JOINT STOCK COMPANY
CENTRAL ASIA CEMENT

Financial statements
for the year ended 31 December 2023
and Independent Auditor's Report

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

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JOINT STOCK COMPANY CENTRAL ASIA CEMENT

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management of Joint Stock Company Central Asia Cement (the "Company") is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2023, and the results of its operations, changes in equity and cash flows for the year then ended, in compliance with International Financial Reporting Standards ("IFRSs").

In preparing the financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- performing an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRSs;
- maintaining statutory accounting records in compliance with the Republic of Kazakhstan legislation and IFRSs;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2023 were approved by management of the Company and authorised for issue on 22 May 2024.

Signed on behalf of management of the Company:

Petr Durnev,
General Director

Zilya Hasanova,
Chief Accountant

22 May 2024
Aktau village, the Republic of Kazakhstan

Deloitte.

Deloitte LLP
36 Al Farabi Avenue
Almaty, 050059
Republic of Kazakhstan

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Joint Stock Company Central Asia Cement

Opinion

We have audited the financial statements of Joint Stock Company Central Asia Cement (the "Company"), which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's 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' *International Code of Ethics for Professional Accountants (including International Independence Standards) (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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Auditor's 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 auditor's 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.

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 auditor's 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 auditor's 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.

Olzhas Ashuov
Qualified auditor,
Qualification certificate
No. MF-0000715
dated 10 January 2019
The Republic of Kazakhstan

Zhangir Zhilysbayev
General Director
Deloitte LLP

State Audit license of the
Republic of Kazakhstan № 0000015,
type MFU-2, issued by the Ministry of
Finance of the Republic of Kazakhstan
dated 13 September 2006

Timothy Pingree
Engagement Partner

22 May 2024
Almaty, Republic of Kazakhstan

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Notes	2023	2022
Revenue		37,294,016	39,959,294
Cost of sales	5	(29,662,185)	(30,529,590)
Gross profit		**7,631,831**	**9,429,704**
Selling expenses	6	(6,442,144)	(5,094,851)
General and administrative expenses	7	(1,798,544)	(1,805,097)
(Loss)/Profit from operations		**(608,857)**	**2,529,756**
Finance income		238,564	291,968
Finance costs	8	(437,104)	(476,068)
Foreign exchange loss, net		(31,127)	(107,721)
Other income	9	1,408,375	1,343,912
Other expenses	9	(483,020)	(765,312)
Profit before income tax		**86,831**	**2,816,535**
Income tax benefit/(expense)	10	72,026	(583,225)
Net profit for the year		**158,857**	**2,233,310**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**158,857**	**2,233,310**

Signed on behalf of management of the Company:

Petr Durnev,
General Director

Zilya Hasanova,
Chief Accountant

22 May 2024
Aktau village, the Republic of Kazakhstan

The notes on pages 10 to 40 form an integral part of these financial statements.

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(in thousands of tenge)

	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	11	10,213,303	9,895,442
Right-of-use assets	12	239,367	288,329
Intangible assets		667	4,737
Site restoration fund	25	86,268	75,107
Finance lease receivables	13	315,777	342,740
Taxes receivable, other than income tax	17	-	633,171
Other non-current assets		14,921	-
		10,870,303	**11,239,526**
Current assets			
Inventories	14	3,274,549	2,187,067
Trade accounts receivable	15	419,875	700,097
Receivables from a related party	23	1,676	3,778
Advances paid and prepaid expenses	16	648,044	2,248,753
Finance lease receivables	13	461,105	398,248
Other accounts receivable		325,727	217,397
Taxes receivable, other than income tax	17	1,134,713	210,452
Income tax prepaid		740,515	278,855
Cash and cash equivalents	18	702,657	1,271,839
Other current assets		-	136,479
		7,708,861	**7,652,965**
TOTAL ASSETS		**18,579,164**	**18,892,491**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	80,000	80,000
Revaluation reserve		1,269,222	1,354,007
Retained earnings		3,120,999	2,895,946
		4,470,221	**4,329,953**
Non-current liabilities			
Borrowings	20	1,249,042	1,722,044
Deferred income	21	1,012,473	1,134,025
Deferred tax liabilities	10	137,750	209,776
Site restoration provision		87,868	82,546
		2,487,133	**3,148,391**
Current liabilities			
Trade accounts payable	22	1,742,488	1,289,383
Payables to related parties	23	7,150,010	7,705,269
Other accounts payable and accrued liabilities		195,039	133,725
Other taxes payable		82,874	51,767
Advances received		617,183	663,497
Borrowings	20	1,367,141	1,149,852
Deferred income	21	88,516	55,480
Lease liabilities	12	378,559	365,174
		11,621,810	**11,414,147**
TOTAL EQUITY AND LIABILITIES		**18,579,164**	**18,892,491**

Signed on behalf of management of the Company:

ҚОҒАМЫ * ҚАЗАҚСТАН РЕСПУБЛИКАСЫ ТЕМІРТАУ Қ. АКЦИОНЕРНОЕ ОБЩЕСТВО * РЕСПУБЛИКА КАЗАХСТАН Г. ТЕМИРТАУ П.Г.Т. АКТАУ "Central Asia Cement"

Petr Durnev,
General Director

Zilya Hasanova,
Chief Accountant

22 May 2024
Aktau village, the Republic of Kazakhstan

The notes on pages 10 to 40 form an integral part of these financial statements.

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Share capital	Revaluation reserve	Retained earnings	Total equity
As at 1 January 2022	**80,000**	**1,438,792**	**2,474,256**	**3,993,048**
Net profit for the year	-	-	2,233,310	2,233,310
Total comprehensive income for the year	**-**	**-**	**2,233,310**	**2,233,310**
Amortisation of revaluation reserve on property, plant and equipment	-	(84,785)	84,785	-
Dividends (Note 19)	-	-	(1,896,405)	(1,896,405)
As at 31 December 2022	**80,000**	**1,354,007**	**2,895,946**	**4,329,953**
Net profit for the year	-	-	158,857	158,857
Total comprehensive income for the year	**-**	**-**	**158,857**	**158,857**
Amortisation of revaluation reserve on property, plant and equipment	-	(84,785)	84,785	-
Other	-	-	(18,589)	(18,589)
As at 31 December 2023	**80,000**	**1,269,222**	**3,120,999**	**4,470,221**

Signed on behalf of management of the Company:

Petr Durnev,
General Director

Zilya Hasanova,
Chief Accountant

22 May 2024
Aktau village, the Republic of Kazakhstan

The notes on pages 10 to 40 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Notes	2023	2022
Cash flow from operating activities:			
Profit before income tax		86,831	2,816,535
Adjustments for:			
Depreciation and amortisation		1,399,442	1,985,862
Loss/(gain) on disposal of property, plant and equipment, net	9	25,684	(929)
(Reversal)/accrual of expected credit loss	7	(183,051)	54,019
Accrual of provision for obsolete inventories	14	106,397	31,300
Accrual of provision for unused vacation		39,389	42,568
Foreign exchange loss, net		31,127	107,721
Government grant income	9	(88,516)	(55,480)
Finance income		(238,564)	(291,968)
Finance costs	8	437,104	476,068
Operating cash flows before movements in working capital		**1,615,843**	**5,165,696**
Changes in working capital and other balances:			
Inventory		(1,193,879)	(227,158)
Trade accounts receivable		58,538	2,806,422
Advances paid and prepaid expenses		1,619,763	-
Other accounts receivable		(152,141)	(30,427)
Other taxes receivable		(291,090)	(201,856)
Other current assets		136,479	(463,045)
Trade accounts payable		(630,144)	(5,391,506)
Advances received, other accounts payable and accrued liabilities		(46,104)	330,598
Other taxes payable		9,623	29,079
Cash generated from operations		**1,126,888**	**2,017,803**
Income tax paid		(461,660)	(669,986)
Interest paid		(227,360)	(231,606)
Net cash from operating activities		**437,868**	**1,116,211**

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of tenge)

	Notes	2023	2022
Investing activities:			
Purchases of property, plant and equipment		(772,300)	(2,905,476)
Proceeds from disposal of property, plant and equipment		-	13,393
Purchases of intangible assets		(68)	(2,875)
Contributions to site restoration fund		(11,161)	(8,141)
Interest received		204,910	254,948
Net cash used in investing activities		**(578,619)**	**(2,648,151)**
Financing activities:			
Proceeds from borrowings	20	1,310,939	3,009,113
Principal payment of borrowings	20	(1,733,006)	(1,523,626)
Principal payment of lease liabilities	12	(6,364)	(868,660)
Dividends paid	19	-	(1,896,405)
Net cash used in financing activities		**(428,431)**	**(1,279,578)**
Net decrease in cash and cash equivalents		**(569,182)**	**(2,811,518)**
Cash and cash equivalents at beginning of year	18	**1,271,839**	**4,083,357**
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at end of year	18	**702,657**	**1,271,839**

Non-cash transactions:

During 2023, the Company offset its trade accounts payable to its related party Karcement JSC with trade accounts receivable in the amount 4,150,000 thousand tenge (2022: 3,396,810 thousand tenge) (Note 23).

During 2023, the Company offset its lease liabilities with receivables from its related party Karcement JSC in the amount of 387,161 thousand tenge (2022: 387,161) (Note 12).

Signed on behalf of management of the Company:

Petr Durnev,
General Director

Zilya Hasanova,
Chief Accountant

22 May 2024
Aktau village, the Republic of Kazakhstan

The notes on pages 10 to 40 form an integral part of these financial statements.

1. GENERAL INFORMATION

Closed Joint Stock Company Central Asia Cement (the "Company") was founded in the Republic of Kazakhstan and was registered in September 1998. The Company was registered in April 2006 as Joint Stock Company Central Asia Cement.

The Company's primary business is the production and sale of cement.

The address of its registered office is Aktau village, Karaganda region, the Republic of Kazakhstan.

As at 31 December 2023 and 2022, the sole shareholder of the Company is Steppe Cement ltd., Malaysia.

In accordance with Subsurface Use Contracts KO-03 No. 016 dated 4 August 1999 and Licenses for Subsurface Use KO-03 No. 016 dated 18 June 1999, the Company is engaged in limestone and loam extraction at Astakhovskoye deposit in Bukhar-Zhyrauskyi region, Karaganda region. In line with the Decree of Karaganda region mayor No. 25/07, dated 9 September 2008, the term of Subsurface Use Contracts was extended for 25 years until 24 June 2043. In accordance with Subsurface Use Contract No.22-74/06 dated 5 December 2017 the Company is engaged in loam extraction at Astakhovskoye deposit in Bukhar-Zhyrauskyi region, Karaganda region. In line with the Decree of Karaganda region mayor No. 74/06, dated 27 November 2017, the term of Subsurface Use Contract is for 25 years until 24 June 2043.

Operating environment of the Company

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The military and political conflict between Russian Federation and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2023, the average price for Brent crude oil was 83 USD per barrel (2022: 101 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 4.9% per annum in 2023 (2022: 3.2%). Inflation in the country declined in 2023 to 9.8% per annum (2022: inflation was 20.3% per annum).

(in thousands of tenge)

In 2023, the National Bank of the Republic of Kazakhstan reduced the base rate from 16.75% to 15.75% per annum with a corridor of +/- 1.0 percentage points. In January 2024, the base rate further decreased to 15.25% per annum with a corridor of +/- 1.0 percentage points. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan.

Management of the Company is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Company's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Company's operations.

2. ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 Amendments to IFRS 17)	The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*—Disclosure of Accounting Policies	The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

(in thousands of tenge)

Amendments to IAS 12 *Income Taxes*—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.
Amendments to IAS 12 *Income Taxes*—International Tax Reform—Pillar Two Model Rules	The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*—Definition of Accounting Estimates	The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28[3]	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1[3]	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1[1]	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7[3]	*Supplier Finance Arrangements*
Amendments to IFRS 16[1]	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 21[2]	*Lack of Exchangeability*

[1]Effective for annual reporting periods beginning on or after 1 January 2024.
[2]Effective for annual reporting periods beginning on or after 1 January 2025.
[3]Effective date has not yet been set, meanwhile earlier application is allowed.

3. MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on the historical cost basis, except for the revaluation to fair value of land and buildings in accordance with IAS 16 Property, Plant and Equipment (Note 11).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

Going concern

These financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realisation of assets and settlement of liabilities in the normal course of business within the foreseeable future.

