



United Cement Group Plc

**International Financial Reporting Standards Consolidated
Financial statements and Independent Auditor's Report
for the year ended 31 December 2021**

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BOARD OF DIRECTORS' REPORT

The Board of Directors of United Cement Group Plc (the "Company") presents to the members their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The Group is primarily involved in the production and sale of cement and cement-related products.

CHANGES IN GROUP STRUCTURE

During the year there were no changes in the structure of the Company.

REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE GROUP'S BUSINESS

The profit of the Group for the year ended 31 December 2021 was USD 21,105 thousand (2020: USD 214,982 thousand). On 31 December 2021 the total assets of the Group were USD 192,475 thousand (2020: USD 181,876 thousand) and the net assets were USD 171,350 thousand (2020: USD 156,541 thousand). The financial position, development and performance of the Group as presented in these consolidated financial statements are as expected. The higher amount of profit for the year 2020 is primarily due to gains resulting from return of control over Bekabadcement plant and gain on waiver of a loan.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2021 are set out on page 1 of the consolidated financial statements. The profit for the current year is US Dollars 21,105 thousand (2020: US Dollars 214,982 thousand).

FUTURE DEVELOPMENTS

The Board of Directors is evaluating various options on the future developments of the Group. In December 2021 the Group concluded the agreement on purchase of 86.92% shares in JSC "Qizilqumcement". As of the date of the report the Group obtained 14.96% shares in JSC "Qizilqumcement" (Note 33).

GOING CONCERN

Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the consolidated financial statements based on the fact that, after making enquiries and following a review of the Group's actual results for 2021 and budget for 2022, including cash flows and borrowing facilities, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in Notes 4, 30 and 31 of the consolidated financial statements.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on the previous page. There were no significant changes in the remuneration of the members of the Board of Directors.

EVENTS AFTER THE BALANCE SHEET DATE

Material post balance sheet events, which have a bearing on the understanding of the consolidated financial statements, are presented in detail in Note 33 of the consolidated financial statements.

SHARE CAPITAL

There were no changes in the share capital of the Company.

BOARD OF DIRECTORS' REPORT (CONTINUED)

BRANCHES

The Company did not operate through any branches during the year.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP

The Group's activities exposed it to a variety of financial risks as disclosed in Note 30. The risk management policies employed by the Group are disclosed in Note 30.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers Limited has expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to determine their remuneration was proposed at the Annual General Meeting.

By order of the Board of Directors



Michalis Zambartas
Secretary
Nicosia, 30 June 2022



Independent Auditor's Report

To the Members of United Cement Group Plc

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of United Cement Group Plc (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 1 to 46 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

Non-attendance at inventory count

We were not invited to attend the stock count and did not observe the counting of the physical inventories with a carrying amount of USD 17,570 thousand as at 31 December 2019. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at this date. Our audit opinion for the year ended 31 December 2020 was qualified in respect of this matter. Accordingly, we were unable to determine whether any adjustments might have been necessary in respect of the inventory balances as at 31 December 2019. In addition, since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows for the year ended 31 December 2020.

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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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, 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 qualified opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Board of Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Board of Directors' report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the consolidated Board of Directors' report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'Zena Tsoukka', with a stylized flourish at the end.

Zena Tsoukka
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 30 June 2022

United Cement Group Plc and Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended
31 December 2021

