition of non-controlling interest without a change in control	14	—	—	(26,074)	56	(1,563)	1,507	(26,074)
Total changes in ownership interests in subsidiaries		—	—	(26,074)	56	(1,563)	1,531	(26,050)
Total transactions with owners		—	1,692	(26,074)	56	(1,563)	(6,815)	(32,704)
At 31 December 2022		276,824	6,236	(26,074)	(27,196)	4,166	55,322	289,278

The notes on pages 9 to 38 are an integral part of these condensed interim financial statements.

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

	Note	Share capital \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group									
At 1 January 2021		276,824	2,517	156	(37,036)	(49,717)	192,744	46,485	239,229
Total comprehensive income for the year									
Profit for the year		—	—	—	—	26,350	26,350	11,034	37,384
Other comprehensive income									
Realisation of revaluation reserve		—	—	(156)	—	156	—	—	—
Foreign currency translation differences – foreign operations		—	—	—	3,137	—	3,137	566	3,703
Total other comprehensive income		—	—	(156)	3,137	156	3,137	566	3,703
Total comprehensive income for the year		—	—	(156)	3,137	26,506	29,487	11,600	41,087
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared to non-controlling interest	10	—	—	—	—	—	—	(11,330)	(11,330)
Fair value adjustments on loans from major shareholders	11	—	2,027	—	—	—	2,027	—	2,027
Fair value adjustments on loan from non-controlling interest	11	—	—	—	—	—	—	(774)	(774)
Total contributions by and distributions to owners		—	2,027	—	—	—	2,027	(12,104)	(10,077)
Changes in ownership interests in subsidiaries									
Acquisition of subsidiaries with non-controlling interests		—	—	—	—	—	—	(8)	(8)
Incorporation of subsidiaries with non-controlling interests		—	—	—	—	—	—	2,321	2,321
Total changes in ownership and interests in subsidiaries		—	—	—	—	—	—	2,313	2,313
Total transactions with owners		—	2,027	—	—	—	2,027	(9,791)	(7,764)
At 31 December 2021		276,824	4,544	—	(33,899)	(23,211)	224,258	48,294	272,552

The notes on pages 9 to 38 are an integral part of these condensed interim financial statements.

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

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total \$'000
Company					
At 1 January 2022		198,647	4,140	(26,776)	176,011
Total comprehensive income for the year					
Profit for the year		–	–	14,782	14,782
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Fair value adjustments on loans from major shareholders	11	–	1,692	–	1,692
Total contributions by and distributions to owners		–	1,692	–	1,692
Total transaction with owners		–	1,692	–	1,692
At 31 December 2022		198,647	5,832	(11,994)	192,485
At 1 January 2021		198,647	2,113	(18,820)	181,940
Total comprehensive income for the year					
Loss for the year		–	–	(7,956)	(7,956)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Fair value adjustments on loans from major shareholders	11	–	2,027	–	2,027
Total contributions by and distributions to owners		–	2,027	–	2,027
Total transaction with owners		–	2,027	–	2,027
At 31 December 2021		198,647	4,140	(26,776)	176,011

Condensed consolidated interim statement of cash flows

	Note	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000
Cash flows from operating activities					
Profit for the period/year		25,205	18,734	38,830	37,384
Adjustments for:					
Amortisation of intangible assets	5	1,426	1,277	2,650	2,511
Bad debts written off	5	—	119	—	119
Depreciation of property, plant and equipment	5	8,756	8,800	13,785	14,573
Finance costs		1,102	3,075	3,115	4,811
Finance income		(36)	(19)	(51)	(36)
Gain on disposal of property, plant and equipment	5	—	(7)	(13)	(11)
Impairment loss on property, plant and equipment	5	—	825	784	825
Impairment loss on intangible assets	5	2,331	—	2,331	—
Reversal of loss allowance on trade and other receivables and contract assets		(87)	(27)	(175)	(100)
Reversal of provision for inventories obsolescence	5	(379)	(8)	(379)	(5)
(Reversal of)/Provision for onerous contracts	5	(119)	395	(119)	395
Reversal of provision for warranties	5	(22)	(4)	(22)	(4)
Unrealised exchange loss	5	1,088	122	7,986	2,054
Write down of inventories to net realisable value	5	(47)	(169)	(47)	(169)
Write off of other payables	5	—	(540)	—	(540)
Write off of property, plant and equipment	5	424	135	875	140
Tax expense	6	3,984	4,771	7,850	9,339
		43,626	37,479	77,400	71,286
Changes in:					
- inventories		3,137	(7,493)	(8,906)	(5,659)
- contract assets		(355)	408	(888)	382
- trade and other receivables		8,096	(7,475)	(5,148)	(10,673)
- contract liabilities		(627)	50	(767)	(965)
- trade and other payables		(5,560)	3,974	216	2,217
Cash generated from operations		48,317	26,943	61,907	56,588
Tax paid		(2,978)	(2,290)	(4,818)	(4,629)
Net cash from operating activities		45,339	24,653	57,089	51,959

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

	Note	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(34,721)	(45,398)	(47,637)	(58,480)
Acquisition of intangible assets		(8)	(2,506)	(126)	(2,507)
Acquisition of non-controlling interest		(7,669)	—	(7,669)	—
Deposits pledged		—	(49)	—	(49)
Interest received		36	19	51	36
Proceeds from disposal of assets held for sale		—	360	—	360
Proceeds from disposal of investment in subsidiary, net of cash disposed of		—	—	521	—
Proceeds from disposal of property, plant and equipment		42	29	61	33
Net cash used in investing activities		(42,320)	(47,545)	(54,799)	(60,607)
Cash flows from financing activities					
Dividends paid to non-controlling interest		(938)	(3,755)	(4,596)	(6,254)
Withholding tax paid on dividends declared by a subsidiary	6	(1,045)	(1,627)	(3,072)	(3,626)
Interest paid		(1,648)	(1,260)	(1,662)	(1,276)
Payment of lease liabilities		(228)	(214)	(404)	(409)
Proceeds from loans from major shareholders	11	2,092	24,361	7,523	24,361
Proceeds from loans from non-controlling interest	11	3,416	—	3,416	—
Repayment of loans from major shareholders	11	(4,152)	—	(4,152)	—
Repayment of loan from non-controlling interest		—	—	—	(2,020)
Net cash (used in)/from financing activities		(2,503)	17,505	(2,947)	10,776
Net increase/(decrease) in cash and cash equivalents					
		516	(5,387)	(657)	2,128
Cash and cash equivalents at beginning of the period/year		10,950	17,588	12,283	10,047
Effect of exchange rate fluctuations on cash held		65	82	(95)	108
Cash and cash equivalents at end of the period/year		11,531	12,283	11,531	12,283
Represented by:					
Cash at bank and on hand		11,531	12,283	11,531	12,283
Fixed deposits		101	107	101	107
Less: Fixed deposits pledged		(101)	(107)	(101)	(107)
Cash and cash equivalents at end of the period/year		11,531	12,283	11,531	12,283

The notes on pages 9 to 38 are an integral part of these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

1 Corporate information

International Cement Group Ltd. (the “Company”) is incorporated in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed consolidated interim financial statements (“interim financial statements”) as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group”).

