Central Asia Cement Joint Stock Company

Financial statements

for the year ended 31 December 2024
prepared in accordance with IFRSs

Aktau village 2025

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INDEPENDENT AUDITORS' REPORT

To: the shareholder of Central Asia Cement JSC

Opinion

We have audited the accompanying financial statements of Central Asia Cement Joint Stock Company (hereinafter – the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – "IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – "ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter – "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code, together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 22 May 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements, continued

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Approve

Serik Kozhikenov
Engagement partner
Auditor, audit certificate No. 0000557
dated 24 December 2003
Chief Executive
Moore Kazakhstan LLP
31 March 2025

Nikolay Slavianinov
Concurrent engagement partner
Certified Public Accountant
USA Oregon
No. 10018 dated 20 August 2001

General licence No. 23023540 for audit activity issued 27 October 2023 by the Ministry of Finance of the Republic of Kazakhstan

KZT'000	Note	2024	2023
Revenues	3	39,832,969	37,294,016
Cost of sales	4	(31,396,503)	(29,662,185)
Gross profit		**8,436,466**	**7,631,831**
Selling and distribution costs	5	(5,568,912)	(6,442,144)
Administrative expenses	6	(2,582,151)	(1,798,544)
Other operating income	7(a)	888,547	1,408,375
Other operating expenses	7(b)	(1,298,190)	(483,020)
Impairment of property, plant and equipment	10	(50,355)	–
Operating (loss) profit		**(174,595)**	**316,498**
Finance income	8(a)	85,894	238,564
Finance costs	8(b)	(761,767)	(437,104)
Foreign exchange loss		(12,663)	(31,127)
(Loss) profit before taxation		**(863,131)**	**86,831**
Income tax recovery	9(a)	17,774	72,026
(Loss) profit for the year		**(845,357)**	**158,857**
Other comprehensive income – Items that will never be reclassified subsequently to profit or loss::			
Revaluation of property, plant and equipment, net of income tax		953,799	–
Total comprehensive income for the year		**108,442**	**158,857**

These financial statements have been approved for issue on 31 March 2025 and signed on behalf of the Company's management by:

Petr Durnev
General Director
Central Asia Cement JSC

Zilya Hasanova
Chief accountant
Central Asia Cement JSC

The notes on pages 5 to 28 are an integral part of these financial statements

KZT'000	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	10	11,394,747	10,213,303
Right-of-use asset	20(a)	930,628	239,367
Intangible assets		89	667
Restricted cash		97,363	86,268
Accounts receivable for financial leases	11	286,387	315,777
Other non-current assets		40,045	14,921
		12,749,259	10,870,303
Current assets			
Inventories	12	2,629,988	3,274,549
Advances issued and deferred expenses	13	499,253	648,044
Other taxes to be reimbursed	14	510,438	1,134,713
Corporate income tax prepaid		827,428	740,515
Other accounts receivable		189,761	282,416
Accounts receivable from related parties		4,709	1,676
Accounts receivable for financial leases	11	522,898	461,105
Trade receivables	15	310,634	463,186
Cash	16	2,518,136	702,657
		8,013,245	7,708,861
TOTAL ASSETS		**20,762,504**	**18,579,164**
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	17(a)	80,000	80,000
Revaluation reserve of property, plant and equipment	17(b)	2,123,327	1,269,222
Retained earnings		2,375,336	3,120,999
		4,578,663	4,470,221
Non-current liabilities			
Borrowings	18	1,066,778	1,249,042
Government grants	19	916,505	1,012,473
Lease liabilities	20(b)	660,414	–
Deferred tax liability	9(b)	442,412	137,750
Provision for the restoration of land plots	21	16,597	87,868
		3,102,706	2,487,133
Current liabilities			
Borrowings	18	1,275,413	1,367,141
Government grants		96,727	88,516
Lease liabilities	20(b)	354,287	378,559
Other taxes payable		141,941	82,874
Advances received		1,973,622	617,183
Other accounts payable and accrued liabilities		275,457	195,039
Accounts payable to related parties		7,468,933	7,150,010
Trade and other payables		1,494,755	1,742,488
		13,081,135	11,621,810
TOTAL LIABILITIES		16,183,841	14,108,943
TOTAL EQUITY AND LIABILITIES		**20,762,504**	**18,579,164**

The notes on pages 5 to 28 are an integral part of these financial statements

KZT'000	Note	2024	2023
OPERATING ACTIVITIES			
Cash receipts from customers		48,158,107	43,067,919
Cash paid to employees		(1,412,542)	(1,205,080)
Other taxes paid		(1,138,671)	(1,079,159)
Cash paid to suppliers		(42,659,460)	(39,656,792)
Cash flows from operations before interest and income tax paid	22	2,947,434	1,126,888
Interest paid	18	(263,041)	(461,660)
Income tax paid		–	(227,360)
Net cash from operating activities		**2,684,393**	**437,868**
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	10	(362,658)	(772,300)
Purchases of intangible assets		–	(68)
Proceeds from sale of property, plant and equipment		1,888	–
Licence payments for subsoil contracts		(11,095)	(11,161)
Interest received		56,647	204,910
Net cash used in investing activities		**(315,218)**	**(578,619)**
FINANCING ACTIVITIES			
Proceeds from borrowings	18	4,719,913	1,310,939
Repayment of borrowings	18	(5,261,395)	(1,733,006)
Lease payments	20(b)	(1,650)	(6,364)
Net cash used in financing activities		**(543,132)**	**(428,431)**
Net increase (decrease) in cash		1,826,043	(569,182)
Effect of exchange rate changes on cash		(10,564)	–
Cash at the beginning of the year		702,657	1,271,839
Cash at the end of the year	16	**2,518,136**	**702,657**

Non-cash transactions

KZT'000	Note	2024	2023
Recognition and revaluation of lease	20(a)	804,235	359,050
Revaluation of property, plant and equipment	10	179,120	–
Depreciation of the revaluation reserve		99,694	99,694
Recognition of government subsidies	19	8,970	–
Transfer of inventories to property, plant and equipment		1,183,785	716,760
Offset of accounts receivable againts lease	20(b)	387,161	387,161
Offset of accounts receivables against accounts payables		4,727,966	4,150,000
Offset of advances received againts accounts payable		274,418	–
Offset of advances paid and accounts receivable		51,162	–