The Company's net profit for the year ended 31 December 2023 amounted to 158,857 thousand tenge (2022: net profit amounted to 2,233,310 thousand tenge).
As at 31 December 2023, current liabilities exceeded current assets by 3,824,433 thousand tenge (2022: current liabilities exceed current assets by 3,705,702 thousand tenge).
As at 31 December 2023, the total amount of payables to related parties is 7,150,010 thousand tenge and the total amount of receivables from a related party is 1,676 thousand tenge (Note 23). Management is able to manage the Company's cash flows to maintain liquidity by deferring payment to related parties or off-setting payables with receivables.

Further, the parent, Steppe Cement Ltd. has confirmed to management that it will provide continued, uninterrupted financial and operational support for a period of 12 months from the date of approval of these financial statements.

Management has considered the Company's future plans, and in light of these plans and positive cash flows from operations and available financing, management believes that the Company will continue to operate as a going concern for the foreseeable future.

Functional and presentation currency

The functional and presentation currency of these financial statements is Kazakhstani tenge (the "tenge" or "KZT"). All amounts presented in tenge have been rounded to the (nearest) thousand, if otherwise is not provided.

As at 31 December 2023, the spot exchange rate was US Dollar 1 to tenge 454.56 (31 December 2022: US Dollar 1 to tenge 462.65), and for the year ended 31 December 2023 average rate of exchange was US Dollar 1 to tenge 456.24 (2022: US Dollar 1 to tenge 460.85).

Foreign currency transactions

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

Revenue recognition

The Company recognises revenue from the sale of goods and services at the moment when the Company transfers promised goods or services to the customer, specifically when (or as) the customer obtains control over the goods or services, net of discount and value-added tax ("VAT").

Sale of cement

The Company generates revenue only from sale of cement, which is mostly sold on pre-paid basis. Prepayments are not recognised as revenue until the related goods have been transferred to the customers. Revenue from sale of cement is recognised at a point in time of transfer of control for promised goods to the customer.

Government grants

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

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

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

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

Contingent liabilities and contingent assets

Contingent liabilities are not recognised in these financial statements, except for liabilities on which there are probable outflows of resources, needed for settlement of the liabilities, and which can be measured reliably. Contingent assets are not recognised in these financial statements, but where an inflow of economic benefits is probable; they are disclosed in the notes to the financial statements.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment of land, buildings, machinery and equipment, other assets and construction in progress.

Land and buildings

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

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

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset

Depreciation of revalued buildings is recognised in profit or loss. While the revaluation surplus is transferred to the accumulated deficit as the asset is used by the Company, in the amount of the difference between depreciation based on the revalued amount of the assets and depreciation based on the assets original cost. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the accumulated deficit.

Machinery and equipment, other assets and construction in progress

Machinery and equipment and other assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Capitalised cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repair and maintenance expenditures that do not meet the foregoing criteria for capitalisation are charged to the statement of profit and loss and other comprehensive income as incurred.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Impairment of property, plant, and equipment

At the end of each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Leases

The Company as a lessor

The Company enters into lease agreements as a lessor with respect to some of its wagons, premises in the factory, equipment base and laboratory building.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 9).

Inventories

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are also include exchange differences arising from foreign currency loans to the extent they are considered to be an interest expense adjustment. An exchange difference amount capitalised as an interest expense adjustment should not exceed the interest expense amount the Company would capitalise if the loan had been received in the local currency. Any exchange difference is recognised in profit or loss.

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

The substantial period of time determined by the management is one year period. Management anticipates that no qualifying assets and borrowings costs for the year ended 31 December 2023 are recognised in finance costs (Note 8).

Financial instruments

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with original maturity of less than 3 months easily convertible to cash.

Trade account receivable

Trade account receivable is recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for impairment of receivables is established based on an expected credit loss model. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The primary factors that the Company considers whether a receivable is impaired is its overdue status, collection history and forward looking macro-economic factors.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

Other financial liabilities

Other financial liabilities, including payables and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company’s accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

Revaluation of land, buildings and constructions

The Company's land, buildings and constructions are carried at a revalued amount that is the fair value at the time of revaluation, less accumulated depreciation and accumulated impairment losses subsequently accrued.

The valuation of the Company's land, buildings and constructions was performed by an independent appraiser as at 31 August 2020. The valuation, which conforms to International Valuation Standards, was determined by reference to (a) the cost approach and (b) the market for similar or comparable assets, adjusted for differences with the asset under valuation. Discounted cash flow (DCF) method to check for the economic depreciation of the Company's assets as a Cash Generating Unit was performed.

The Company involves an independent appraiser for measurement of the fair value of land, buildings and constructions. Independent valuations of these assets are performed on a regular basis but at least every 5 years.

To estimate the fair value of properties, their current use was recognised as the best and most beneficial form of use. As a result of the revaluation, the Company recognised a gain on revaluation of 399,827 thousand tenge, net of deferred tax of 79,965 thousand tenge.

The management of the Company made assessment as at 31 December 2023 and concluded that there were no significant changes in the fair value of land, buildings and constructions as at 31 December 2023 from the date of last revaluation on 31 August 2020.

Useful lives of property, plant and equipment

As described in Note 2, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Estimation of the asset's useful life depends on factors such as economic exploitation, repair and maintenance programs, technological improvements and other business conditions. Management's estimation of the useful lives of property, plant and equipment reflects the relevant information available at the date of the financial statements.

Taxes receivable, other than income tax

Non-current taxes receivable, other than income tax represents Value Added Tax ("VAT") receivable. Management performs estimations to determine whether VAT receivable is recoverable at least on an annual basis.

On the basis of the model for determining future revenues and expenses expected to be received and accrued by the Company in the following year, which are subject to VAT, the Company determined that the VAT will be fully offset against VAT charges to be paid during 2024, excluding VAT for import and non-residents, by decreasing the cost of raw materials purchased from a related party Karcement JSC and maintaining the same level of sales and production.

Expected credit loss

The Company accrues expected credit loss for trade accounts receivable. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The primary factors that the Company considers whether a receivable is impaired is its overdue status, collection history and forward looking macro-economic factors. As at 31 December 2023 and 2022, the Company accrued allowance for trade accounts receivable from third parties of 373,141 thousand tenge and 536,748 thousand tenge, respectively (Note 15).

Obsolete inventory provision

The Company accrues obsolete inventory provision based on data of annual stock count as well as on the result of inventory turnover analysis. As at 31 December 2023 and 2022, the Company accrued provision for obsolete and slow-moving inventories of 383,180 thousand tenge and 276,783 thousand tenge, respectively (Note 14).