<i>In thousands of US Dollars</i>	Note	2021	2020
Revenue	7	126,477	102,789
Cost of sales	8	(91,013)	(74,289)
Gross profit		35,464	28,500
Distribution expenses	9	(3,116)	(1,968)
Administrative expenses	10	(12,918)	(9,010)
Gain from business combination	29	-	127,550
Other income	12	1,268	865
Other expenses	13	(498)	(231)
Impairment of other receivable	13	(1,647)	-
Operating profit		18,553	145,706
Gain on waiver of loan	27	-	78,991
Finance income	14	3,469	3,466
Finance costs	15	(2,100)	(9,403)
Share of result of associates		1,231	1,064
Profit before income tax		21,153	219,824
Income tax expense	16	(48)	(4,842)
Profit for the year		21,105	214,982
Other comprehensive loss			
Translation of financial information of foreign operations to presentation currency		(3,978)	(7,182)
Other comprehensive loss for the year		(3,978)	(7,182)
Total comprehensive income for the year		17,127	207,800
Profit attributable to:			
Owners of the Group		18,685	211,803
Non-controlling interest	26	2,420	3,179
Profit for the year		21,105	214,982
Total comprehensive income is attributable to:			
Owners of the Group		15,443	205,680
Non-controlling interest		1,684	2,120
Total comprehensive income for the year		17,127	207,800

United Cement Group Plc and Subsidiaries
Consolidated Statement of Financial Position as at 31 December 2021

<i>In thousands of US Dollars</i>	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	17	73,281	81,794
Intangible assets		1,394	1,399
Financial assets at FVTPL	18	1,945	1,302
Investments in associates		1,423	1,522
Deferred income tax asset	16	191	412
Prepayments for non-current assets	19	40,771	36,140
Loans issued	20	5,591	5,316
Other non-current assets		1,167	-
Total non-current assets		125,763	127,885
Current assets			
Inventories	21	34,606	24,505
Trade and other receivables	22	3,256	2,437
Other refundable taxes		264	148
Current income tax prepayments		328	1,426
Prepayments for current assets	23	8,407	9,611
Cash and cash equivalents	24	19,851	15,864
Total current assets		66,712	53,991
TOTAL ASSETS		192,475	181,876
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	400	400
Additional paid-in capital	25	25,778	24,308
Shareholder's contributions	25	3,700	3,700
Foreign currency translation reserve		(100,394)	(97,152)
Retained earnings		222,107	204,682
Equity attributable to the Company's owners		151,591	135,938
Non-controlling interest	26	19,759	20,603
TOTAL EQUITY		171,350	156,541
Non-current liabilities			
Loans and borrowings	27	5,028	-
Deferred income tax liability	16	4,938	9,020
Long term employee benefits		1,746	1,805
Other payables		89	19
Total non-current liabilities		11,801	10,844
Current liabilities			
Loans and borrowings	27	1,341	7,489
Contract liabilities		1,432	817
Trade and other payables	28	6,314	6,033
Current income tax payable		237	152
Total current liabilities		9,324	14,491
TOTAL LIABILITIES		21,125	25,335
TOTAL EQUITY AND LIABILITIES		192,475	181,876

These consolidated financial statements were approved for issue and signed on behalf of the Board of Directors on 30 June 2022:

 Denis Trussevich
 Director

 Michalis Zambartas
 Director

United Cement Group Plc and subsidiaries
Consolidated Statement of Cash Flows for the year ended 31 December 2021