The notes on pages 5 to 28 are an integral part of these financial statements

KZT'000	Note	Share capital	Revaluation reserve of property, plant and equipment	Retained earnings	Total
At 1 January 2023		**80,000**	**1,354,007**	**2,895,946**	**4,329,953**
Profit for the year		–	–	158,857	158,857
Total comprehensive income		–	–	158,857	158,857
Amortisation of revaluation reserve		–	(84,785)	84,785	–
Other		–	–	(18,589)	(18,589)
At 31 December 2023		**80,000**	**1,269,222**	**3,120,999**	**4,470,221**
Loss for the year		–	–	(845,357)	(845,357)
Revaluation of property, plant and equipment less income tax	10,9(b)	–	953,799	–	953,799
Total comprehensive income		–	953,799	(845,357)	108,442
Amortisation of revaluation reserve		–	(99,694)	99,694	–
At 31 December 2024		**80,000**	**2,123,327**	**2,375,336**	**4,578,663**

1. General information

(a) Organisation and operation

Central Asia Cement JSC (hereinafter – the "Company") is a joint stock company reregistered in Kazakhstan in April 2006 (initial incorporation – September 1998). Their intermediate holding company is Steppe Cement Holdings B.V. a company incorporated in Netherland. The ultimate parent undertaking is Steppe Cement Ltd., a public company incorporated in Malaysia, which is traded on the Alternative investment market of the London Stock Exchange.

The Company's registered office and principal place of business is Aktau village, Karaganda region, the Republic of Kazakhstan.

The Company deals in the production and sale of cement.

The Company concluded the following subsurface use contracts at the Astakhovskoye field in the Bukhar-Zhyrau district of the Karaganda region (hereinafter referred to as "Subsurface Use Contracts") with the authorized state body:

- No. 31 dated August 11, 1999 for limestone mining in accordance with KO–03 series license No. 015(E) dated June 18, 1999, until June 2043, and additional Agreements No. 1-7 thereto.
- No. 30 dated August 11, 1999 for loam mining in accordance with KO-03 series license No. 016(D) dated June 18, 1999 for a period until June 2043 and additional agreements No. 1-4 thereto.

As at 31 December 2024, the Company had 383 employees (2023: 398 employees).

(b) Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The financial statements include management's estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Company. Future economic conditions can differ from those estimates.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRSs") as issued by the International Accounting Standards Board (hereinafter – "IASB") and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter – "IFRIC") of the IASB.

(b) Going concern

These financial statements have been prepared on a going concern basis.

Management believes that the Company's significant EBITDA and positive cash flows from operating activities are sufficient to meet the Company's anticipated cash flow requirements. After making appropriate enquiries, and having considered the outlook of product pricing, production levels, debt repayments and capital expenditure commitments and assessing reasonably possible adverse operational impacts such as lower prices of finished products, increased operational and capital expenditure costs, management has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the financial statements.

(c) Basis of accounting

The financial statements have been prepared on a historical cost basis, except for land and buildings within property, plant and equipment that have been measured at fair value in accordance with IAS 16 "Property, plant and equipment" (see note 10).

(d) Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstan tenge (hereinafter – "tenge" or "KZT"), which is the functional currency of the Company and the currency in which these financial statements are presented. All financial information presented in tenge has been rounded to the nearest thousand (hereinafter – "KZT'000" or "KZT thousand").

2. Basis of preparation, continued

(e) Adoption of standards and interpretations

In preparing the financial statements, the Company has applied the following standards and amendments effective from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The standards and amendments listed above did not have a material impact on these financial statements.

(f) New standards and interpretations not yet adopted

In preparing these financial statements, the Company has not early adopted any new standards, interpretations or amendments that have been issued but not yet effective. The Company is currently assessing the potential impact on its financial statements of the new IFRS 18 Presentation and Disclosure in Financial Statements, which is effective from 1 January 2027. The Company does not expect other standards and interpretations to have a material impact on its financial statements.

(g) Use of estimates and judgments

The Company's management has made a number of judgments, estimates and assumptions relating to the reporting of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Judgements are based on management's best knowledge of the relevant facts and circumstances having regard to prior experience. Actual results may differ from those estimates and result in outcomes that require an adjustment to the carrying amount of assets or liabilities affected in future periods.

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. In particular, information about significant areas of estimation uncertainty and critical judgments made by management for preparation of these financial statements is described in the notes below. However, management does not expect a significant risk of a material change to the Company's carrying value of the assets and liabilities affected by these factors in the next 12 months, within a reasonably possible range, unless described otherwise.

- Note 9 – Income tax. Management made estimates in relation to the level of taxes payable which may then be audited by the tax authorities and timing of realisation of temporary differences.
- Note 10 – Property, plant and equipment. Estimates were made in measurement of the fair value of lands, buildings and constructions, in relation to the useful lives and residual values of assets.
- Note 12 – Inventories. Estimates were made in relation to the allowance for obsolete inventories.
- Note 13 – Advances paid and other current assets. Management made estimates in relation to the allowance for doubtful assets.
- Note 15 – Trade and other receivables. Management made estimates in relation to the allowance for expected credit losses.
- Note 18 – Borrowings. Management made estimates in relation to fair value of borrowings based on market interest rates for loans.
- Note 20 – Lease. Estimates were made in determining the lease term of contracts with renewal option and incremental borrowing rates.
- Note 21 – Provision for the restoration of land plots. Estimates were made in relation to fair value of provisions based on estimated future cash flows and risk-free discount rate.
- Note 23 – Financial risk management objectives and policies. Fair value analysis is based on estimated future cash flows and discount rates.
- Note 24 – Commitments and contingencies. These require management to make estimates as to amounts payable and to determine the likelihood of cash outflows in the future.

3. Revenues

The item includes revenue from the sale of cement.

All the Company's revenue is recognized at a certain point in time.

4. Cost of sales

KZT'000	2024	2023
Supplies	27,545,671	26,464,916
Electricity	2,236,989	1,483,579
Maintenance and repairs	777,154	852,659
Depreciation and amortisation	578,661	543,344
Salaries and payroll taxes	372,865	493,941
Provisions raised against inventories	–	106,397
Overheads	227,592	123,467
Cost of production	31,738,932	30,068,303
Change in finished goods	(342,429)	(406,118)
	31,396,503	**29,662,185**

5. Selling and distribution costs

KZT'000	2024	2023
Railway and transportation expenses	4,848,348	5,630,004
Depreciation and amortisation	228,772	521,345
Salaries and payroll taxes	132,743	81,306
Other	359,049	209,489
	5,568,912	**6,442,144**

