



United Cement Group Plc

Consolidated Financial Statements
for the year ended 31 December 2008

UNITED CEMENT GROUP PLC

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Mohamed Amersi, Swiss Marie Helen Barard Genstein, French Adal Issabekov, Kazakhstaniian Michael Sauer, Danish Nicos Mavrokordatos, Cypriot Loizos Shakallis, Cypriot
Secretary	Savinaco Ventures Limited
Independent Auditors	KPMG Limited
Legal advisors	Chryssafinis & Polyviou
Banker	Bank of Cyprus Public Company Ltd JSC Kazkommertsbank
Registered Office	58 Ifigenias Street 53 CITY Home, Office 201, Strovolos, 2003 Nicosia, Cyprus
Registration number	195948

UNITED CEMENT GROUP PLC
BOARD OF DIRECTORS' REPORT

The Board of Directors of United Cement Group Plc presents to the members their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2008 are set out on page 6 of the financial statements. The profit for the current year is US\$ 63.806k (2007: US\$ 171.380k).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

The current financial position as presented in the financial statements is considered satisfactory since despite the international economic crisis the Group maintained positive results. The Board of Directors anticipates that the Group will overcome the adverse effects of the international economic crisis in the near 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 note 28 of the financial statements.

SHARE CAPITAL

The original share capital of the Company was 2.000 shares with a par value of Euro 1each. In May 2008 this share capital was converted to 3.092 shares with a par value of US\$ 1 each and further the share capital was split into 309.200 shares with a par value of US\$ 0,01each. The authorised share capital was increased to 60.000.000 shares with a par value of US\$ 0,01 each. On 8 May 2008 the Company issued 39.690.800 additional shares with a par value of US\$ 0,01 each. All issued shares were purchased at par value by the company's existing owners.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2008 and at the date of this report are presented on page 1. All of them were appointed as additional directors during the year 2008.

In accordance with the Company's Articles of Association all additional directors retire at the annual general meeting. Retiring Directors are eligible for re-election.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

UNITED CEMENT GROUP PLC

BOARD OF DIRECTORS' REPORT *(continued)*

EVENTS AFTER THE BALANCE SHEET DATE

Material post balance sheet events, which have a bearing on the understanding of the financial statements are presented in detail in note 34 of the financial statements.

INDEPENDENT AUDITORS

The independent auditors the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution for their reappointment and giving authority to the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

By order of the Board of Directors



Savinaco Ventures Limited
Secretary



Nicosia, 2 November 2009



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **United Cement Group Plc**

Report on the consolidated Financial Statements

We have audited the consolidated financial statements of United Cement Group Plc (the «Company») and its subsidiaries («the Group») on pages 6 to 72, which comprise the consolidated statement of financial position as at 31 December 2008 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113., and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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Board Members

N.G. Syrimis
A.K. Christofides
E.Z. Hadjizacharias
P.G. Loizou
A.M. Gregoriades
A.A. Demetriou
D.S. Vakis
A.A. Apostolou
S.A. Loizides
M.A. Loizides

S.G. Sofocleous
M.M. Antoniadis
C.V. Vasiliou
P.E. Antoniadis
M.J. Hallios
M.P. Michael
P.A. Peleties
G.V. Markides
M.A. Papacosta
K.A. Papanicolaou

A.I. Shiammoutis
G.N. Tziortzis
H.S. Charalambous
C.P. Anagiotos
I.P. Gaianos
M.G. Gregoriades
H.A. Kakoullis
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 and 3 is consistent with the financial statements.

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 156 of the Companies Law, Cap.113 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.