The Group is primarily involved in: (i) the production and/or sale of cement and related products; (ii) the undertaking of aluminium architectural contracts and engineering works and sub-contracting of building construction projects, manufacture of aluminium extrusions and supply of all such related products; and (iii) the production and/or sale of gypsum plasterboards and related products.

2 Basis of accounting

These interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with SFRS(I) Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last interim financial statements for the six months ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards and the change in useful lives of property, plant and equipment as set out in Notes 2.1 and 8 respectively.

These interim financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021. The application of these amendments to standards and interpretations does not have a material effect on the interim financial statements.

2.2 Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new estimation uncertainty on the estimation of total cost of construction of property, plant and equipment, and the determination of useful lives of property, plant and equipment, as set out in Note 8.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 13 *Financial Instruments*.

3 Operating segments

The Group is organised into the following main business segments:

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

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

In 2021, apart from the above mentioned, other operations also include the investment holding division which relates to investment in land and buildings for either development or capital appreciation purposes.

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Chief Executive Officer (2021: Group's Executive Chairman), who is responsible for allocating resources and assessing the performance of the operating segments.

Information about reportable segments

	Aluminium		Cement		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Six months ended 31 December								
External revenues	4,605	3,054	128,268	93,433	—	—	132,873	96,487
Finance income	2	—	34	19	—	—	36	19
Finance costs	(12)	(5)	(1,090)	(3,070)	—	—	(1,102)	(3,075)
Depreciation of property, plant and equipment	(18)	(75)	(8,738)	(8,725)	—	—	(8,756)	(8,800)
Amortisation of intangible assets	—	—	(1,426)	(1,277)	—	—	(1,426)	(1,277)
Reportable segment profit/(loss) before tax	92	(2,489)	29,166	26,302	(69)	(308)	29,189	23,505
Other material non-cash items:								
- Impairment loss on intangible assets	—	—	(2,331)	—	—	—	(2,331)	—
- Impairment loss on property, plant and equipment	—	(42)	—	—	—	(783)	—	(825)
- Reversal of/(Loss allowance) on trade and other receivables and contract assets	66	80	21	(53)	—	—	87	27
- Reversal of/(Provision) for onerous contracts	119	(395)	—	—	—	—	119	(395)
- Unrealised exchange (loss)/gain	(613)	204	(472)	(316)	(3)	(10)	(1,088)	(122)
- Write off of other payables	—	—	—	—	—	540	—	540
Capital expenditure	1	290	50,019	51,890	17,002	377	67,022	52,557

	Aluminium		Cement		Others		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Group								
Full year ended 31 December								
External revenues	8,181	7,378	217,014	174,051	–	–	225,195	181,429
Finance income	2	–	49	36	–	–	51	36
Finance costs	(19)	(13)	(3,096)	(4,798)	–	–	(3,115)	(4,811)
Depreciation of property, plant and equipment	(44)	(109)	(13,741)	(14,464)	–	–	(13,785)	(14,573)
Amortisation of intangible assets	–	–	(2,650)	(2,511)	–	–	(2,650)	(2,511)
Reportable segment (loss)/profit before tax	(2,035)	(3,559)	48,667	50,609	48	(327)	46,680	46,723
Other material non-cash items:								
- Impairment loss on intangible assets	–	–	(2,331)	–	–	–	(2,331)	–
- Impairment loss on property, plant and equipment	(784)	(42)	–	–	–	(783)	(784)	(825)
- Reversal of/(Loss allowance) on trade and other receivables and contract assets	111	132	64	(32)	–	–	175	100
- Reversal of/(Provision) for onerous contracts	119	(395)	–	–	–	–	119	(395)
- Unrealised exchange (loss)/gain	(747)	(167)	(7,375)	(1,874)	136	(13)	(7,986)	(2,054)
- Write off of other payables	–	–	–	–	–	540	–	540
Capital expenditure	818	300	74,737	55,860	18,812	377	94,367	56,537
As at 31 December								
Reportable segment assets	8,617	8,050	452,369	377,844	26,544	7,294	487,530	393,188
Reportable segment liabilities	4,596	3,197	184,277	117,373	9,379	66	198,252	120,636

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

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

Major customers

Revenue from two customers from the cement segment represented approximately \$56,147,000 (2021: \$27,302,000) of the Group's total revenue.

4 Revenue

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

Disaggregation of revenue from contracts with customers

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

	Aluminium		Cement		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Six months ended 31 December								
Primary geographical markets								
Singapore	4,605	3,054	—	—	—	—	4,605	3,054
Afghanistan	—	—	4,048	3,490	—	—	4,048	3,490
Kazakhstan	—	—	53,282	41,348	—	—	53,282	41,348
Tajikistan	—	—	70,142	48,357	—	—	70,142	48,357
Uzbekistan	—	—	796	238	—	—	796	238
	4,605	3,054	128,268	93,433	—	—	132,873	96,487
Major products/service line								
Construction contracts	3,786	2,195	—	—	—	—	3,786	2,195
Sale of goods	819	859	128,268	93,433	—	—	129,087	94,292
	4,605	3,054	128,268	93,433	—	—	132,873	96,487
Timing of revenue recognition								
Products and services transferred over time	3,786	2,195	—	—	—	—	3,786	2,195
Products transferred at a point in time	819	859	128,268	93,433	—	—	129,087	94,292
	4,605	3,054	128,268	93,433	—	—	132,873	96,487