6. Administrative expenses

KZT'000	2024	2023
Salaries and payroll taxes	931,860	801,476
Tax and customs duties	692,452	49,780
Security	176,026	170,856
Maintenance and repairs	157,990	183,429
Electricity	118,570	68,988
Depreciation and amortisation	103,261	144,623
Sponsorship and representative expenses	64,620	52,909
Professional and consulting fees	62,972	94,033
Transportation	61,697	65,557
Health and safety expenses	48,569	54,358
Supplies	38,742	19,434
Utilities	30,573	31,526
Insurance	18,142	33,560
Commission costs	9,781	9,339
Bank charges	8,011	35,555
Provisions raised against inventories	(230,778)	–
Provisions against expected credit losses	22,304	(163,607)
Provisions against prepayments and other current assets	28,017	(19,444)
Other	239,342	166,172
	2,582,151	**1,798,544**

7. Other operating income and expenses

(a) Other operating income

KZT'000	2024	2023
Rental income	324,740	483,843
income from sublease wagons	298,907	463,382
Government grant	96,727	88,516
Income from sales of scrap metal	57,917	93,198
Gain on disposal of property plant and equipment	1,888	129,444
Other	108,368	149,992
	888,547	**1,408,375**

(b) Other operating expenses

KZT'000	2024	2023
Loss on disposal of property plant and equipment	576,480	155,128
Cost of limestone net of revenue from sales	350,875	–
Depreciation of rented property, plant and equipment	130,131	190,130
Cost of loam net of revenue from sales	62,722	63,387
Loss on sale of consumables	57,751	65,891
Other	120,231	8,484
	1,298,190	**483,020**

8. Finance income and costs

(a) Finance income

KZT'000	2024	2023
Interest income – bank deposits	56,647	205,565
Interest income – financial lease	29,247	32,999
	85,894	**238,564**

(b) Finance costs

KZT'000	2024	2023
Unwinding of discount – bank loans	273,977	167,070
Interest expense on borrowings from banks	265,524	216,644
Interest expense on finance leases	220,718	47,860
Other finance costs	1,548	5,530
	761,767	**437,104**

9. Income tax

(a) Income tax expense

The major components of income tax expense are as follows:

KZT'000	2024	2023
Corporate income tax – prior periods	(86,913)	–
Origination and reversal of temporary differences	69,139	(72,026)
Income tax recovery	**(17,774)**	**(72,026)**

9. Income tax, continued

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

KZT'000	2024	2023
(Loss) profit before taxation	**(863,131)**	**86,831**
Income tax rate	20.0%	20.0%
At statutory income tax rate	(172,626)	17,366
Corporate income tax – prior periods	(86,913)	–
Change in unrecognised tax assets and liabilities	65,529	–
Non-deductible expenses (non-taxable income)	176,236	(89,392)
Income tax recovery	**(17,774)**	**(72,026)**
Effective tax rate	2.1%	-82.9%

(b) Deferred tax liability

The amounts of deferred tax assets (liabilities) are as follows:

KZT'000	2024	2023
Property, plant and equipment	(813,446)	(508,497)
Lease assets and liabilities	16,815	27,839
Inventories	30,480	76,636
Accounts receivable for financial leases	36,394	44,219
Trade and other receivables	69,094	84,408
Government grants	121,243	87,076
Provision for the restoration of land plots	3,319	15,341
Accrued vacations	15,453	8,649
Taxes payable	–	16,575
Tax losses carried forward	78,236	10,004
	(442,412)	**(137,750)**

Movement in deferred tax liability is as follows:

KZT'000	2024	2023
At 1 January	(137,750)	(209,776)
(Charged) credited to profit or loss	(69,139)	72,026
Credited to other comprehensive income	(235,523)	–
At 31 December	**(442,412)**	**(137,750)**

Tax effect of the revaluation of buildings and structures in the amount of KZT 235,523 thousand (2023: nil) is recognised in additional paid in capital (see note 10).

10. Property, plant and equipment

KZT'000	Land and land improvements	Buildings and constructions	Machinery and equipment	Other assets	Construction in progress	Major spare parts and stand-by equipment	Total
Cost							
At 1 January 2023	602,212	2,489,702	7,138,406	3,554,268	2,829,628	331,588	16,945,804
Additions	–	–	45,946	299,929	1,143,185	–	1,489,060
Transfers	490	121,406	2,670,608	(104,113)	(2,682,434)	(5,957)	–
Disposals	(14,272)	(150,016)	(3,617)	(108,358)	(10,013)	(49,833)	(336,109)
At 31 December 2023	588,430	2,461,092	9,851,343	3,641,726	1,280,366	275,798	18,098,755
Additions	–	2,121	109,340	72,256	852,521	510,205	1,546,443
Transfers	–	66,270	1,535,887	97,825	(1,692,499)	(7,483)	–
Revaluation	213,038	(477,871)	–	–	–	–	(264,833)
Disposals	–	(10,735)	(100,489)	(805,431)	–	–	(916,655)
At 31 December 2024	801,468	2,040,877	11,396,081	3,006,376	440,388	778,520	18,463,710
Depreciation							
At 1 January 2023	–	1,025,207	4,679,026	1,346,129	–	–	7,050,362
Depreciation charge	–	278,243	487,227	223,098	–	–	988,568
Disposals	–	(4,678)	(6,031)	(142,769)	–	–	(153,478)
At 31 December 2023	–	1,298,772	5,160,222	1,426,458	–	–	7,885,452
Depreciation charge	–	115,703	560,754	250,816	–	–	927,273
Revaluation	–	(1,403,800)	–	–	–	–	(1,403,800)
Disposals	–	(10,675)	(98,883)	(230,404)	–	–	(339,962)
At 31 December 2024	–	–	5,622,093	1,446,870	–	–	7,068,963
Net book value							
At 31 December 2023	**588,430**	**1,162,320**	**4,691,121**	**2,215,268**	**1,280,366**	**275,798**	**10,213,303**
At 31 December 2024	**801,468**	**2,040,877**	**5,773,988**	**1,559,506**	**440,388**	**778,520**	**11,394,747**

Capitalised borrowing costs

In 2024, the Company capitalised to the cost of qualifying assets KZT 9,999 thousand (2023: KZT 9,999 thousand) of borrowing costs incurred on the outstanding debt at an average rate of interest (net of interest income) of 6.0%.

Collateral

Land and buildings with a carrying amount of KZT 2,700,471 thousand (2023: KZT 2,057,621 thousand) have been pledged to secure borrowings of the Company (see note 18). The Company is not allowed to sell these assets or to pledge them as security for other borrowings.

Fully depreciated assets

As at 31 December 2024, the cost of fully depreciated property, plant and equipment in use was KZT 1,613,218 thousand (2023: KZT 2,030,825 thousand).

Revaluation

The Company reviews the carrying amount of land and land improvements, buildings and constructions at each reporting date in order to avoid significant differences from its fair value. A revaluation is performed in case of significant differences, but at least once in 3-5 years.