Lease term in contracts with an option to extend

The Company defines a lease term as a non-cancellable lease period, together with periods for which there is an option to extend if the lessee is reasonably certain to exercise that option, or periods for which there is an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Under certain lease agreements, the Company has an option to extend the lease for an additional period. The Company uses judgment to determine whether there it is reasonable certain that it will exercise this option to extend or not. At the same time, it takes into account all relevant factors that give rise to an economic incentive or cost to exercise the option to extend the lease.

The Company has taken into account the periods for which an extension option is available when determining the lease term for office or other premises to accommodate communications equipment in view of the significance of these assets for operating activities. These leases are short term, subject to early termination (from one to six months), and the ability to easily replace these assets will not have a significant impact on the production process. Most of the contracts are concluded for one year without the right to prolongation.

(in thousands of tenge)

Environmental obligations

On 1 July 2021, the new Environmental Code of the Republic of Kazakhstan (the "Code") came into force. This Code contains a number of principles aimed at minimizing the consequences of environmental damage to the activities of enterprises and/or the complete restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, companies are classified into four categories, where companies that have a significant negative impact on the environment belong to the first category. The Company belongs to the category one in accordance with the Code requirements and therefore, the Company has analyzed effect of implementation of the new Code and effect was not material. However, these laws and regulations may change in the future. The Company is unable to provide in advance the timing and extent of changes in laws and regulations on environmental protection, health and safety at work. In case of such changes, the Company may need to upgrade the technology to meet new requirements.

5. COST OF SALES

	2023	2022
Materials	26,464,916	27,335,864
Electricity	1,483,579	1,313,002
Maintenance and repairs	852,659	658,984
Depreciation and amortisation	543,344	480,240
Payroll and related taxes	493,941	535,605
Obsolete inventories provision (Note 14)	106,397	31,300
Other expenses	123,467	212
Change in finished goods	(406,118)	174,383
	29,662,185	**30,529,590**

6. SELLING EXPENSES

	2023	2022
Railway and transportation	5,630,004	3,829,765
Depreciation and amortisation	521,345	1,130,155
Payroll and related taxes	81,306	70,414
Other expenses	209,489	64,517
	6,442,144	**5,094,851**

(in thousands of tenge)

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Payroll and related taxes	801,476	685,947
Maintenance and repairs	183,429	183,065
(Reversal)/accrual of expected credit loss (Notes 15 and 16)	(183,051)	54,019
Security	170,856	139,114
Depreciation and amortisation	144,623	165,683
Electricity	68,988	39,805
Transport expenses	65,557	55,009
Audit expenses	56,709	44,936
Health and safety expenses	54,358	17,865
Sponsorship and representation expenses	52,909	89,849
Tax and customs duties	49,780	30,018
Legal services	37,324	24,064
Bank commission	35,555	20,267
Insurance	33,560	18,394
Utilities	31,526	20,459
Materials	19,434	33,500
Commission costs	9,339	-
Other expenses	166,172	183,103
	1,798,544	**1,805,097**

8. FINANCE COSTS

	2023	2022
Interest on borrowings from banks	216,644	131,217
Amortisation of borrowings discounting	167,070	211,056
Unwinding of discount (Note 12)	47,860	128,932
Other finance costs	5,530	4,863
	437,104	**476,068**

9. OTHER INCOME AND OTHER EXPENSES

Other income:

	2023	2022
Rental income	483,843	521,627
Income from sublease of wagons	463,382	525,200
Gain on disposal of property, plant and equipment	129,444	121,244
Income from sales of scrap metal	93,198	22,192
Government grant	88,516	55,480
Other	149,992	98,169
	1,408,375	**1,343,912**

(in thousands of tenge)

Other expenses:

	2023	2022
Depreciation of rented property, plant and equipment	(190,130)	(209,784)
Loss on disposal of property, plant	(155,128)	(120,315)
Loss on sale of materials, other than cement	(65,891)	(70,938)
Cost of loam	(63,387)	(27,036)
Cost of limestone	-	(231,453)
Other	(8,484)	(105,786)
	(483,020)	**(765,312)**

Other expenses from limestone, loam and compressed air represent transactions with a related party Karcement JSC.

10. INCOME TAX BENEFIT/(EXPENSE)

The Company's income tax expense for the years ended 31 December is as follows:

	2023	2022
Current income tax expense	-	712,922
Current income tax related to prior year	-	71,631
Deferred tax benefit	(72,026)	(201,328)
Total income tax expense	**(72,026)**	**583,225**

In the Republic of Kazakhstan, the income tax is calculated at 20% of the estimated taxable income for the year.

The reconciliation of theoretical income tax at statutory rate of 20% to the actual income tax expenses recorded in the Company's statement of profit and loss and other comprehensive income for the years ended 31 December 2023 and 2022 is presented below:

	2023	2022
Profit before income tax	86,831	2,816,535
Theoretical income tax at statutory rate of 20%	17,366	563,307
Adjustments due to:		
Prior year current income tax adjustment	(131,295)	-
Tax effect of non-deductible expenses	41,903	19,918
Income tax (benefit)/expense	**(72,026)**	**583,225**

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

(in thousands of tenge)

The tax effect on the major temporary differences that give rise to the deferred tax assets and liabilities as at 31 December is presented below:

	1 January 2023	Recognised in profit or loss	31 December 2023
Expected credit loss	121,018	(36,610)	84,408
Obsolete inventories provision	55,357	21,279	76,636
Provision for unused vacation	8,514	135	8,649
Taxes payable	3,035	13,540	16,575
Accrued interest and accrued receivables	1,426	(1,426)	-
Site restoration obligation	-	15,341	15,341
Finance lease receivable	-	44,219	44,219
Deferred income	-	87,076	87,076
Tax loss carried forward	-	10,004	10,004
Lease liabilities	-	27,839	27,839
Total deferred tax asset	**189,350**	**181,397**	**370,747**
Property, plant and equipment	(399,126)	(109,371)	(508,497)
Total deferred tax liability	**(399,126)**	**(109,371)**	**(508,497)**
Deferred tax (liability)/asset, net	**(209,776)**	**72,026**	**(137,750)**

	1 January 2022	Recognised in profit or loss	31 December 2022
Obsolete inventories provision	49,095	6,262	55,357
Taxes payable	3,780	(745)	3,035
Expected credit loss	105,909	15,109	121,018
Provision for unused vacation	5,826	2,688	8,514
Accrued interest and accrued receivables	413	1,013	1,426
Total deferred tax asset	**165,023**	**24,327**	**189,350**
Property, plant and equipment	(576,127)	177,001	(399,126)
Total deferred tax liability	**(576,127)**	**177,001**	**(399,126)**
Deferred tax (liability)/asset, net	**(411,104)**	**201,328**	**(209,776)**