KPMG Limited

Chartered Accountants

Limassol, 2 November 2009

	Note	2008 '000 USD	2007 '000 USD
Continuing operations			
Revenue	8	557,243	472,107
Cost of sales	9	(348,661)	(221,957)
Gross profit		208,582	250,150
Other income		3,710	4,932
Distribution expenses	10	(5,102)	(7,588)
Administrative expenses	11	(46,824)	(22,580)
Other expenses		(2,655)	(5,353)
Results from operating activities		157,711	219,561
Financial income	13	4,777	7,887
Financial expenses	13	(68,757)	(31,062)
Share of profit of equity accounted investees (net of income tax)	18	651	706
Profit before income tax		94,382	197,092
Income tax expense	14	(32,023)	(49,841)
Profit from continuing operations		62,359	147,251
Discontinued operation			
Profit from the discontinued operation (net of income tax)	6	1,447	24,129
Profit for the year		63,806	171,380
Other comprehensive income			
Foreign currency translation differences for foreign operations		(2,635)	1,397
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		(2,635)	1,397
Total comprehensive income for the year		61,171	172,777
Profit attributable to:			
Owners of the Company		53,230	161,431
Non-controlling interests		10,576	9,949
Profit for the year		63,806	171,380
Total comprehensive income attributable to:			
Owners of the Company		51,016	162,593
Non-controlling interests		10,155	10,184
Total comprehensive income for the year		61,171	172,777
Earnings per share, restated			
Basic and diluted earnings per share (USD)	24	2.05	803.14
Continuing operations			
Basic and diluted earnings per share (USD)		2.00	691.45

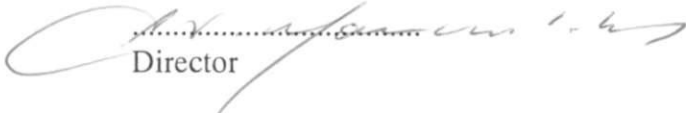
	Note	2008 '000 USD	2007 '000 USD
ASSETS			
Non-current assets			
Property, plant and equipment	16	244,931	163,764
Intangible assets	17	146,603	150,602
Investments in equity accounted investees	18	8,953	8,302
Deferred tax assets	19	1,916	966
Trade and other receivables	21	13,063	9,247
Total non-current assets		415,466	332,881
Current assets			
Inventories	20	67,882	55,809
Income tax receivable		4,587	2,976
Trade and other receivables	21	58,777	88,347
Prepayments for current assets		6,879	9,998
Cash and cash equivalents	22	8,290	67,258
Assets of disposal group classified as held for sale	6	-	23,067
Total current assets		146,415	247,455
Total assets		561,881	580,336

United Cement Group Plc
Consolidated Statement of Financial Position as at 31 December 2008

	2008	2007
Note	'000 USD	'000 USD
EQUITY AND LIABILITIES		
Equity	23	
Share capital	400	2
Additional paid-in capital	4,308	4,308
Foreign currency translation reserve	(752)	1,462
Retained earnings	74,653	211,563
Total equity attributable to owners of the Company	78,609	217,335
Non-controlling interests	30,298	21,193
Total equity	108,907	238,528
Non-current liabilities		
Loans and borrowings	25	271,560
Provisions	26	385
Deferred tax liabilities	19	16,636
Total non-current liabilities	288,581	166,461
Current liabilities		
Loans and borrowings	25	101,650
Advances received		3,249
Trade and other payables	27	46,749
Income tax payable		12,745
Liabilities directly associated with assets classified as held for sale	6	-
Total current liabilities	164,393	175,347
Total liabilities	452,974	341,808
Total equity and liabilities	561,881	580,336

The financial statements were approved by the Board of Directors on 2 November 2009.


 Director


 Director

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 13 to 72.

United Cement Group Plc
Consolidated Statement of Cash Flows for the year ended 31 December 2008

	2008	2007
	'000 USD	'000 USD
Cash flows from operating activities		
Profit for the year	63,806	171,380
<i>Adjustments for:</i>		
Depreciation and amortisation	17,904	19,501
Net finance expense	63,980	23,175
Share of profit of equity accounted investees	(651)	(706)
Net gain on disposal of property, plant and equipment	(3,089)	-
Loss on disposal of intangible assets	29	-
Impairment losses on intangible assets	115	-
Gain on sale of the discontinued operation, net of income tax	(1,447)	-
Income tax expense	32,023	55,853
Excess of the carrying value of the net assets attributable to increases in the Group's ownership interests in subsidiaries over the cost of acquisition	-	(377)
Operating profit before changes in working capital and provisions	172,670	268,826
Change in inventories	(9,662)	(21,149)
Change in trade and other receivables	(1,175)	1,771
Change in prepayments for current assets	3,119	1,117
Change in provisions	14	11
Change in advances received	(7,113)	(860)
Change in trade and other payables	11,297	(5,800)
Cash flows from operations before income taxes and interest paid	169,150	243,916
Income taxes paid	(49,156)	(46,761)
Interest paid	(44,124)	(25,392)
Cash flows from operating activities	75,870	171,763