As at 31 December 2024, the Company revalued the items of property, plant and equipment on the basis of the valuation performed by an independent appraisal company Value Solution LLP, an accredited independent valuer who has valuation experience for similar properties. The fair value of these groups of fixed assets at the date of revaluation was determined using a combination of comparative and cost approaches and belongs to Level 3 in the fair value hierarchy.

10. Property, plant and equipment, continued

In the discounted cash flow method, which was used to assess the decrease in the ability of an asset to generate economic benefits due to external market factors.

The results were based on the availability of an active market for each specific asset and the appropriate methods were used. As part of the cost approach, external (economic) depreciation was determined using a revenue approach, namely, tested for impairment using a revenue approach, in which the recoverable amount of fixed assets was determined by estimating discounted future cash flows that would be generated from the continued use of the asset and its subsequent liquidation. The key assumptions in estimation of the future cash flows are as follows:

- Cash flow forecast has been prepared based on the financial forecasts till 2029.
- The forecast of cement sales volumes for 2025 is based on budget data, while for 2026-2029 the volume of sales is assumed at the level of 2025.
- The forecast of sales prices for 2025-2029 is based on the actual data for 2024, considering the projected increase in consumer prices in the Republic of Kazakhstan.
- The cost structure was detailed into conditionally variable and conditionally fixed expenses; the norms of conditionally variable expenses were calculated based on 2024 and adjusted for the projected consumer price index.
- The discount rate, defined as the weighted average cost of capital (WACC), of 18.3%, was used to calculate the yield.

The values assigned to the key assumptions represent management's assessment of future business trends and are based both on external and internal sources.

As the result of revaluation, the Company recognised a gain on revaluation of property, plant and equipment in the amount of KZT 1,189,322 thousand, net of deferred income tax in the amount of KZT 235,523 thousand in other comprehensive income and the loss on revaluation of property, plant and equipment in the amount of KZT 50,355 thousand in the statement of profit or loss. The net effect of revaluation as at 31 December 2024 has increased the carrying value of property, plant and equipment by KZT 1,138,967 thousand.

In the absence of revaluations of property, plant and equipment, their carrying value would have been KZT 8,315,923 thousand as at 31 December 2024 (2023: KZT 8,626,776 thousand).

11. Accounts receivable for financial leases

KZT'000	2024	2023
Gross investment:		
Within 1 year	484,199	423,291
More than one year but less than 5 years	229,907	230,511
More than 5 years	277,151	334,321
Total	991,257	988,123
Less: Unearned finance income	(181,972)	(211,241)
	809,285	**776,882**
Non-current	286,387	315,777
Current	522,898	461,105

The Company has entered into an agreement with a related party, Central Asia Services JSC, for the financial lease of fixed assets that are used to transit electricity. The term of the financial lease is 10-25 years with an interest rate from 9% to 14% per annum.

12. Inventories

KZT'000	2024	2023
Finished goods	1,169,860	827,431
Spare parts	797,791	1,399,771
Raw materials	387,246	423,824
Packing materials	118,032	333,482
Other materials	309,461	673,221
	2,782,390	3,657,729
Allowance for obsolete inventories	(152,402)	(383,180)
	2,629,988	**3,274,549**

12. Inventories, continued

Movement in the allowance for obsolete inventories is as follows:

KZT'000	2024	2023
At 1 January	383,180	276,783
(Recovered) accrued	(230,778)	106,397
At 31 December	**152,402**	**383,180**

13. Advances paid and other current assets

KZT'000	2024	2023
Advances paid to third parties for services	223,380	234,240
Advances paid to third parties for materials	188,097	194,671
Deferred expenses	95,796	199,285
Prepaid custom duties	68,896	68,747
	576,169	696,943
Allowance for impairment of advances paid	(76,916)	(48,899)
	499,253	**648,044**

Movement in the allowance for doubtful assets is as follows:

KZT'000	2024	2023
At 1 January	48,899	68,343
Accrued (recovered)	28,017	(19,444)
At 31 December	**76,916**	**48,899**

14. Other taxes to be reimbursed

KZT'000	2024	2023
Value added tax	359,440	1,059,055
Other taxes	150,998	75,658
	510,438	**1,134,713**

15. Trade and other receivables

KZT'000	2024	2023
Trade receivables from third parties	656,104	793,016
Allowance for expected credit losses	(345,470)	(329,830)
	310,634	**463,186**

Movement in the allowance for expected credit losses is as follows:

KZT'000	2024	2023
At 1 January	329,830	536,748
Accrued (recovered)	15,640	(206,918)
At 31 December	**345,470**	**329,830**

16. Cash

KZT'000	2024	2023
Cash deposits with maturities of less than three months	2,503,210	546,901
Cash at bank	8,941	125,206
Petty cash	5,985	30,550
	2,518,136	**702,657**

17. Equity

(a) Share capital

The authorised share capital of the Company consists of 1,000 ordinary shares with a par value of KZT 80,000 each. As of 31 December 2024, the issued share capital amounted to KZT 80,000 thousand (2023: KZT 80,000 thousand). The issued share capital is fully paid.

Dividends

In 2024 and 2023, the Company neither declared nor paid dividend.

(b) Revaluation reserve of property, plant and equipment

The revaluation reserve includes the amount of revaluation of property, plant and equipment net of income tax. The last revaluation was carried out by the Company as of December 31, 2024 (see note 10).

18. Borrowings

In June 2015, the Company entered into an agreement with Halyk Bank of Kazakhstan JSC to open credit lines for investment purposes in the amount of 2,188 million tenge for a period of 10 years at a rate of 6.0% per annum.

The loans were discounted at an interest rate of 14.0% to the net present value reflecting the fair value of the loans at the time of their receipt. The differences between the discounted value of loans at the market rate and the nominal amount of loans at the date of receipt were recognized as government grants.

KZT'000	Maturity	Nominal interest rate	Currency of denomination	2024	2023
Halyk Bank JSC	2024	6.0%	KZT	–	1,360,725
Halyk Bank JSC	2025	6.0%	KZT	1,269,330	62,953
Halyk Bank JSC	2027	6.0%	KZT	467,745	592,731
Halyk Bank JSC	2029	6.0%	KZT	599,033	593,358
Interest payable				6,083	6,416
				2,342,191	**2,616,183**
Non-current				1,066,778	1,249,042
Current				1,275,413	1,367,141

Movement in borrowings

KZT'000	2024	2023
At 1 January	2,616,183	2,871,896
Proceeds from borrowing	4,719,913	1,310,939
Repayment of borrowings	(5,261,395)	(1,733,006)
Discount recognition	(8,970)	–
Unwinding of discount	273,977	167,070
Interest accrued	265,524	216,644
Capitalization of interest	–	10,000
Interest paid	(263,041)	(227,360)
At 31 December	**2,342,191**	**2,616,183**

In 2023, borrowing costs, including interest accrued and unwinding of discount in the amount of KZT 9,999 thousand were capitalised into construction in progress (see note 10).