	Aluminium		Cement		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Full year ended 31 December								
Primary geographical markets								
Singapore	8,181	7,371	–	–	–	–	8,181	7,371
Malaysia	–	7	–	–	–	–	–	7
Afghanistan	–	–	13,368	14,781	–	–	13,368	14,781
Kazakhstan	–	–	90,658	67,189	–	–	90,658	67,189
Tajikistan	–	–	111,913	91,340	–	–	111,913	91,340
Uzbekistan	–	–	1,075	741	–	–	1,075	741
	<u>8,181</u>	<u>7,378</u>	<u>217,014</u>	<u>174,051</u>	<u>–</u>	<u>–</u>	<u>225,195</u>	<u>181,429</u>
Major products/service line								
Construction contracts	6,506	5,293	–	–	–	–	6,506	5,293
Sale of goods	1,675	2,085	217,014	174,051	–	–	218,689	176,136
	<u>8,181</u>	<u>7,378</u>	<u>217,014</u>	<u>174,051</u>	<u>–</u>	<u>–</u>	<u>225,195</u>	<u>181,429</u>
Timing of revenue recognition								
Products and services transferred over time	6,506	5,293	–	–	–	–	6,506	5,293
Products transferred at a point in time	1,675	2,085	217,014	174,051	–	–	218,689	176,136
	<u>8,181</u>	<u>7,378</u>	<u>217,014</u>	<u>174,051</u>	<u>–</u>	<u>–</u>	<u>225,195</u>	<u>181,429</u>

Seasonality of operations

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

5 Profit before tax

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

	Group			
	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000
Other income:				
- gain on disposal of property, plant and equipment	–	(7)	(13)	(11)
- government grant income	(13)	20	(83)	(153)
- rental income	(375)	(65)	(469)	(146)
- write off of other payables	–	(540)	–	(540)
Amortisation of intangible assets	1,426	1,277	2,650	2,511
Bad debts written off	–	119	–	119
Depreciation of property, plant and equipment	8,756	8,800	13,785	14,573
Exchange (gain)/loss:				
- realised	(422)	169	(679)	208
- unrealised	1,088	122	7,986	2,054
Interest income from financial institutions	(36)	(19)	(51)	(36)
Interest on loans and borrowings				
- payables to Engineering, Procurement and Construction (“EPC”) Contractor	403	2,423	1,692	3,718
- unwinding of discount in relation to the present value of loans from major shareholders	679	563	1,389	988
Impairment loss on intangible assets	2,331	–	2,331	–
Impairment loss on property, plant and equipment	–	825	784	825
Reversal of inventories to net realisable value	(47)	(169)	(47)	(169)
Reversal of provision for inventories obsolescence	(379)	(8)	(379)	(5)
(Reversal of)/Provision for onerous contracts	(119)	395	(119)	395
Reversal of provision for warranties	(22)	(4)	(22)	(4)
Write off of property, plant and equipment	424	135	875	140

6 Tax expense

Income tax expense for the period/year

	Group			
	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000
Current tax expense	2,283	2,285	4,276	4,450
Deferred tax expense/(income)	50	1,999	(104)	2,229
Under/(Over) provision in respect of prior years	606	(1,140)	606	(966)
Withholding tax paid on dividends declared by subsidiaries	1,045	1,627	3,072	3,626
	3,984	4,771	7,850	9,339

The Group's consolidated effective tax rate for the six months and full year ended 31 December 2022 was 14% and 17% respectively (six months and full year ended 31 December 2021: 20%).

Deferred tax expense/(income) for the six months and full year ended 31 December 2022 and 2021 mainly comprised deferred tax arising from temporary differences on property, plant and equipment and intangible assets, and recognition of unutilised tax losses carried forward. Disregarding withholding tax paid on dividends declared by subsidiaries as well as under provision for tax expense in respect of prior years, total tax expense for the six months and full year ended 31 December 2022 would have been \$2,333,000 and \$4,172,000 respectively (six months and full year ended 31 December 2021: \$4,284,000 and \$6,679,000).

The Group's profit before tax for the six months and full year ended 31 December 2022 was \$29,189,000 and \$46,680,000 respectively (six months and full year ended 31 December 2021: \$23,505,000 and \$46,723,000 respectively). Disregarding:

- (i) non-deductible expenses (mainly foreign exchange losses, corporate expenses, fines and penalties, other tax-related expenses and impairment losses) of \$6,449,000 and \$10,913,000 respectively (six months and full year ended 31 December 2021: \$6,580,000 and \$10,988,000); and
 - (ii) profits from subsidiaries which are on tax holidays of \$20,331,000 and \$29,387,000 respectively (six months and full year ended 31 December 2021: \$1,684,000 and \$13,559,000 respectively),
- the Group's profit before tax would have been \$15,307,000 and \$28,206,000 respectively (six months and full year ended 31 December 2021: \$28,401,000 and \$44,152,000 respectively).

The Group's adjusted effective tax rate for the six months and full year ended 31 December 2022 would have been 15% (six months and full year ended 31 December 2021: 15%), which remained relatively consistent period-on-period.

7 Earnings per share

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share for the six months and full year ended 31 December 2022 were based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

	Group			
	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000
Profit for the period/year, representing profit attributable to ordinary shareholders	17,868	13,321	28,940	26,350

Weighted average number of ordinary shares

	Company			
	Six months ended 31 December 2022 \$'000	Six months ended 31 December 2021 \$'000	Full year ended 31 December 2022 \$'000	Full year ended 31 December 2021 \$'000
Issued ordinary shares at 1 January	5,734,733	5,734,733	5,734,733	5,734,733
Effect of shares issued	—	—	—	—
Weighted average number of ordinary shares during the period/year	5,734,733	5,734,733	5,734,733	5,734,733

8 Property, plant and equipment

Additions and disposals

During the six months and full year ended 31 December 2022, the Group acquired assets with a cost of \$66,896,000 and \$94,241,000 respectively (six months and full year ended 31 December 2021: \$50,051,000 and \$54,030,000 respectively). This amount was mainly incurred for the construction of additional facilities for an existing cement plant in Kazakhstan, upgrading works and construction of additional facilities for another cement plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan.

There were no significant disposals during the six months and full year ended 31 December 2022 and 2021.

Capital commitments

As at 31 December 2022, the Group had contracted \$126,254,000 of capital expenditure for the construction of additional facilities of an existing cement plant in Kazakhstan, upgrading works and construction of additional facilities for another cement plant in Kazakhstan, and construction of a new cement plant in Kazakhstan and a new gypsum plasterboard plant in Tajikistan (31 December 2021: \$23,910,000 for the construction of additional facilities of an existing cement plant in Kazakhstan and upgrading works for another cement plant in Kazakhstan).

Significant estimations on cost of construction of property, plant and equipment

Significant judgement is used to estimate the total incurred cost of construction of property, plant and equipment as at each reporting date. In making these estimates, management has relied on the expertise of quantity surveyors of EPC contractors, and both internal and external documentation. The estimated cost of construction is reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to property, plant and equipment being recognised prospectively from the date that the change has occurred.

Change in useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation charges could be revised.