	2008	2007
	'000 USD	'000 USD
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(118,403)	(34,441)
Proceeds from disposal of property, plant and equipment	6,672	3,940
Acquisition of intangible assets	(459)	(1,778)
Acquisition of subsidiaries, net of cash acquired	-	(22,970)
Disposal of subsidiaries, net of cash disposed of	(339)	-
Loans granted	(54,788)	(83,996)
Loans repaid	90,138	-
Interest received	257	267
Proceeds from sale of the discontinued operation	895	-
Acquisition of non-controlling interests	(764)	(18)
Cash flows utilised by investing activities	(76,791)	(138,996)
FINANCING ACTIVITIES		
Proceeds from the issue of share capital	398	-
Distribution to owners	(204,330)	(16,166)
Proceeds from borrowings	148,424	155,906
Repayment of borrowings	(5,343)	(134,161)
Cash flows (utilised by)/ from financing activities	(60,851)	5,579
Net (decrease)/ increase in cash and cash equivalents	(61,772)	38,346
Cash and cash equivalents at beginning of year	67,258	32,786
Effect of exchange rate fluctuations on cash and cash equivalents	2,804	(3,874)
Cash and cash equivalents at end of year (Note 22)	8,290	67,258

See Note 6 for details of cash flows relating to the discontinued operation.

'000 USD

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity	
		Share capital	Additional paid-in capital	Translation reserve	Retained earnings			Total
Balance at 1 January 2007		2	4,308	300	87,446	92,056	13,394	105,450
Total comprehensive income for the year								
Profit or loss		-	-	-	161,431	161,431	9,949	171,380
Other comprehensive income								
Foreign currency translation differences and total other comprehensive income		-	-	1,162	-	1,162	235	1,397
Total comprehensive income for the year		-	-	1,162	161,431	162,593	10,184	172,777
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Distributions to owners	23	-	-	-	(33,814)	(33,814)	(1,990)	(35,804)
Discounts recognised on interest-free loans granted to and received from related parties, net of income tax	32	-	-	-	(3,500)	(3,500)	-	(3,500)
Total contributions by and distributions to owners		-	-	-	(37,314)	(37,314)	(1,990)	(39,304)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of non-controlling interests and total changes in ownership interests in subsidiaries	7	-	-	-	-	-	(395)	(395)
Total transactions with owners		-	-	-	(37,314)	(37,314)	(2,385)	(39,699)
Balance at 31 December 2007		2	4,308	1,462	211,563	217,335	21,193	238,528

'000 USD

	Note	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Additional paid-in capital	Translation reserve	Retained earnings			
Balance at 1 January 2008		2	4,308	1,462	211,563	217,335	21,193	238,528
Total comprehensive income for the year								
Profit or loss		-	-	-	53,230	53,230	10,576	63,806
Other comprehensive income								
Foreign currency translation differences and total other comprehensive income		-	-	(2,214)	-	(2,214)	(421)	(2,635)
Total comprehensive income for the year		-	-	(2,214)	53,230	51,016	10,155	61,171
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of shares	23	398	-	-	-	398	-	398
Distributions to owners	23	-	-	-	(188,485)	(188,485)	(241)	(188,726)
Discounts recognised on interest-free loans granted to and received from related parties, net of income tax	32	-	-	-	(1,700)	(1,700)	-	(1,700)
Total contributions by and distributions to owners		398	-	-	(190,185)	(189,787)	(241)	(190,028)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of non-controlling interests and total changes in ownership interests in subsidiaries	7	-	-	-	45	45	(809)	(764)
Total transactions with owners		398	-	-	(190,140)	(189,742)	(1,050)	(190,792)
Balance at 31 December 2008		400	4,308	(752)	74,653	78,609	30,298	108,907