Pledges

As at 31 December 2024, the following assets were pledged as a collateral for the borrowings:

- Inventories with the book value of KZT 74.830 thousand (see note 12);
- Premises with the book value of KZT 2,700,471 thousand (see note 10).

19. Government grants

As indicated in note 18, the Company has received a number of loans for investment purposes with a subsidized portion of the interest rate. The loans were discounted at market rates to the net present value reflecting the fair value of the loans at the time of their receipt. The differences between the discounted value of loans at the market rate and the nominal amount of loans at the date of receipt were recognized as government subsidies.

Subsidies are amortized over the useful life of the assets. Subsidy income is recognized as part of other income.

Movement

KZT'000	2024	2023
At 1 January	1,100,989	1,189,505
Recognition	8,970	–
Amortisation	(96,727)	(88,516)
At 31 December	**1,013,232**	**1,100,989**
Non-current	916,505	1,012,473
Current	96,727	88,516

20. Lease

The Company leases various railway freight wagons and office premises. Rental contracts are typically made for fixed periods of equal or less than 12 months but have extension options. The lease contracts do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be subleased or used as security for borrowing purposes.

The lease liabilities for these properties were calculated as the present value of the outstanding rentals, using an incremental borrowing rates of 19.93%.

The Company considered the practical expedients and does not recognise right-of-use assets or lease liabilities for leases which have low value or short-term leases within 12 months of the date of initial application. The payments associated with these leases are charged directly to the profit or loss on a straight-line basis over the lease term.

(a) Right-of-use asset

KZT'000	Wagons	Office premises	Total
At 1 January 2023			
Additions	4,631,046	13,384	4,644,430
Disposals	359,050	–	359,050
At 31 December 2023	(4,631,046)	(13,384)	(4,644,430)
Additions	359,050	–	359,050
Change in accounting estimates	–	12,474	12,474
At 31 December 2024	791,761	–	791,761
Amortisation	1,150,811	12,474	1,163,285
At 1 January 2023			
Amortisation charge	4,344,859	11,242	4,356,101
Disposals	405,870	2,142	408,012
At 31 December 2023	(4,631,046)	(13,384)	(4,644,430)
Amortisation charge	119,683	–	119,683
At 31 December 2024	110,479	2,495	112,974
Net book value	230,162	2,495	232,657
At 31 December			
At 31 December	**239,367**	**–**	**239,367**
KZT'000	**920,649**	**9,979**	**930,628**

20. Lease, continued

(b) Lease liability

KZT'000	**2024**	**2023**
At 1 January	378,559	365,174
Additions	12,474	359,050
Change in estimates	791,761	–
Interest accrued	220,718	47,860
Payments	(1,650)	(6,364)
Non-monetary transactions	(387,161)	(387,161)
At 31 December	**1,014,701**	**378,559**
Non-current	660,414	–
Current	354,287	378,559

Due to non-significance of the interest component and for transparency of presentation in the statement of cash flows, the Company discloses the total amount of the lease payments within cash flows from financing activities.

21. Provision for the restoration of land plots

Site restoration costs are based on the current obligations under Kazakhstan legislation governing closure and rehabilitation. The provision represents the discounted values of the estimated costs to decommission and reclaim the deposit. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives, the levels of discount and inflation rates and the estimated timing of closure and decommissioning. The present value of these provisions has been calculated using discount rates of 9.25% (2023: 13.00%). Changes in closure estimates such as discount and inflation rates, cost estimate and legislative requirements are recorded within property, plant and equipment.

Movement

KZT'000	**2024**	**2023**
At 1 January	87,868	82,546
Unwinding of discount	1,409	5,322
Change in estimates	(72,680)	–
At 31 December 2024	**16,597**	**87,868**
Non-current	16,597	87,868
Current	–	–

22. Reconciliation of profit before taxation to cash flows from operating activities

KZT'000	Note	2024	2023
(Loss) profit before taxation		**(863,131)**	**86,831**
Adjustments for:			
Finance income	8(a)	(85,894)	(238,564)
Finance costs	8(b)	761,767	437,104
Depreciation and amortisation		1,040,825	1,399,442
Accrual (reversal) of expected credit loss	6	22,304	(163,607)
Impairment losses (reversal of impairment) of advances paid	6	28,017	(19,444)
(Reversal of impairment) impairment losses of inventories	6	(230,778)	106,397
Accrual of expected credit loss		59,914	39,389
Loss (gain) on disposal of property, plant and equipment	7(b)	574,592	25,684
Government grant income	7(a)	(96,727)	(88,516)
Impairment of property, plant and equipment		50,355	–
Unrealised foreign exchange loss		10,565	31,127
Operating cash flows before changes in working capital		1,271,809	1,615,843
Increase in inventories		(308,446)	(1,193,879)
Decrease in advances paid and prepaid expenses		44,488	1,756,242
Decrease (increase) in other taxes receivable		624,275	(291,090)
Decrease in other receivables		(278,505)	(152,141)
Increase in trade receivables from related parties		(4,618,384)	(4,537,161)
Decrease in trade receivables		52,794	445,699
Increase in other taxes payable		55,911	9,623
Increase (decrease) in trade and other payables		1,711,275	(46,104)
Increase in payables to related parties		4,277,810	4,150,000
Increase (decrease) in trade payables		114,407	(630,144)
Cash flows from operations before interest and income tax paid		**2,947,434**	**1,126,888**

23. Financial risk management objectives and policies

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk: price risk, interest rate risk, currency risk.

Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management oversees compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

23. Financial risk management objectives and policies, continued

(b) Categories and fair values of financial assets and financial liabilities

Categories of financial assets and financial liabilities

KZT'000	Note	2024	2023
Financial assets at amortised costs			
Accounts receivable for financial leases	11	809,285	776,882
Other accounts receivable		189,761	282,416
Accounts receivable from related parties		4,709	1,676
Trade receivables	15	310,634	463,186
Cash	16	2,518,136	702,657
		3,832,525	**2,226,817**
Financial liabilities at amortised cost			
Borrowings	18	(2,342,191)	(2,616,183)
Lease liabilities	20(b)	(1,014,701)	(378,559)
Provision for the restoration of land plots	21	(16,597)	(87,868)
Other accounts payable and accrued liabilities		(275,457)	(195,039)
Accounts payable to related parties		(7,468,933)	(7,150,010)
Trade and other payables		(1,494,755)	(1,742,488)
		(12,612,634)	**(12,170,147)**

Fair values

The fair values of each financial asset and liability are not materially different from their carrying values as presented.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from the Company's trade receivables and cash.