During the year, the Group conducted an operational review at a cement plant in Kazakhstan, which resulted in changes in the expected usage of certain property, plant and equipment. The property, plant and equipment, which management has previously intended to remain in production ranging from 2 to 50 years from the date of completion of construction of the plant, is now expected to remain in production ranging from 8 to 50 years from the date of completion of construction of the plant. As a result, the expected useful life of the property, plant and equipment increased. The effect of these changes on actual and expected depreciation expense, included in 'cost of sales', 'selling and distribution expenses' and 'administrative expenses', was as follows:

	2022	2023	2024	2025	2026	Later
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Decrease)/Increase in depreciation expense	(3,055)	(3,071)	(3,070)	(3,043)	(2,988)	15,227

9 Intangible assets and goodwill

Additions and disposals

During the six months and full year ended 31 December 2021, the Group acquired assets with a cost of \$2,506,000 and \$2,507,000 respectively. The amount incurred during the six months and full year ended 31 December 2021 was mainly for the acquisition of an electricity licence with the relevant authorities in Kazakhstan to purchase electricity directly from electric power stations. There were no significant additions during the six months and full year ended 31 December 2022.

There were no significant disposals during the six months and full year ended 31 December 2022 and 2021.

Impairment loss on intangible assets

As at 31 December 2022, as impairment indicators were identified for the electricity licence that was acquired in 2021, the Group performed an impairment assessment to determine the recoverable amount of this intangible asset. As the expected cost savings arising from the acquisition of this electricity licence was lower than previously forecasted, a full impairment loss amounting to \$2,331,000 was recognised (2021: \$nil).

Reconciliation of carrying amount of goodwill

	Group \$'000
At 1 January 2022	17,693
Translation differences on consolidation	1,724
At 31 December 2022	<u>19,417</u>

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

For purposes of impairment testing, goodwill has been allocated to the Group's CGU of International Manufacturing Company Chzhungtsai Mohir Cement LLC and its operating subsidiary.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the cement industry and have been based on historical data from internal sources.

	31 December 2022 %	31 December 2021 %
Forecasted revenue growth rate	1.6	(0.1)
Forecasted gross profit margin	45.0	41.0
Pre-tax discount rate	30.8	20.2
Terminal growth rate	<u>6.5</u>	<u>6.5</u>

In estimating the forecasted revenue growth rate, management took into account the estimated sales volume and price growth for the next 5 years, as well as the production capacity of the cement plant in Tajikistan.

Forecasted gross profit margin was based on historical information.

The forecasted revenue growth and forecasted gross profit are inherently judgemental, and subject to political and regulatory risks in an emerging market environment.

The discount rate was estimated based on the historical industry average weighted-average cost of capital. The cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter. A long-term growth rate into perpetuity has been determined as the long-term inflation rate of the country in which the CGU operates, consistent with the assumptions that a market participant would make.

As at 31 December 2022, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$2,667,000 (2021: \$65,615,000). As such, no impairment loss on goodwill was recognised.

Management has identified that a reasonably possible change in four key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these four assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for the carrying amount to equal the recoverable amount	
	31 December 2022	31 December 2021
	%	%
Sales volume	(1.6)	(30.9)
Selling price	(0.3)	(5.9)
Discount rate	0.5	7.3
Terminal growth rate	(0.9)	(15.9)

10 Capital and reserves

Share capital

	Company No. of shares	
	31 December 2022	31 December 2021
Fully paid ordinary shares, with no par value		
In issue as at 1 January and end of year	<u>5,734,732,849</u>	<u>5,734,732,849</u>

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

The Group did not issue any treasury shares during the six months and full year ended 31 December 2022 (six months and full year ended 31 December 2021: nil). The Company did not hold any treasury shares and had no outstanding warrants as at 31 December 2022 (31 December 2021: nil).

Dividends

During the full year ended 31 December 2022, a subsidiary of the Group declared dividends to a non-controlling interest amounting to \$8,346,000 (full year ended 31 December 2021: \$11,330,000). No dividends were declared during the six months ended 31 December 2022 (six months ended 31 December 2021: \$nil).

11 Loans and borrowings

	Currency	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
At 1 January 2022			39,178	36,738
Additions				
Loans from major shareholders	USD	2025	7,523	6,780
Loans from non-controlling interest	TJS	2027	3,416	3,416
Repayment				
Loans from major shareholders	USD	2025	(4,152)	(4,152)
Other movements				
Interest expense			–	1,389
Fair value adjustments arising from modification of loans			–	(949)
Effect of changes in foreign exchange rates			(1,454)	(1,340)
At 31 December 2022			<u>44,511</u>	<u>41,882</u>
Company				
At 1 January 2022			64,748	59,269
Additions				
Loans from major shareholders	USD	2025	7,523	6,780
Repayment				
Loans from major shareholders	USD	2025	(4,152)	(4,152)
Loans from subsidiary	USD	2025	(1,357)	(1,357)
Other movements				
Interest expense			–	2,093
Waiver of loans from subsidiary			(23,889)	(23,889)
Fair value adjustments arising from modification of loans			–	1,336
Effect of changes in foreign exchange rates			(1,778)	(1,614)
At 31 December 2022			<u>41,095</u>	<u>38,466</u>

Interest-free loans from major shareholders were measured at fair value at initial recognition and the difference between the fair value and face value of the loan is recognised in ‘capital reserve’, representing a contribution from owner of the Company. During the year ended 31 December 2022:

- (i) the Group and Company obtained new loans with face value of \$7,523,000 and the difference between the fair value and face value of the loan at initial recognition of \$743,000 was recognised in ‘capital reserve’ of the Group and Company;
- (ii) certain loans of the Group and Company which were due in 2023, were extended by 2 years to 2025, and the difference between the new and old fair value amounting to \$1,273,000 was recognised in ‘capital reserve’ of the Group and Company; and
- (iii) the Group and Company made early repayment of \$4,152,000 and this significant modification of the cash outflow of the loan resulted in a loss of \$324,000 which was recognised in ‘capital reserve’ of the Group and Company.

A non-controlling interest provided interest-free loans to the Group during the year, with face value of \$3,416,000 and due in 2027, for the construction of a new gypsum plasterboard plant in Tajikistan and the non-controlling interest has the right to demand for payment before the due date.

Interest-free loans from a subsidiary were measured at fair value at initial recognition and the difference between the fair value and face value of the loans was recognised against the cost of investment in the subsidiary in the Company’s separate financial statements. During the year ended 31 December 2022:

- (i) the Company made early repayment of \$1,357,000 and this significant modification to the cash outflow of the loan resulted in a loss of \$33,000 which was recognised as deemed investment in subsidiary; and
- (ii) the remaining loans were waived by the subsidiary and this significant modification of the cash outflow of the loans resulted in a gain of \$2,252,000 which was recognised as deemed investment in the subsidiary. The waiver also resulted in a deemed return of investment of \$21,920,000 and deemed distribution income of \$1,969,000 which were recognised against the cost of investment in the subsidiary and profit or loss, respectively.