(in thousands of tenge)

11. PROPERTY, PLANT AND EQUIPMENT

	Land and land improve-ments	Buildings and constructions	Machinery and equipment	Other assets	Construction in progress	Total
Cost						
As at 1 January 2022	**602,212**	**2,279,281**	**7,092,217**	**3,485,884**	**585,203**	**14,044,797**
Additions	-	2,388	40,868	485,283	2,423,301	2,951,840
Transfers	-	212,478	8,169	(393,557)	172,910	-
Disposals	-	-	(4,220)	(31,124)	-	(35,344)
As at 31 December 2022	**602,212**	**2,494,147**	**7,137,034**	**3,546,486**	**3,181,414**	**16,961,293**
Additions	-	-	45,946	299,929	1,143,185	1,489,060
Transfers	490	121,406	2,670,608	(110,070)	(2,682,434)	-
Disposals	(14,272)	(150,016)	(3,617)	(158,191)	(10,013)	(336,109)
As at 31 December 2023	**588,430**	**2,465,537**	**9,849,971**	**3,578,154**	**1,632,152**	**18,114,244**
Accumulated depreciation						
As at 1 January 2022	**-**	**(683,478)**	**(4,300,366)**	**(1,136,981)**	**-**	**(6,120,825)**
Charge for the year	-	(352,805)	(382,889)	(231,574)	-	(967,268)
Disposals	-	-	4,220	18,022	-	22,242
As at 31 December 2022	**-**	**(1,036,283)**	**(4,679,035)**	**(1,350,533)**	**-**	**(7,065,851)**
Charge for the year	-	(278,243)	(487,227)	(223,098)	-	(988,568)
Disposals	-	4,678	6,031	142,769	-	153,478
As at 31 December 2023	**-**	**(1,309,848)**	**(5,160,231)**	**(1,430,862)**	**-**	**(7,900,941)**
Net Book Value						
As at 31 December 2023	**588,430**	**1,155,689**	**4,689,740**	**2,147,292**	**1,632,152**	**10,213,303**
As at 31 December 2022	**602,212**	**1,457,864**	**2,457,999**	**2,195,953**	**3,181,414**	**9,895,442**

As at 31 December 2023, the cost of fully depreciated property, plant and equipment was 2,030,825 thousand tenge (31 December 2022: 1,554,820 thousand tenge).
As at 31 December 2023, the cost of pledged property, plant and equipment was 2,057,621 thousand tenge (31 December 2022: 112,469 thousand tenge).

As at 31 December 2023, the cost of property, plant and equipment rented out through short term lease agreements was 2,156,701 thousand tenge (31 December 2022: 1,885,298 thousand tenge) and the net book value was 1,556,861 thousand tenge (31 December 2022: 737,103 thousand tenge).

During 2023 Company capitalised interest expenses in the amount of 9,999 thousand tenge (2022: 45,730 thousand tenge).

As at 31 December 2023, construction in progress balance is mainly comprised from the inventories which will be used for Separator 2 capital project.

(in thousands of tenge)

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Wagons	Offices	Total
Cost			
As at 1 January 2022	**4,631,046**	**13,384**	**4,644,430**
Additions	-	-	-
As at 31 December 2022	**4,631,046**	**13,384**	**4,644,430**
Additions	359,050	-	359,050
Disposals	(4,631,046)	(13,384)	(4,644,430)
As at 31 December 2023	**359,050**	**-**	**359,050**
Accumulated depreciation			
As at 1 January 2022	**(3,330,526)**	**(8,298)**	**(3,338,824)**
Charge for the year	(1,014,333)	(2,944)	(1,017,277)
As at 31 December 2022	**(4,344,859)**	**(11,242)**	**(4,356,101)**
Charge for the year	(405,870)	(2,142)	(408,012)
Disposals	4,631,046	13,384	4,644,430
As at 31 December 2023	**(119,683)**	**-**	**(119,683)**
Carrying amount			
As at 31 December 2023	**239,367**	**-**	**239,367**
As at 31 December 2022	**286,187**	**2,142**	**288,329**

During 2023, the office lease agreement and main agreement on wagon lease were ended. The Company signed addendum to the wagons lease agreement with related party Karcement JSC, which prolongs main lease agreement for another year and therefore new right-of-use asset was recognised.

As a result of the application of IFRS 16 Leases for the year ended 31 December 2023, finance costs were 47,860 thousand tenge (2022: 128,975 thousand tenge) (Note 8) and related depreciation was 408,012 thousand tenge (2022: 1,017,277 thousand tenge) and included in the statement of profit or loss and other comprehensive income.

The table below shows the lease payments and discounted lease payments as at 31 December:

Lease payments	**2023**	**2022**
Up to 1 year	387,162	391,122
1-5 years	-	-
Total lease payments	**387,162**	**391,122**
Effect of discounting at incremental borrowing rate (weighted average rate 12.3% per annum)	(8,603)	(25,948)
Discounted lease payments as at 31 December 2023	**378,559**	**365,174**
Less current portion of lease liabilities	(378,559)	(365,174)
Non-current lease liabilities as at 31 December 2023	**-**	**-**

(in thousands of tenge)

Movement in lease liabilities for 2023 was as follows:

	2023	2022
Balance as at 1 January	**365,174**	**1,551,793**
Additions and modifications	359,050	-
Principal payments of lease liabilities	(6,364)	(868,660)
Offset of lease liabilities	(387,161)	(387,161)
Finance cost (Note 8)	47,860	128,932
Interest paid	-	(59,730)
Balance as at 31 December	**378,559**	**365,174**

13. FINANCE LEASE RECEIVABLES

	31 December 2023	31 December 2022
Gross investment:		
Within 1 year	423,291	362,605
More than one year but less than 5 years	230,511	230,489
More than 5 years	334,321	392,112
Total	**988,123**	**985,206**
Less: Unearned finance income	(211,241)	(244,218)
	776,882	**740,988**
Current finance lease receivables	461,105	398,248
Non-current finance lease receivables	315,777	342,740

The Company has finance lease agreements with a related party, Central Asia Services LLP for property, plant and equipment, which were used by the latter for its business of transmission of electricity. The terms of the finance leases range from 10 to 25 years with implicit interest rates in the leases from 9% to 14% per annum.