The carrying value of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at 31 December was:

KZT'000	2024	2023
Accounts receivable for financial leases	809,285	776,882
Other accounts receivable	189,761	282,416
Accounts receivable from related parties	4,709	1,676
Trade receivables	310,634	463,186
Cash (less petty cash)	2,512,151	672,107
	3,826,540	**2,196,267**

Accounts receivable for financial leases

The Company's accounts receivable for financial leases are represented by receivables from a related party. In making decision to provide such financial assets, the Company performs an analysis to ensure that the overall credit exposure on these loans does not exceed the distributable reserves of the Company.

The Company's exposure to credit risk relates entirely to Kazakhstan debtors.

The allowance for impairment of accounts receivable for financial leases is created at loan issuance. There are no arrears within accounts receivable for financial leases.

Other receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. These trade receivables relate to customers that make payment in instalments. The Company regularly monitors its exposure to bad debts in order to minimise this exposure.

The Company's exposure to credit risk relates entirely to Kazakhstan customers.

23. Financial risk management objectives and policies, continued

The Company creates an allowance for impairment of trade receivables, which represents its estimate of expected credit losses. The ageing of other receivables at 31 December was:

KZT'000	Gross	Expected loss rate	Impairment
2024			
Not past due	97,071	23%	21,906
Past due 0-90 days	125	0%	–
Past due 91-180 days	1,109	0%	–
Past due 181-270 days	3,458	1%	26
More than 270 days	137,973	20%	28,043
	239,736	**21%**	**49,975**
2023			
Not past due	70,351	0%	–
Past due 0-90 days	109,474	0%	109
Past due 91-180 days	35,337	0%	175
Past due 181-270 days	3,261	1%	29
More than 270 days	107,303	40%	42,997
	325,726	**13%**	**43,310**

Trade receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. These trade receivables relate to customers that make payment in instalments. The Company regularly monitors its exposure to bad debts in order to minimise this exposure.

The Company's exposure to credit risk relates entirely to Kazakhstan customers.

The Company creates an allowance for impairment of trade receivables, which represents its estimate of expected credit losses. The ageing of trade receivables at 31 December was:

KZT'000	Gross	Expected loss rate	Impairment
2024			
Not past due	93,250	0%	83
Past due 0-90 days	32,193	0%	–
Past due 91-180 days	4,882	13%	624
Past due 181-270 days	34,789	5%	1,613
More than 270 days	490,990	70%	343,150
	656,104	**53%**	**345,470**
2023			
Not past due	66,572	0%	–
Past due 0-90 days	34,706	0%	35
Past due 91-180 days	104,062	0%	520
Past due 181-270 days	91,428	1%	914
More than 270 days	496,248	66%	328,361
	793,016	**42%**	**329,830**

Cash

Credit risk related to cash is monitored by management in accordance with the policies of the Company. Free funds are held with the most reliable banks in Kazakhstan with ratings of Moody’s from “Ba1” to “Baa1”. The purpose of this policy is to reduce concentration of credit risk and minimise possible financial loss due to banks' failure to meet their contractual obligations.

23. Financial risk management objectives and policies, continued

KZT'000	2024	2023
Ratings from Baa1 to Baa3	2,511,775	567,405
Ratings from Ba1 to Ba3	376	104,702
	2,512,151	**672,107**

(d) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring continuity of funding and flexibility through the use of bank loans and purchases on credit.

Maturity of financial liabilities

The table below provides an analysis of the Company's financial liabilities to be settled on a gross basis by relevant maturity groups from the balance sheet date to the contractual settlement date:

KZT'000	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
2024					
Borrowings	878,658	502,991	1,205,211	–	2,586,860
Lease liabilities	100,090	293,340	1,044,308	–	1,437,738
Provision for the restoration of land plots	–	–	–	85,329	85,329
Other accounts payable	275,457	–	–	–	275,457
Accounts payable to related parties	7,468,933	–	–	–	7,468,933
Trade and other payables	1,494,755	–	–	–	1,494,755
	10,217,893	**796,331**	**2,249,519**	**85,329**	**13,349,072**
2023					
Borrowings	514,619	855,364	2,208,419	97,119	3,675,521
Provision for the restoration of land plots	–	–	–	87,868	87,868
Lease liabilities	96,790	290,372	–	–	387,162
Other accounts payable	195,039	–	–	–	195,039
Accounts payable to related parties	2,702,000	4,448,010	–	–	7,150,010
Trade and other payables	1,062,809	679,679	–	–	1,742,488
	4,571,257	**6,273,425**	**2,208,419**	**184,987**	**13,238,088**

Borrowings include expected future interest payments calculated on the basis of interest rates effective on the balance sheet date. Provisions and lease liabilities are presented on an undiscounted gross basis.

(e) Price risk

The Company is not exposed to market risk as it concludes contracts without price change adjustment for goods after their sale.

(f) Interest rate risk

At the reporting dates the Company is not exposed to interest rate risk as there are no financial instruments with floating interest rates.

(g) Currency risk

The Company is subject to currency risk exposure when performing transactions in currencies other than its functional currency.

23. Financial risk management objectives and policies, continued

The Company's exposure to foreign currency risk was as follows:

KZT'000	KZT	USD	EUR	RUB	Total
2024					
Accounts receivable for financial leases	809,285	–	–	–	809,285
Other accounts receivable	187,566	2,195	–	–	189,761
Accounts receivable from related parties	4,709	–	–	–	4,709
Trade receivables	295,625	15,009	–	–	310,634
Cash	2,518,136	–	–	–	2,518,136
Borrowings	(2,342,191)	–	–	–	(2,342,191)
Lease liabilities	(1,014,701)	–	–	–	(1,014,701)
Provision for the restoration of land plots	(16,597)	–	–	–	(16,597)
Other accounts payable and accrued liabilities	(275,457)	–	–	–	(275,457)
Accounts payable to related parties	(7,468,933)	–	–	–	(7,468,933)
Trade and other payables	(1,452,359)	(9,513)	(13,706)	(19,177)	(1,494,755)
	(8,754,917)	**7,691**	**(13,706)**	**(19,177)**	**(8,780,109)**
2023					
Accounts receivable for financial leases	776,882	–	–	–	776,882
Other accounts receivable	280,221	2,195	–	–	282,416
Accounts receivable from related parties	1,676	–	–	–	1,676
Trade receivables	450,155	13,031	–	–	463,186
Cash	702,657	–	–	–	702,657
Borrowings	(2,616,183)	–	–	–	(2,616,183)
Lease liabilities	(378,559)	–	–	–	(378,559)
Provision for the restoration of land plots	(87,868)	–	–	–	(87,868)
Other accounts payable and accrued liabilities	(195,039)	–	–	–	(195,039)
Accounts payable to related parties	(7,150,010)	–	–	–	(7,150,010)
Trade and other payables	(1,686,771)	(9,094)	(13,875)	(32,748)	(1,742,488)
	(9,902,839)	**6,132**	**(13,875)**	**(32,748)**	**(9,943,330)**

Financial instruments denominated in tenge are not exposed to foreign currency risk and are provided for reconciliation of total amounts.