Aggregate amount of the Group’s borrowings and debt securities

	31 December 2022		31 December 2021	
	\$’000	\$’000	\$’000	\$’000
	Secured	Unsecured	Secured	Unsecured
Group				
Amount repayable in one year or less	–	3,416	–	–
Amount repayable after one year	–	38,466	–	36,738
	–	41,882	–	36,738

12 Provisions

Restoration costs

Restoration costs relate to the cost of dismantling and removing assets and restoring the premises to its original condition. In accordance with the applicable legal requirements in Kazakhstan, the Group is expected to perform recultivation works by the end of its operations. During the six months and full year ended 31 December 2022, the Group provided \$3,040,000 for this purpose.

Due to the long-term nature of the liability, the most significant uncertainty in estimating the provision is the costs for recultivation works that will be incurred. The Group has engaged external experts to estimate the amount. The provision has been calculated using a discount rate of 8.6%, which is the risk-free rate in Kazakhstan. The Group expects to incur the liability upon the end of the expected economic useful lives of its respective operations in Kazakhstan.

13 Financial instruments

Accounting classifications and fair values

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

	Carrying amount			Fair value
	Amortised cost	Other financial liabilities	Total	Level 2
	\$'000	\$'000	\$'000	\$'000
Group				
31 December 2022				
<i>Financial assets not measured at fair value</i>				
Trade and other receivables	21,917	—	21,917	
Cash and cash equivalents	11,632	—	11,632	
	<u>33,549</u>	<u>—</u>	<u>33,549</u>	
<i>Financial liabilities not measured at fair value</i>				
Loans from major shareholders	—	(38,466)	(38,466)	(37,991)
Loans from non-controlling interest	—	(3,416)	(3,416)	
Trade and other payables	—	(138,091)	(138,091)	(133,345)
	<u>—</u>	<u>(179,973)</u>	<u>(179,973)</u>	
31 December 2021				
<i>Financial assets not measured at fair value</i>				
Trade and other receivables	19,387	—	19,387	
Cash and cash equivalents	12,390	—	12,390	
	<u>31,777</u>	<u>—</u>	<u>31,777</u>	
<i>Financial liabilities not measured at fair value</i>				
Loans from major shareholders	—	(36,738)	(36,738)	(36,747)
Trade and other payables	—	(70,311)	(70,311)	(71,075)
	<u>—</u>	<u>(107,049)</u>	<u>(107,049)</u>	

	Carrying amount			Fair value
	Amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 2 \$'000
Company				
31 December 2022				
<i>Financial assets not measured at fair value</i>				
Trade and other receivables	69,727	—	69,727	
Cash and cash equivalents	49	—	49	
	<u>69,776</u>	<u>—</u>	<u>69,776</u>	
<i>Financial liabilities not measured at fair value</i>				
Loans from major shareholders	—	(38,466)	(38,466)	(37,991)
Trade and other payables	—	(15,319)	(15,319)	(15,319)
	<u>—</u>	<u>(53,785)</u>	<u>(53,785)</u>	
31 December 2021				
<i>Financial assets not measured at fair value</i>				
Trade and other receivables	65,833	—	65,833	66,005
Cash and cash equivalents	47	—	47	
	<u>65,880</u>	<u>—</u>	<u>65,880</u>	
<i>Financial liabilities not measured at fair value</i>				
Loans from major shareholders	—	(36,738)	(36,738)	(36,747)
Loans from subsidiary	—	(22,531)	(22,531)	(22,530)
Trade and other payables	—	(9,774)	(9,774)	(9,774)
	<u>—</u>	<u>(69,043)</u>	<u>(69,043)</u>	

Measurement of fair values

Type

Non-current trade and other receivables,
non-current loans and borrowings and
non-current other payables

Valuation technique

Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The carrying amount of the loan to an indirect subsidiary where the Company has the right to demand for payment before the due date is assumed to approximate its fair value.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

Credit risk

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

	Group \$'000	Company \$'000
At 1 January 2022	3,668	–
Impairment loss reversed	(175)	–
Amounts written off	(12)	–
Translation differences on consolidation	(2)	–
At 31 December 2022	<u>3,479</u>	<u>–</u>

During the year ended 31 December 2022, the reversal of loss allowance at the Group level was due to a reduction in the receivables in the ‘past due more than 120 days’ category as a percentage of total receivables, i.e. an improvement in collection from customers. The weighted average loss rate has not changed significantly on a year-on-year basis.

Liquidity risk

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

14 Acquisition of subsidiaries

Acquisition of subsidiary

On 11 October 2022, the Group acquired Jetysu Terminal LLP through a subsidiary, Alacem LLP. The assets in Jetysu Terminal LLP largely consist of a leasehold land for industrial use.

The Group applied the concentration test and the acquisition of Jetysu Terminal LLP was assessed and accounted for as an acquisition of assets in the financial statements.

The total consideration, fully paid in cash, at the acquisition date for the acquisition of Jetysu Terminal LLP was \$1,396,000.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	\$'000
Property, plant and equipment	1,396
Cash and cash equivalents	#
Trade and other receivables	100
Trade and other payables	<u>(100)</u>
Total identifiable net assets	<u>1,396</u>
Total cash consideration	<u>1,396</u>

Less than \$1,000

Acquisition of non-controlling interest

On 22 November 2022, the Group completed its acquisition of an additional 15% interest in a subsidiary, Sharcem LLP, increasing its ownership from 60% to 75%. The carrying amount of Sharcem LLP's net liabilities in the Group's consolidated interim financial statements on the date of acquisition was \$10,046,000.

	Group \$'000
Carrying amount of non-controlling interest acquired (\$10,046,000 * 15%)	(1,507)
Consideration paid/payable to non-controlling interest	(26,074)
Decrease in equity attributable to owners of the Company	<u>(27,581)</u>

The decrease in equity attributable to owners of the Company comprised:

- (i) an decrease in accumulated profits of \$1,563,000;
- (ii) an increase in currency translation reserve of \$56,000; and
- (iii) a decrease in other reserve of \$26,074,000.

15 Contingent liabilities

Certain subsidiaries of the Group are involved in certain tax, legal and regulatory matters in Tajikistan and Kazakhstan as at 31 December 2022. Due to the nature and status of these matters and also in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be determinable. Accordingly, no provision for tax nor impairment for property, plant and equipment, where applicable, has been recorded.