14. INVENTORIES

	31 December 2023	31 December 2022
Spare parts	1,399,771	547,950
Finished goods	827,431	421,313
Materials	423,824	569,206
Packing materials	333,482	289,201
Other materials	673,221	636,180
	3,657,729	**2,463,850**
Less: Obsolete inventories provision	(383,180)	(276,783)
Total	**3,274,549**	**2,187,067**

As at 31 December 2023 and 31 December 2022, no inventories were pledged.

(in thousands of tenge)

The movement in the obsolete inventories provision was as follows for the years ended 31 December:

	2023	2022
As at 1 January	(276,783)	(245,483)
Accrual (Note 5)	(106,397)	(31,300)
As at 31 December	**(383,180)**	**(276,783)**

15. TRADE ACCOUNTS RECEIVABLE

	31 December 2023	31 December 2022
Trade accounts receivable from third parties	793,016	1,236,845
Less: Expected credit loss	(373,141)	(536,748)
	419,875	**700,097**

The movement in the expected credit loss for trade accounts receivable was as follows for the years ended 31 December:

	2023	2022
As at 1 January	(536,748)	(529,541)
Accrual (Note 7)	(121,920)	(80,802)
Reversal (Note 7)	285,527	73,595
	(373,141)	**(536,748)**

As at 31 December trade accounts receivable were denominated in the following currencies:

	31 December 2023	31 December 2022
Tenge	779,985	1,223,582
US Dollar	13,031	13,263
Total	**793,016**	**1,236,845**

The Company mostly operates on a full prepayment basis, where credit is granted this is for ten days, no collateral is taken, and no interest is charged on outstanding receivables.

(in thousands of tenge)

16. ADVANCES PAID AND PREPAID EXPENSES

	31 December 2023	31 December 2022
Advances paid to third parties for services	234,240	852,849
Prepaid expenses	199,285	1,358,993
Advances paid to third parties for materials	194,671	37,855
Prepaid custom duties	68,747	67,399
	696,943	**2,317,096**
Less: expected credit loss	(48,899)	(68,343)
	648,044	**2,248,753**

The movement in the allowance for impairment of advances paid was as follows for the years ended 31 December:

	2023	2022
As at 1 January	(68,343)	(21,531)
Accrual (Note 7)	(10,469)	(53,008)
Reversal (Note 7)	29,913	6,196
As at 31 December	**(48,899)**	**(68,343)**

17. TAXES RECEIVABLE, OTHER THAN INCOME TAX

	31 December 2023	31 December 2022
Non-current value added tax	-	633,171
Total	**-**	**633,171**

	31 December 2023	31 December 2022
Current value added tax	1,059,055	172,880
Other taxes receivable	75,658	37,572
Total	**1,134,713**	**210,452**

Based on the recoverability analysis the management of the Company determined that the VAT receivable will be fully offset against VAT charges to be paid during 2024 by decreasing the cost of raw materials purchased from a related party Karcement JSC and maintaining the same level of sales and production.

(in thousands of tenge)

18. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on deposit account	546,901	39,020
Cash in banks, in tenge	125,206	1,207,092
Petty cash	30,550	25,727
Total	**702,657**	**1,271,839**

As at 31 December 2023, the Company had short-term deposits on demand in Halyk Bank JSC and Bank CenterCredit JSC in the amount 546,625 thousand tenge and 275 thousand tenge respectively denominated in tenge at the interest rate from 14.25% to 14.75% per annum (31 December 2022: 39,020 thousand tenge at the interest rate from 12.5% to 14% per annum).

19. SHARE CAPITAL

As at 31 December 2023 and 2022, the Company had 1,000 ordinary shares authorised, issued and fully paid with a par value of 80,000 tenge each.

During 2023, the Company did not declare and pay dividends to its shareholder (2022: the Company declared and paid dividends in the amount of 1,896,405 thousand tenge to its shareholder).

20. BORROWINGS

Borrowings as at 31 December consisted of the following:

	Currency	Maturity	Interest rate, % per annum	31 December 2023	31 December 2022
Halyk Bank JSC	Tenge	January-June 2024	6.00%	1,367,141	493,735
Halyk Bank JSC	Tenge	December 2027	6.00%	592,731	711,512
Halyk Bank JSC	Tenge	February-November 2029	6.00%	593,358	814,194
Halyk Bank JSC	Tenge	September-November 2025	6.00%	62,953	196,338
Halyk Bank JSC	Tenge	January-February 2023	6.00%	-	656,117
Total				**2,616,183**	**2,871,896**
Short-term borrowings				1,367,141	1,149,852
Long-term borrowings				1,249,042	1,722,044

On 19 June 2015, the Company and Karcement JSC signed a credit line agreement with Halyk Bank JSC on terms subsidised under government programs bearing an interest rate of 6% per annum. The credit line agreement has a total limit of 2,188,000 thousand tenge on a non-renewable basis for capital expenditure and maturity of 10 years.

During 2022, The Company concluded 20 long-term agreements under the existing credit line with Halyk Bank JSC in the amount of 1,998,898 thousand tenge at 6% per annum for mill modernisation with a maturity dated 14 February 2029.

(in thousands of tenge)

During 2023, the Company signed 9 short-term agreements with Halyk Bank JSC for working capital replenishment of 1,310,939 thousand tenge under government programs bearing an interest rate of 6% per annum. The short-term borrowings are maturing in January to June 2024 (2022: 9 short-term agreements for working capital replenishment of 1,010,215 thousand tenge under government programs bearing an interest rate of 6% per annum with maturing in January to February 2023).

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities:

	1 January 2023	Proceeds from borrowings (i)	Principal payments of borrowings (i)	Other changes (ii)	31 December 2023
Long-term borrowings	1,722,044	-	(476,841)	3,839	1,249,042
Short-term borrowings	1,149,852	1,310,939	(1,256,165)	162,515	1,367,141
	2,871,896	**1,310,939**	**(1,733,006)**	**166,354**	**2,616,183**

	1 January 2022	Proceeds from borrowings (i)	Principal payments of borrowings (i)	Other changes (ii)	31 December 2022
Long-term borrowings	706,794	1,998,898	(441,632)	(542,016)	1,722,044
Short-term borrowings	1,062,567	1,010,215	(1,081,994)	159,064	1,149,852
	1,769,361	**3,009,113**	**(1,523,626)**	**(382,952)**	**2,871,896**

(i) Financing cash flows.
(ii) Other changes include government subsidy, interest accrued and paid.