<i>In thousands of US Dollars</i>	Note	2021	2020
Cash flows from operating activities			
Profit before tax for the year		21,153	219,824
<i>Adjustments for:</i>			
Depreciation and amortisation		6,794	6,204
(Gain)/losses on disposal of property, plant and equipment		(155)	329
Unwinding of discount on loan	27	-	6,876
Non-cash forex differences		190	80
Interest income		(1,184)	(471)
Interest expenses		329	-
Share of results of associate		(1,231)	(1,064)
Gain on waiver of loan	27	-	(78,991)
Gain from business combination	29	-	(127,550)
Impairment of other receivable	13	1,647	-
Gains less losses from securities at fair value through profit or loss		(643)	(637)
Other		(204)	3
Operating cash flows before working capital changes		26,696	24,603
(Increase)/decrease in trade and other receivables		(1,282)	211
Decrease/(increase) in prepayments for current assets		428	(3,188)
(Increase)/decrease in inventories		(7,119)	1,313
Decrease in trade and other payables and contract liabilities		(294)	(10,927)
Cash flows from operations before income tax and interest paid		18,429	12,012
Income tax paid		(4,697)	(5,482)
Interest paid		(340)	-
Net cash from operating activities		13,392	6,530
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,235)	(2,645)
Proceed from sale of property, plant and equipment		1,656	-
Prepayment for non-current assets		(1,727)	(36,140)
Prepayment for share in Hantau Cement Plant (Kazakhstan)		(2,244)	-
Loans issued to related party		(500)	(5,005)
Repayment of loans issued		219	-
Compensation received and cash acquired in business combination	29	-	85,366
Transfer to restricted cash		(600)	-
Dividends received from associate		1,185	802
Acquisition of equity securities		-	(664)
Net cash (used in)/from investing activities		(7,246)	41,714
Cash flows from financing activities			
Proceeds from borrowings	27	283	445
Repayment of borrowings	27	(1,160)	(36,937)
Acquisition of NCI in subsidiary		(1,008)	-
Distribution to the Company's shareholder		-	(1,157)
Shareholder's contribution		-	3,700
Distribution to non-controlling interests	26	(274)	(21)
Net cash used in financing activities		(2,159)	(33,970)
Effect of exchange rates changes on cash and cash equivalents		-	-
Net increase in cash and cash equivalents		3,987	14,274
Cash and cash equivalents at the beginning of the year	24	15,864	1,590
Cash and cash equivalents at the end of the year	24	19,851	15,864

The accompanying notes on pages 5 to 46 are an integral part of these consolidated financial statements

United Cement Group Plc and subsidiaries
Consolidated Statement of Changes in Equity for the year ended 31 December 2021

<i>In thousands of US Dollars</i>	Note	Attributable to owners of the Company					Non-controlling interest	Total equity
		Share capital	Additional paid-in capital	Shareholder's contributions	Currency Translation reserve	Retained earnings/ (Accumulated deficit)		
Balance at 1 January 2020		400	24,308	-	(91,029)	(5,964)	5,699	(66,586)
Total comprehensive income/(loss) for the year								
Profit for the year		-	-	-	-	211,803	3,179	214,982
Foreign currency translation differences		-	-	-	(6,123)	-	(1,059)	(7,182)
Total comprehensive (loss)/income for the year		-	-	-	(6,123)	211,803	2,120	207,800
Dividends declared	26	-	-	-	-	-	(21)	(21)
Contribution from shareholder		-	-	3,700	-	-	-	3,700
Distributions to owners other than dividends	25	-	-	-	-	(1,157)	7	(1,150)
Non-controlling interest on acquisition of subsidiary	29	-	-	-	-	-	12,798	12,798
Total transactions with owners		-	-	3,700	-	(1,157)	12,784	15,327
Balance at 31 December 2020		400	24,308	3,700	(97,152)	204,682	20,603	156,541
<i>In thousands of US Dollars</i>	Note	Attributable to owners of the Company					Non-controlling interest	Total equity
		Share capital	Additional paid-in capital	Shareholder's contributions	Currency Translation reserve	Retained earnings		
Balance at 1 January 2021		400	24,308	3,700	(97,152)	204,682	20,603	156,541
Total comprehensive income/(loss) for the year								
Profit for the year		-	-	-	-	18,685	2,420	21,105
Foreign currency translation differences		-	-	-	(3,242)	-	(736)	(3,978)
Total comprehensive (loss)/income for the year		-	-	-	(3,242)	18,685	1,684	17,127
Dividends declared	26	-	-	-	-	-	(274)	(274)
Distributions to owners other than dividends	25	-	-	-	-	(1,260)	-	(1,260)
Other movements		-	-	-	-	-	224	224
Non-controlling interest on acquisition of subsidiary	25	-	1,470	-	-	-	(2,478)	(1,008)
Total transactions with owners		-	1,470	-	-	(1,260)	(2,528)	(2,318)
Balance at 31 December 2021		400	25,778	3,700	(100,394)	222,107	19,759	171,350

The accompanying notes on pages 5 to 46 are an integral part of these consolidated financial statements