16 Related parties

Other than disclosed elsewhere in the interim financial statements, transactions with related parties are as follows:

Related party transactions

	Transaction value for the six months ended		Transaction value for the full year ended		Balance outstanding	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Group						
Sale of goods						
Non-controlling interest	—	—	—	—	—	5
Purchase of services						
Non-controlling interest	(1,566)	(1,767)	(3,508)	(3,596)	—	(156)

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

17 Standards issued but not yet effective

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these interim financial statements.

Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

Others

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position:

- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- SFRS(I) 17 *Insurance Contracts* and Amendments to SFRS(I) 17 *Insurance Contracts*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

Other Information Required by Listing Rule Appendix 7.2

1 Review

The condensed interim financial statements of International Cement Group Ltd. (the “Company”) and its subsidiaries (the “Group”), which comprise the condensed consolidated statement of financial position of the Group and the condensed statement of financial position of the Company as at 31 December 2022, the condensed consolidated statement of changes in equity of the Group and the condensed statement of changes in equity of the Company for the full year then ended, the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows of the Group for the six months and full year then ended, and selected explanatory notes to the interim financial statements, have not been audited or reviewed.

2 Review of performance of the Group, including turnover and earnings

Consolidated Statement of Profit or Loss

Revenue

The Group’s revenue increased by \$36.4 million from \$96.5 million for the six months ended 31 December 2021 (“2H2021”) to \$132.9 million for the six months ended 31 December 2022 (“2H2022”) and increased by \$43.8 million from \$181.4 million for the full year ended 31 December 2021 (“FY2021”) to \$225.2 million for the full year ended 31 December 2022 (“FY2022”). This was mainly contributed by:

- (i) increase in sales volume and selling price from a cement plant in Kazakhstan, which is in its second full year of operations, arising from the growth of the construction sector in the Almaty region;
- (ii) increase in sales volume from a cement plant in Tajikistan mainly due to new government-related infrastructure contracts secured during the year;
- (iii) commencement of sales of a cement plant in East Kazakhstan since August 2022; and
- (iv) increase in revenue from the aluminium segment where construction activities in Singapore have picked up post-pandemic.

Gross profit

Gross profit margins improved from 39% to 42% in 2H2022 as compared to 2H2021, while overall gross profit margins for the full year increased from 41% in FY2021 to 43% in FY2022. The increase in gross profit margins was largely due to higher revenue contribution from the cement plant in the Almaty region in Kazakhstan. Gross profit margins for the Group’s cement operations in Kazakhstan are higher than its operations in Tajikistan due to the lower cost of raw materials and transportation in Kazakhstan as compared to Tajikistan. This was offset by a decline in gross profit margins in Tajikistan due to a significant increase in cost of raw materials.

Other income

Other income mainly comprised government grants, sale of scrap, rental income and utility recharges, and sale of fuel and rental income from suppliers for the extraction of raw materials in quarries. Other income increased in 2H2022 and FY2022 as compared to 2H2021 and FY2021 respectively, largely due to an increase in sale of fuel and rental income from suppliers, which is in line with the increase in sales volume in the Almaty region in Kazakhstan and commencement of sales of a cement plant in East Kazakhstan in August 2022.

Selling and distribution expenses

Selling and distribution expenses mainly comprised staff costs and distribution expenses. Amounts increased period-on-period and year-on-year due to:

- (i) increase in sales volume in the Almaty region in Kazakhstan;
- (ii) commencement of sales of a cement plant in East Kazakhstan in August 2022; and
- (iii) rising fuel costs incurred for the delivery of cement from the cement plants in Kazakhstan to customers.

Administrative expenses

Administrative expenses mainly comprised staff cost and directors' fees, depreciation and amortisation, audit and professional fees, tax-related expenses, utilities, food and accommodation, vehicle-related expenses, fines and penalties, travelling expenses, and office, rental and visa-related expenses. The increase period-on-period and year-on-year was largely due to:

- (i) commencement of operations of a cement plant in East Kazakhstan in August 2022;
- (ii) commencement of construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan since end 2021;
- (iii) rising costs of the operations in Tajikistan;
- (iv) setting up of the new Central Asia headquarters in Kazakhstan since end 2021; and
- (v) increase in staff headcount, audit fees, vehicle-related expenses, travelling expenses, and office, rental and visa-related expenses, which is in line with the significant increase in operations in 2022.

Loss allowance on trade and other receivables and contract assets

As the collection and aging of trade and other receivables improved in 2H2022, this resulted in an overall reversal of impairment losses of \$0.2 million for FY2022. In accordance with SFRS(I) 9 *Financial Instruments*, the loss allowance was made in prior periods based on the 'expected loss' model, computed based on the Group's assessment on the probability-weighted estimates of credit losses using historical information for the past 3 years on bad debt write offs and adjustments for forward looking indicators. 'Expected credit losses' were computed based on percentages of each aging bracket and do not relate to any specific counterparty.

Other expenses

Other expenses in 2H2022 and FY2022 mainly comprised foreign exchange losses, impairment loss on property, plant and equipment (right-of-use assets) and impairment loss on intangible assets.

- (i) Foreign exchange losses of \$7.3 million in FY2022 (FY2021: \$2.3 million) mainly arose from the revaluation of amounts owing to the EPC Contractor, suppliers and intercompany loans denominated in foreign currencies (mainly US Dollar ("USD") where the Kazakhstani Tenge ("KZT") depreciated by 7% against USD during FY2022 (FY2021: 4%)).
- (ii) Impairment loss on property, plant and equipment of \$0.8 million arose from a warehouse lease signed in 1H2022 for the aluminium segment which was loss-making, therefore full impairment was made on the right-of-use asset recognised.
- (iii) Impairment loss on intangible assets of \$2.3 million was recognised as the expected cost savings arising from the acquisition of an electricity licence in 2021 was lower than previously forecasted.

Finance costs

2H2022 and FY2022's finance costs mainly pertained to:

- (i) interest expense on the outstanding payables to the EPC Contractor for the construction of the cement plant in the Almaty region in Kazakhstan which are interest-bearing at 8.4% per annum, amounting to \$0.4 million and \$1.7 million respectively; and
- (ii) unwinding of discount on present value of interest-free loans from major shareholders amounting to \$0.7 million and \$1.4 million respectively. The interest-free loans from the major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) were for the construction of the cement plant in the Almaty region in Kazakhstan, and acquisition of cement-related assets for a cement plant in East Kazakhstan and cost incurred for its upgrading works.