21. DEFERRED INCOME

The movement in the deferred income was as follows for the years ended 31 December:

	2023	2022
As at 1 January	1,189,505	645,908
Subsidised borrowings to acquire non-current assets	-	599,077
Government grant amortisation	(88,516)	(55,480)
As at 31 December	**1,100,989**	**1,189,505**
Current deferred income	88,516	55,480
Non-current deferred income	1,012,473	1,134,025

Deferred income represents government grant in the form of below-market interest on government-subsidised borrowings for capital investment from Halyk Bank JSC. It represents the difference between the initial carrying amount of the borrowings measured at fair value using 14% interest per annum and the proceeds received and is amortised to profit or loss account as income over the useful lives of the related assets.

(in thousands of tenge)

During 2022, the Company concluded 20 long-term agreements under the existing credit line with Halyk Bank JSC in the amount of 1,998,898 thousand tenge at 6% per annum for mill modernisation with a maturity dated 14 February 2029 (Note 20). The difference at fair value using 14% amounted to 599,077 thousand tenge was recognised as deferred income in the statement of financial position as at 31 December 2022.

During 2023, the Company did not conclude new long-term agreements.

In 2023, the Company capitalised interest expenses in the amount of 9,999 thousand tenge (2022: 45,730 thousand tenge).

22. TRADE ACCOUNTS PAYABLE

	31 December 2023	31 December 2022
Trade accounts payable for services	1,367,179	672,037
Trade accounts payable for inventories	323,202	445,398
Other trade accounts payable	52,107	171,948
	1,742,488	**1,289,383**

As at 31 December trade accounts payable were denominated in the following currencies:

	31 December 2023	31 December 2022
Tenge	1,686,771	1,187,606
Russian Ruble	32,748	54,787
US Dollar	13,875	35,446
Euro	9,094	11,544
Total	**1,742,488**	**1,289,383**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is from 15 to 40 days.

23. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, the parties are recognised as related if one of them is able to control the other or exert significant influence on the financial or operating decisions made. In considering possible related party relationships, attention is paid to the substance of the relationship and not merely the legal form.

Transactions with related parties are performed according to concluded agreements under conditions that may be unavailable to the Company if the related parties were not related to the Company.

The immediate parent and the ultimate controlling party of the Company are Steppe Cement Holding B.V. (incorporated in Netherlands) and Steppe Cement Ltd. (incorporated in Malaysia), respectively.

(in thousands of tenge)

The Company's primary transactions with related parties are the sale of raw materials, rent of workshops and wagons, and purchase of raw materials and property, plant and equipment. The following transactions with related parties are included in the statement of profit or loss and other comprehensive loss for the years ended as at 31 December 2023 and 2022:

		Sales to related parties	
Company	**Nature**	**2023**	**2022**
Karcement JSC	Other income	3,895,708	3,027,868
Central Asia Services LLP	Finance income	40,555	35,486
		3,936,263	**3,063,354**

		Purchases from related parties	
Company	**Nature**	**2023**	**2022**
Karcement JSC	Inventories	23,053,364	24,191,875
Karcement JSC	Lease expenses	387,161	387,161
Karcement JSC	Other purchases	759,227	613,677
Other related parties	Other purchases	35,919	45,722
		24,235,671	**25,238,435**

		Amounts owed to related parties	
Company	**Nature**	**31 December 2023**	**31 December 2022**
Karcement JSC	Payables to related parties	7,148,360	7,701,975
Other related parties	Payables to related parties	1,650	3,294
		7,150,010	**7,705,269**

		Amounts owed by related parties	
Company	**Nature**	**31 December 2023**	**31 December 2022**
Central Asia Services LLP	Finance lease receivables from a related party (Note 13)	776,882	740,988
Karcement JSC	Receivable from related parties	1,676	3,778
		778,558	**744,766**

Receivable from related parties are neither past due nor impaired, except for finance lease receivable from a related party which is past due, but not impaired because the Company is operationally integrated with the related party that supplies electricity used in production of cement and treated as a one operational group. The Company's management believes that amounts due from related parties will be repaid in cash, or by offsetting between agreements within one year.

Compensation to key management personnel

During 2023, compensation to key management personnel amounted to 107,279 thousand tenge which is a short-term benefit paid to General Director and Chairman of the Board of Directors (2022: 100,236 thousand tenge).

(in thousands of tenge)

24. FINANCIAL RISKS MANAGEMENT

The main financial instruments of the Company include borrowings, cash and cash equivalents, lease liabilities, accounts receivable and payable. The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), liquidity risk, commodity price risk and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge risk exposures.

Foreign exchange risk

The carrying amount of the Company's significant monetary assets and liabilities in foreign currencies as at 31 December is presented below:

	Assets		Liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Russian Ruble	-	-	32,748	54,787
US Dollar	13,031	13,263	13,785	35,446
Euro	-	-	9,094	11,544

The following table reflects the Company's sensitivity to 20% (2022: 20%) increase and decrease in the value of tenge with respect to relevant foreign currencies. 20% is sensitivity share used in preparation of internal reports on currency risk for key management and represents management's evaluation of justifiably possible changes in exchange rates. The sensitivity analysis includes only non-regulated monetary positions in foreign currency and adjusts their translation at the end of the period taking into account a 20% change in exchange rates. The sensitivity analysis includes a) trade accounts payable and b) cash and cash equivalents of the Company, when the trade accounts payable or cash and cash equivalents are denominated in the currency differing from the currency of the creditor or bank. The following table indicates changes in financial assets and liabilities, in case of strengthening of tenge by 20% with respect to the relevant currency. The positive figure indicates an increase in profits and other equity for the reporting period and negative indicates a decrease in profits and other equity. In case of weakening of tenge by 20% with respect to the relevant currency, there will be an equal and opposite effect on profits.

	Effect of US Dollar	
	2023	2022
Effect on profit or loss	(169)	(4,436)

	Effect of Russian Ruble	
	2023	2022
Effect on profit or loss	(6,550)	(10,957)

	Effect of Euro	
	2023	2022
Effect on profit or loss	(1,819)	(2,309)

Credit risk

The credit risk, arising from counterparties' failure to meet the terms of the agreements on financial instruments of the Company, is usually limited to the amounts, if any, by which the amount of liabilities of counterparties exceeds the liabilities of the Company to these counterparties. The Company's policy provides for conducting operations with financial instruments with a number of solvent counterparties. The maximum exposure to the credit risk equals the value of each financial asset. The Company believes that the maximum amount of its risk equals the amount of trade accounts receivable, finance lease receivables, liquid funds and other current assets less impairment allowances recorded at the reporting date.