Sensitivity analysis

A 10% weakening of tenge against the following currencies as at 31 December would have increased (decreased) net profit by the amounts shown below. This analysis assumes that all other variables remain constant.

KZT'000	2024	2023
USD	615	491
EUR	(1,096)	(1,110)
RUB	(1,534)	(2,620)

23. Financial risk management objectives and policies, continued

(h) Capital management

The overriding objectives of the Company's capital management policy are to safeguard and support the business as a going concern and to maintain an optimal capital structure with a view to maximising returns to owners and benefits to other stakeholders by reducing the Company's cost of capital. The Company's overall policy remains unchanged from 2023.

24. Commitments and contingencies

(a) Kazakhstan's taxation contingencies

Inherent uncertainties in interpreting tax legislation

The Company is subject to uncertainties relating to the determination of its tax liabilities. Kazakhstan tax legislation and practice are in a state of continuous development and, therefore, are subject to varying interpretations and changes which may be applied retrospectively.

Management interpretations of such legislation in applying it to business transactions of the Company may be challenged by the relevant tax authorities and, as a result, the Company may be claimed for additional tax payments, including fines, penalties and interest charges that could have a material adverse effect on the Company's financial position and results of operations.

Period for additional tax assessments

Tax authorities in Kazakhstan have the right to raise additional tax assessments for three or five years after the end of the relevant tax period, depending on the taxpayer category or tax period. In certain cases, as determined by the tax legislation, the terms could be extended for three years.

Possible additional tax liabilities

Management believes that the Company is in compliance with the tax laws and any contractual terms entered into that relate to tax which affect its operations and that, consequently, no additional tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant tax authorities may take a differing position with regard to the interpretation of contractual provisions or tax law.

The resulting effect of this matter is that additional tax liabilities may arise. However, due to the range of uncertainties described above in assessing any potential additional tax liabilities, it is not practicable for management to estimate the financial effect in terms of the amount of additional tax liabilities, if any, together with any associated penalties and charges for which the Company may be liable.

(b) Insurance

The insurance industry in Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. Available insurance programs may not provide full coverage in the event of a major loss.

(c) Legal commitments

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Company. As at 31 December 2024, the Company was not involved in any significant legal proceedings.

(d) Use of subsoil and exploration rights

In Kazakhstan, all subsoil reserves belong to the state. In accordance with legislation, the Ministry of industry and infrastructure development grants the right of subsoil use for of exploration and development of deposits for a certain period to independent organisations. Subsoil and exploration rights are not granted in perpetuity, and any renewal must be agreed with the government body. These rights may be terminated by the Ministry if the Company does not satisfy its contractual (licence) obligations. The current subsoil rights will expire at varying dates up to 2043.

24. Commitments and contingencies, continued

(e) Capital expenditure commitments

The Company has capital expenditure commitments for the purchase of property, plant and equipment as well as commitments under its mining subsoil contracts. Committed expenditure under the subsoil contracts typically relates to investments in community-related projects, and includes investments in social sphere assets, infrastructure and public utilities]. The total commitments for property, plant and equipment as at 31 December 2024 amounted to KZT 416,000 thousand (2023: KZT 284,000 thousand).

(f) Related party loan obligations

In June 2015, the Company and Kartsement JSC, a related party, signed an agreement with Halyk Bank of Kazakhstan JSC on the provision of a credit facility. As of December 31, 2024, the debt of Karcement JSC on these loans amounted to 376,562 thousand tenge, for which the Company is jointly and severally liable.

Management conducted an analysis and determined that the likelihood of an outflow of resources embodying benefits to repay the obligation is remote.

25. Related party disclosures

Related parties include the following:

- Key executives.
- Companies under common control.
- Other related parties.

(a) Management remuneration

Rewards received by key executives are included in personnel costs of administrative expenses (see note 6) amounted to KZT 116,268 thousand (2023: KZT 107,279 thousand).

(b) Transactions with related parties

KZT'000	Companies under common control	Other related parties	Total
2024			
Due from related parties	813,994	–	813,994
Due to related parties	7,470,522	360	7,470,882
Sales to related parties	5,249,466	–	5,249,466
Purchases from related parties	25,770,558	25,315	25,795,873
2023			
Due from related parties	778,558	–	778,558
Due to related parties	7,148,360	1,650	7,150,010
Sales to related parties	3,895,708	–	3,895,708
Purchases from related parties	24,199,752	35,919	24,235,671

As of December 31, 2024 and 2023, the Company has no provisions for impairment of accounts receivable from related parties. The Company had no expenses for impairment of accounts receivable from related parties (2023 nil).

(c) Terms and conditions of transaction with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

26. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange ruling rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date when their fair value was determined. Foreign currency differences arising on retranslation at the exchange rate on the date of the transaction as well as those from retranslation of monetary assets and liabilities at the reporting date are recognised in profit or loss.

The following exchange rates were used in preparing the financial statements:

	2024		2023	
	Year-end	Average	Year-end	Average
US dollar	523.54	469.44	454.56	456.31
Euro	546.47	507.86	502.24	493.33
Russian rouble	4.99	5.08	5.06	5.40

(b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for buildings, which are subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain (loss) on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income (other expenses) in profit or loss.

Revaluation

Building are measured at fair value less accumulated depreciation and impairment losses, recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the revaluation reserve of property, plant and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve of property, plant and equipment.

A transfer from the revaluation reserve of property, plant and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

26. Significant accounting policies, continued

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of the individual asset to its estimated residual value. The expected remaining useful lives as follows:

- buildings and constructions 25 years;
- machinery and equipment 14 years;
- other 5-10 years.

Useful lives and residual values of property, plant and equipment are analysed at each reporting date.