Tax expense

2H2022 and FY2022 tax expense mainly pertained to:

- (i) current tax expense of \$2.3 million and \$4.3 million respectively (2H2021 and FY2021: \$2.3 million and \$4.5 million respectively), mainly for a subsidiary in Tajikistan;
- (ii) deferred tax expense of \$0.1 million and deferred tax income of \$0.1 million respectively (2H2021 and FY2021: deferred tax expense of \$2.0 million and \$2.2 million respectively), primarily arising from temporary differences on property, plant and equipment and intangible assets, and recognition of unutilised tax losses carried forward and withholding tax for unremitted profits of overseas subsidiaries;
- (iii) under provision of tax mainly from a subsidiary in Tajikistan in respect of prior years of \$0.6 million (2H2021 and FY2021: over provision of \$1.1 million and \$1.0 million respectively); and
- (iv) withholding tax paid on dividends declared by a subsidiary in Tajikistan of \$1.0 million and \$3.1 million respectively (2H2021 and FY2021: \$1.6 million and \$3.6 million respectively).

Statements of Financial Position

Property, plant and equipment

Increase in property, plant and equipment at the Group level during FY2022 was due to additions of \$94.2 million, mainly arising from the construction of additional facilities for an existing cement plant in the Almaty region in Kazakhstan, upgrading works for a cement plant in East Kazakhstan, and construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan. This was offset by disposals and write-offs of \$1.4 million, impairment loss of \$0.8 million and depreciation charge of \$14.7 million. Net translation difference for FY2022 was a gain of \$0.1 million arising from the appreciation of Tajikistan Somoni ("TJS") against SGD by 10% which was offset by the depreciation of KZT against USD by 7%.

Intangible assets

Intangible assets and goodwill at the Group level mainly comprised subsoil rights, goodwill arising on the acquisition of a cement plant in Tajikistan in 2017 and an electricity licence. Decrease of \$1.5 million during FY2022 was due to:

- (i) impairment loss on the electricity licence of \$2.3 million recognised as the expected cost savings arising from the acquisition was lower than previously forecasted; and
 - (ii) amortisation charge of \$2.7 million,
- which was offset by translation gain of \$3.4 million, arising from the appreciation of TJS against SGD by 10%.

Trade and other receivables

At the Group level, trade and other receivables as at 31 December 2022 comprised:

- (i) trade receivables of \$3.6 million;
- (ii) tax-related receivables of \$9.8 million;
- (iii) other receivables of \$8.5 million; and
- (iv) deposits and prepayments of \$16.0 million.

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

Other receivables mainly comprised unsecured interest-free loans of \$5.0 million to a non-controlling interest which were repaid subsequent to the year end.

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

Increase in trade and other receivables of \$6.0 million as at 31 December 2022 as compared to 31 December 2021 was due to:

- (i) increase in trade receivables from the cement segment of \$1.7 million mainly arising from higher sales by the cement plant in Tajikistan during the fourth quarter of FY2022 as compared to the fourth quarter of FY2021; and
- (ii) increase in prepayments of \$3.4 million for the construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan.

At the Company level, long-term trade and other receivables increased by \$3.9 million, which mainly arose from:

- (i) loans to subsidiary for repayment to the EPC Contractor for the construction of the cement plant in the Almaty region in Kazakhstan; and
- (ii) increase in non-trade receivables from subsidiaries as a result of a novation exercise during the year.

Deferred tax assets

Deferred tax assets at the Group level increased by \$2.0 million mainly due to temporary differences arising from property, plant and equipment and recognition of unutilised tax losses arising from the cement plant in East Kazakhstan.

Inventories

Increase in inventory balance at the Group level by \$10.2 million was due to the stocking up of spares and consumables in preparation for repairs and maintenance works for all cement plants during the first half of 2023.

Contract assets

At the Group level, contract assets as at 31 December 2022 pertained to retention sums which are withheld by main contractors from the aluminium segment until the successful completion of the project works and the Group's rights to consideration for work completed on construction contracts but not billed at the reporting date.

Other reserve

At the Group level, other reserve of \$26.1 million pertained to the cash consideration paid in excess of the carrying amount of a cement plant in East Kazakhstan arising from the step-up acquisition of 15% stake in a subsidiary during FY2022.

Currency translation reserve

Decrease in currency translation reserve losses at the Group level of \$6.7 million mainly arose from the appreciation of TJS against SGD by 10%, offset by the depreciation of KZT against SGD by 8%.

Loans and borrowings

At the Group level, loans and borrowings comprised:

- (i) unsecured interest-free loans from major shareholders (Victory Gate Ventures Limited and Mr Ma Zhaoyang) of \$38.5 million for the construction of a cement plant in Kazakhstan and acquisition of cement-related assets for another cement plant in Kazakhstan and its related upgrading works, and these loans are due between 2024 and 2025, therefore classified as long-term; and
- (ii) unsecured interest-free loans from a non-controlling interest (Dastoni Mohir LLC) of \$3.4 million, and these loans were obtained during 1H2022 and are repayable on demand, therefore classified as short-term.

The increase in long-term loans and borrowings of \$1.7 million was mainly due to:

- (i) additional loans obtained from Mr Ma Zhaoyang of \$7.5 million for the upgrading works for the cement plant in Kazakhstan; and
- (ii) unwinding of discount in relation to the present value of the loans from major shareholders of \$1.4 million,

which was offset by foreign exchange gain of \$1.3 million (appreciation of USD and depreciation of Chinese Yuan ("CNY"), against SGD), repayment to Mr Ma Zhaoyang of \$4.2 million and recognition of difference between present value and fair value of loans amounting to \$1.7 million in capital reserve.

Short-term loans and borrowings pertained to the loans from a non-controlling interest of \$3.4 million for the construction of the gypsum plasterboard plant in Tajikistan.

At the Company level, long-term loans and borrowings as at 31 December 2022 comprised interest-free loans from major shareholders, Victory Gate Ventures Limited and Mr Ma Zhaoyang. Significant decrease was due to waiver of interest-free loans from a subsidiary.

Trade and other payables

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

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

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

The Group's short-term trade and other payables at the Group level mainly comprised:

- (i) trade payables of \$12.5 million;
- (ii) accrued operating expenses of \$3.0 million;
- (iii) dividend payable of \$2.9 million;
- (iv) tax-related payables of \$4.7 million;
- (v) payables for property, plant and equipment of \$13.7 million; and
- (vi) other payables of \$22.5 million.

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

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

Dividend payable pertained to amounts owed to the non-controlling interest in Tajikistan for dividends declared in 2022 on profits earned by a subsidiary in FY2021.

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

Other payables mainly pertained to amounts payable to a non-controlling interest, Mr Nurzhan Shakirov, of \$17.9 million for the step-up acquisition of 15% stake in a subsidiary.

Increase in short-term trade and other payables at the Group level was mainly due to amounts payable to the non-controlling interest for the step-up acquisition.

At the Company level, trade and other payables increased due to increase in non-trade payables to subsidiaries as a result of a novation exercise during the year and for payment on behalf of administrative expenses of the Company.