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

As at 31 December 2023 and 2022, cash and cash equivalents are held in the bank with the following international credit-ratings established by Moody's and disclosed in the Kazakhstan Stock Exchange:

JSC Halyk Bank of Kazakhstan	Baa2/stable/NP
JSC Altyn Bank	Ba1/stable/NP
JSC Bank CenterCredit	Ba2/positive/NP

As at 31 December 2023 and 2022, trade receivables from third parties are mostly represented by ten large customers, represented 60% of trade accounts receivable for cement sales. The Company believes that credit risk is limited as counterparties are reliable partners.

Capital risk

The Company manages capital risk to ensure that the Company can continue as a going concern with maximum increase in profits for the shareholder by optimising the balance of debt and equity.

The Company's capital structure includes share capital, revaluation reserve and retained earnings.

Commodity price risk management

Commodity price risk is the risk of possible fluctuations in the price of input materials needed in the clinker production. The Company manages commodity price risk by making inventory purchases from reliable and approved suppliers in order to minimise the risks of negative price changes in the market.

Liquidity risk management

The shareholder of the Company bears the ultimate responsibility for management of the liquidity risk by developing the necessary liquidity risk management system for the Company's management on requirements on liquidity management and short-, mid- and long-term financing.

(in thousands of tenge)

The Company manages the liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines by constant monitoring of the projected and actual cash flows and comparison of maturities of financial assets and liabilities.

The following tables detail the Company's contractual maturities on its financial liabilities and assets.

The table below was compiled on the basis of the undiscounted cash flows of financial liabilities based on the earliest date the payment may be demanded from the Company. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Greater than 5 years	Total
31 December 2023							
Liabilities							
Interest bearing							
Long-term borrowings	6.00%	-	-	-	2,208,419	97,119	2,305,538
Short-term borrowings	6.00%	212,316	302,303	855,364	-	-	1,369,983
Lease liabilities	12.38%	-	96,790	290,372	-	-	387,162
Non-interest bearing							
Payables to related parties		1,141,825	1,560,175	4,448,010	-	-	7,150,010
Trade accounts payable		534,659	528,150	679,679	-	-	1,742,488
Other accounts payable		100,363	94,676	-	-	-	195,039
		1,989,163	**2,582,094**	**6,273,425**	**2,208,419**	**97,119**	**13,150,220**

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Greater than 5 years	Total
31 December 2022							
Liabilities							
Interest bearing							
Long-term borrowings	6.00%	-	-	-	2,660,798	461,088	3,121,886
Short-term borrowings	6.00%	47,231	96,633	1,013,118	-	-	1,156,982
Lease liabilities	12.38%	330	97,780	293,011	-	-	391,121
Non-interest bearing							
Payables to related parties		989,306	1,015,128	5,700,835	-	-	7,705,269
Trade accounts payable		353,187	246,243	689,953	-	-	1,289,383
Other accounts payable		49,991	83,734	-	-	-	133,725
		1,440,045	**1,539,518**	**7,696,917**	**2,660,798**	**461,088**	**13,798,366**

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

As at 31 December 2023 and 2022 the Company is not subject to interest rate risk as all borrowings were received with fixed interest rates.

Fair value of financial instruments

The Company has no financial assets and financial liabilities accounted for at fair value at the reporting date, except for borrowings. For financial assets and financial liabilities that are not accounted for at fair value on a recurring basis but for which fair value disclosures are required, the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values. As at 31 December 2023 and 2022 all financial instruments of the Company are classified at Level 3 of fair value hierarchy in accordance with IFRS 13 *Fair Value Measurements*.

25. COMMITMENTS AND CONTINGENCIES

Legal issues

The Company has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in aggregate, a material adverse impact on the Company. Management believes that the resolution of all such matters will not have a material impact on the Company's financial position or operating results.

Tax and regulatory environment

Laws and regulations affecting business in the Republic of Kazakhstan continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Company may be challenged by the relevant authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for five calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation.

In 2023 the Company received act on tax inspection for 2017-2020 and filled a claim to the court on the results of this tax inspection. The first court decision was ruled out in favor of the Company and therefore no provision has been made based on management's assessment of the likelihood of successfully defending the claim. At the date of these financial statements, tax authorities appealed on the court decision.

Obligations under site restoration fund

In accordance with the Subsurface Use Contracts requirements, the Company should contribute on annual basis 0.5% from the amount of actual expenditures for limestone and loam extraction to the site restoration fund, which shall be used for site restoration and abandonment of the Company mining operations. Not later than 6 months before the Subsurface Use Contract expiration, the Company shall submit the liquidation program to competent body.

On 12 March 2013, amendment contracts to the Subsurface Use Contracts were signed by the Company, which increases the annual Contribution rate from 0.5% to 1.0%, effective 1 January 2013.

(in thousands of tenge)

As at 31 December 2023, 86,268 thousand tenge is held in deposit account of Halyk Bank JSC with interest rate of 1.5% to4.0% for site restoration (31 December 2022: 75,107 thousand tenge).

In accordance with the Law on Land of the Republic of Kazakhstan and resource usage and Environmental rehabilitations, the Company will be obliged to provide additional resources to the state in the case the site restoration fund will be insufficient to cover actual site restoration and abandonment costs in the future.

Contingent liabilities

In 2015, the Company acted as a joint debtor for the related party Karcement JSC within the credit line agreement with Halyk Bank JSC on terms subsidised under government programs bearing an interest rate of 14% per annum. As at 31 December 2023 the debt of Karcement JSC on these borrowings was 330,786 thousand tenge (2022: 218,003 thousand tenge).

Management has conducted an analysis and determined that the probability of an outflow of resources embodying benefits to settle the obligation is remote.

Capital commitment

Committed capital expenditure as at 31 December is as follows:

	2023	2022
Capital purchase commitments	284,000	1,399,606
Total	**284,000**	**1,399,606**

26. EVENTS AFTER REPORTING PERIOD

There are no events that occurred after the reporting date 31 December 2023 and prior to the approval of these financial statements, the effect of which is required to be reflected or disclosed in these financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2023 were approved by management of the Company and authorised for issue on 22 May 2024.