(c) Intangible assets

Intangible assets relate largely to software purchases, which are acquired by the Company and which have finite useful lives, are stated at cost (which comprises purchase price plus any directly attributable costs of preparing the asset for intended use) less accumulated amortisation and impairment losses.

Amortisation

Amortisation of intangible assets, which have expected useful lives of 3 to 10 years, is computed under the straight-line method over the estimated useful lives of the assets.

(d) Exploration and valuation assets

Mineral licences

Costs of acquiring mineral licences are capitalised on the balance sheet in the year in which they are incurred. Licences include direct payments for the rights to explore and produce mineral resources and onerous liabilities under contracts for subsoil use measured by discounting the expected future payments. Mineral licences are amortised over the remaining life of the mine using a unit of production method.

Mine stripping costs

Mine stripping costs incurred in order to access the mineral-bearing ore deposits are deferred prior to the commencement of production. Such costs are amortised over the remaining life of the mine using a unit of production method.

The ongoing mining and development of the open pit mines is generally performed via a succession of individual phases. The costs of extracting material from an open pit mine are generally allocated between ore and waste stripping in proportion to the tonnes of material extracted. The waste stripping costs are generally absorbed into inventory and expensed as that inventory is processed and sold. Where the stripping costs relate to a significant stripping campaign which is expected to provide improved access to an identifiable component of the ore body (typically an individual phase within the overall mine plan), the costs of removing waste in order to improve access to that part of the ore body will be capitalised within mining assets. The capitalised costs will then be amortised in a systematic manner over the reserves that directly benefit from the specific stripping activity.

(e) Impairment

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount. Impairment losses are recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Company's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

26. Significant accounting policies, continued

Reversals of impairment

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The actual cost of inventories is based the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Accounts receivable

Accounts receivable are normally recognised at their nominal value less any expected credit loss and do not generally carry any interest. Expected credit losses are recognised in an allowance account if recoverable. Otherwise, the carrying amount of accounts receivable is written off.

Accounting policies for accounts receivable are provided in the *Financial instruments* section.

(h) Cash

Cash comprise cash at bank (which is available on demand and subject to insignificant risk of changes in value) and petty cash.

(i) Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method.

(j) Government grants

Government grants are recognized in accounting only when there is reasonable assurance that the Company will comply with the terms of the grant and the subsidy will be received.

Grants related to assets are recorded as deferred income, which is recognized as income on a systematic basis over the useful life of the asset.

Income-related grants are recognized as part of income for the same periods in which the related expenses that they are supposed to offset are recognized.

(k) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments, discounted by using the incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect unwinding of discount on the lease liability and by reducing the carrying amount to reflect the lease payments made. Also, the Company remeasures the lease liability to reflect a lease contract modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Company does not to separate non-lease components, and accounts for any lease and associated non-lease components as a single arrangement.

26. Significant accounting policies, continued

The Company as lessor

The Company enters into lease contracts as a lessor with respect to some of its machinery and equipment. Whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate thereof can be made. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The provision is discounted, where material, and the unwinding of the discount is included in finance costs. Over time, the discounted provision is increased (decreased) for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. At the time of establishing the provision, a corresponding asset is capitalised where it gives rise to a future benefit and depreciated using a unit of production method.

Site restoration costs

Site restoration provisions are made in respect of the estimated future costs of closure and restoration, and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. 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 assumptions are recognised as additions or charges to the corresponding asset and provision when they occur.

Commitments under contracts for subsoil use

In accordance with its contracts for subsoil use, the Company is required to provide support to various social sphere activities and assets within the region in which operates. Support includes social sphere of the region, education of local specialists, investments in research and development. The provision is reviewed on an annual basis for amendment in contracts for subsoil use and discount rates. Any change in the commitments or assumptions are recognised as additions or charges to the corresponding asset and provision when they occur.

Other

Other provisions are accounted for when the Company has a legal or constructive obligation for which it is probable there will be an outflow of resources and for which the amount can be reliably estimated.

(m) Retirement employee benefits

The Company does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer and employee calculated as a percentage of current gross salary payments.

(n) Revenues

At contract inception, the Company assesses the goods or services (assets) promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either an asset that is distinct or series of distinct assets that are substantially the same and that have the same pattern of transfer to the customer.

Sale of goods

Sale of goods is recognised when control of the products has transferred. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

26. Significant accounting policies, continued

Financing components

There are no contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the transaction prices are not adjusted for the time value of money.

(o) Finance Income

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, calculated in accordance with the effective interest rate method.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

(q) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable to receive taxable income in future, which can be utilised against this asset. Amount of deferred tax assets are reduced to the extent that it is not probable that appropriate tax savings would be used.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(r) Financial instruments

The Company recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets

Classification and initial measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The Company determines this classification at initial recognition depending on the business model for managing the financial asset and the contractual terms of the cash flows.

Financial assets are classified and measured at amortised cost or fair value through OCI if the related cash flows are 'solely payments of principal and interest' on the principal amount outstanding. Financial assets with cash flows that are not 'solely payments of principal and interest' are classified and measured at fair value through profit or loss, irrespective of the business model.

At initial recognition financial assets are measured at fair value being the consideration received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in the statement of profit or loss.

Subsequent measurement

Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest (and classified as amortised cost) are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium and fees or costs on acquisition. Unwinding of the difference between nominal and amortised values is included in finance income in the statement of profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value and net changes in fair value are recognised in the statement of profit or loss.

26. Significant accounting policies, continued

Derecognition

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses that might arise on financial assets measured at amortised cost. This assessment considers the probability of a default event occurring that could result in the expected cash flows due from a counterparty falling short of those contractually agreed.

Expected credit losses are estimated for default events possible over the lifetime of a financial asset measured at amortised cost. However, where the financial asset is not a trade receivable measured at amortised cost and there have been no significant increases in that financial asset's credit risk since initial recognition, expected credit losses are estimated for default events possible within 12 months of the reporting date.

Financial liabilities

Classification and initial measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost or fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition.

At initial recognition financial liabilities are measured at fair value being the consideration given. Financial liabilities at amortised cost additionally include directly attributable transaction costs.

Subsequent measurement

Trade and other payables and other financial liabilities are subsequently measured at amortised cost using the EIR method after initial recognition. Amortised cost is calculated by taking into account any discount or premium and fees or costs on acquisition. Unwinding of the difference between nominal and amortised values is included in finance costs in the statement of profit or loss.

Financial liabilities measured at fair value through profit or loss are carried on the balance sheet at fair value with subsequent changes recognised in finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is an enforceable legal right to offset the recognised amounts and an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

At each reporting date, the fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

27. Events after the reporting period

There were no significant events after the reporting period.