Provisions

At the Group level, provision for restoration costs of \$3.0 million was recognised during FY2022 as the Group is expected to perform recultivation works for its cement plants in Kazakhstan by the end of its operations in accordance with the applicable local legal requirements.

Deferred tax liabilities

Increase in deferred tax liabilities at the Group level was mainly due to additional recognition of withholding taxes on unremitted profits of overseas subsidiaries of \$5.3 million, which was offset by a decrease in temporary differences arising from property, plant and equipment and intangible assets of \$1.9 million.

Contract liabilities

Contract liabilities as at 31 December 2022 pertained to advance consideration received from customers.

Consolidated Statement of Cash Flows

Cash and cash equivalents of the Group decreased slightly from \$12.4 million as at 31 December 2021 to \$11.6 million as at 31 December 2022. This was mainly due to cash flows from operating activities of \$57.1 million and \$10.9 million interest-free loans from major shareholders and non-controlling interest for the acquisition of cement-related assets and its related upgrading works and construction of the gypsum plasterboard plant in Tajikistan respectively, offset by:

- (i) acquisition of property, plant and equipment of \$47.6 million for construction of additional facilities for an existing cement plant in the Almaty region in Kazakhstan, upgrading works for a cement plant in East Kazakhstan, and construction of a new cement plant in Kazakhstan and gypsum plasterboard plant in Tajikistan;
- (ii) acquisition of non-controlling interest of \$7.7 million, relating to partial payment for the step-up acquisition of 15% stake in a subsidiary;
- (iii) dividends paid to non-controlling interest of \$4.6 million (Dastoni Mohir LLC who is the non-controlling shareholder of the Group's subsidiaries in Tajikistan);
- (iv) repayment of loans from major shareholder (Mr Ma Zhaoyang) of \$4.2 million; and
- (v) withholding tax paid on dividends declared by the Tajikistan subsidiary of \$3.1 million.

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

Not applicable.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Aluminium

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

With the easing of border restrictions on foreign workers' entry into Singapore, construction activities in Singapore picked up during the year. The increase in construction activities led to a gradual improvement in the performance of the aluminium segment.

According to the Ministry of Trade and Industry of Singapore ("MTI") advance estimates released on 3 January 2023, Singapore's construction sector grew by 6.5% year-on-year in 2022. However, in absolute terms, the value-added of the construction sector remained 19.3% below the pre-pandemic level.

Although the construction demand is expected to improve, the Group is cautious of the outlook of the aluminium segment as the operating environment continues to be challenging amid ongoing labour shortages and rising business costs. We will remain diligent in exercising financial prudence and managing our operating costs efficiently.

As at 31 December 2022, the Group's order book stood at approximately \$13.3 million, including variation orders. These projects are expected to be completed progressively over the next 3 years.

Cement

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

The Group's performance in Tajikistan showed an improvement in sales in FY2022. We intensified marketing efforts and secured new government-related infrastructure contracts, including the supply of cement for the construction of hydropower plants in Tajikistan. Our export sales to Afghanistan were affected by a few weeks of temporary border closure between Tajikistan and Afghanistan in mid-2022. Overall, since the withdrawal of the United States troop in mid-2021, cement sales to Afghanistan remain weaker compared to previous years.

Our operations at the Group's cement plant located in the Almaty region in Kazakhstan continued to deliver steady growth in revenue driven by the growing local construction demand.

In August 2022, the Group reached another new milestone with the commencement of sales at our second cement plant in Kazakhstan. Strategically located in the Jarminsky district in the East Kazakhstan region, this new plant, with an annual production capacity of 1.0 million metric tonnes, will enable the Group to broaden our customer base by penetrating local markets in the east of Kazakhstan as well as the capital, Astana.

The Group is currently building another cement plant in Korday District, Jambyl Region in Kazakhstan. Scheduled for completion in mid-2024, this new plant, with an annual production capacity of 1.5 million metric tonnes, will increase our combined annual cement production capacity from 4.0 million to 5.5 million metric tonnes. The capacity expansion will place the Group in a stronger position as we move into our next phase of growth.

Aside from our cement segment, the Group also plans to expand its product offerings within the construction sector in Central Asia to include drywall (gypsum plasterboard) which will provide the Group with a new revenue stream. The Group made good progress in the construction of the drywall (gypsum plasterboard) production line at our main Tajikistan plant in the Yovon district since we started construction work in the last quarter of 2021. The production line, with an annual production capacity of 30.0 million square metres of drywall (gypsum plasterboard), is expected to be completed by the second quarter of 2023.

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

Despite the challenging global economic and business conditions, we retain a cautiously optimistic outlook on the cement segment moving forward. With infrastructure development driven by urbanisation and reconstruction continuing to be a key growth driver in Central Asian economies, we expect the demand for quality building materials to remain strong.

The Group will continue to invest for growth in a disciplined manner by further building up our production capacity in the Central Asia region through both investments in new construction and acquisitions of existing plants to strengthen our foothold in this region.

5 A breakdown of sales

	2022 \$'000	2021 \$'000	Increase/ (Decrease) %
Sales reported for first half year	92,322	84,942	9
Operating profit after tax before deducting non-controlling interests reported for first half year	13,625	18,650	(27)
Sales reported for second half year	132,873	96,487	38
Operating profit after tax before deducting non-controlling interests reported for second half year	<u>25,205</u>	<u>18,734</u>	35

6 Net asset value

	Group		Company	
	31 December 2022 'cents	31 December 2021 'cents	31 December 2022 'cents	31 December 2021 'cents
Net asset value per ordinary share based on issued share capital of 5,734,732,849 ordinary shares as at 31 December 2022 (31 December: 2021: 5,734,732,849)	4.08	3.91	3.36	3.07

7 Dividend information

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial period

Any dividend declared for the corresponding period of the immediately preceding financial period?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

- (e) *A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year*

Not applicable.

- (f) *If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision*

No dividend has been recommended for the six months and full year ended 31 December 2022 as the Group is reinvesting its earnings for new projects in the cement business.

8 Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

9 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the issuer pursuant to the Rule 704(13)

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Chng Tze Sian, Milton	29	Son of Chng Beng Hua, Executive Director of the Company	Assistant General Manager (Corporate Affairs) appointed since 2018 to oversee the corporate affairs of the Group	None

10 Use of proceeds

The net proceeds arising from the Share Placement in June 2019, amounting to \$3.2 million, have not been utilised to date. The Board of Directors will continue to make periodic announcements on utilisation of the proceeds as and when the proceeds are materially disbursed.

11 Confirmation that the issue has procured undertaking from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Zhang Zengtao
Chief Executive Officer
27 February 2023