



**United Cement Group Plc**

Consolidated Financial Statements  
for the year ended 31 December 2010

**UNITED CEMENT GROUP PLC**

**BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS**

Board of Directors	Mohamed Amersi, British Marie Helen Barard Genstein, French Adal Issabekov, Kazakhstani Michael Sauer, Danish Stella Kammitisi, Cypriot Michalis Kramvis, Cypriot
Secretary	Savinaco Ventures Limited
Independent Auditor	PricewaterhouseCoopers 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 AND ITS SUBSIDIARIES**  
**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 (the "Group") for the year ended 31 December 2010.

**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 2010 are set out on page 4 of the financial statements. The loss for the current year is USD 109,577 thousand (profit for 2009: USD 800 thousand).

**EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP**

The current financial position as presented in the financial statements is reasonable considering the global economical crisis that started in year 2008. The market conditions were very difficult in 2009 and have remained challenging throughout the financial year 2010. The Board of Directors expect an improvement in the market conditions in the near future which will allow the Group to overcome the adverse effects of the global economical crisis.

**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 budget for 2011, 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 do 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 26, 29 and 32 of the financial statements.

**SHARE CAPITAL**

The original share capital of the Company was 2,000 shares with a par value of Euro 1 each. In May 2008 this share capital was converted to 3,092 shares with a par value of USD 1 each and further the share capital was split into 309,200 shares with a par value of USD 0.01 each. The authorized share capital increased to 60,000,000 shares with a par value of USD 0.01 each. On 8 May 2008 the Company issued 39,690,800 additional shares with a par value of USD 0.01 each. All issued shares were purchased at par value by the company's existing owners.

## **UNITED CEMENT GROUP PLC**

### **BOARD OF DIRECTORS' REPORT (continued)**

#### **BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 31 December 2010 and at the date of this report are presented on page 1.

With effect from 1 September 2010 Nicos Mavrokordatos and Loizos Shakallis retired from the Board and were replaced by Stella Kammitisi and Michalis Kramvis with effect from the same day. The remuneration of the Board of Directors was significantly reduced with effect from 1 September 2010. There were no other significant changes in the assignment of responsibilities 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 financial statements, are presented in detail in Note 32 of the financial statements.

#### **INDEPENDENT AUDITOR**

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

By order of the Board of Directors



Mrs. Stella Kammitisi  
Director

Nicosia, 16 January 2012



## **Independent auditor's report**

### **To the Members of United Cement Group Plc**

#### **Report on the financial statements**

We have audited the accompanying consolidated financial statements of United Cement Group Plc (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the consolidated financial statements*

The Board of Directors is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's 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.

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 of financial statements that give a true and fair view 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 consolidated 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 United Cement Group Plc and its subsidiaries as at 31 December 2010, 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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### **Emphasis of Matter**

We draw attention to Notes 29 and 32 of these consolidated financial statements, which describe the uncertainty related to the outcome of the litigation against the Group's subsidiary in Uzbekistan. Our opinion is not qualified in respect of this matter.

### **Report on other legal requirements**

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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 consolidated 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 consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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 'Yiingos Kaponides', is written over a large, faint circular watermark or stamp.

Yiingos Kaponides  
Certified Public Accountant and Registered Auditor  
for and on behalf of


PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

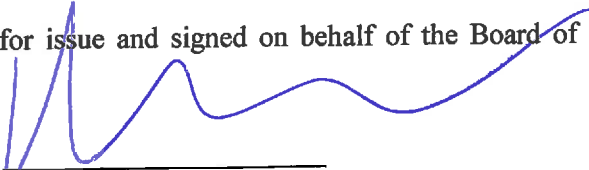
Limassol, 16 January 2012

*United Cement Group Plc and subsidiaries*  
*Consolidated Statement of Comprehensive Income for the year ended 31 December*

		2010	2009
	Note	'000 USD	'000 USD
<b>Continuing operations</b>			
Revenue	8	312,347	299,934
Cost of sales	9	<u>(239,284)</u>	<u>(205,507)</u>
<b>Gross profit</b>		<b>73,063</b>	<b>94,427</b>
Other income		1,863	2,273
Distribution expenses	10	(5,662)	(6,457)
Administrative expenses	11	(112,224)	(30,295)
Other expenses		(4,183)	(384)
Impairment loss	17	<u>(7,188)</u>	<u>-</u>
<b>Operating (loss)/profit</b>		<b>(54,331)</b>	<b>59,564</b>
Financial income	13	2,099	2,459
Financial expenses	13	(46,264)	(57,133)
Share of profit of equity accounted investees	17	<u>289</u>	<u>530</u>
<b>(Loss)/Profit before income tax</b>		<b>(98,207)</b>	<b>5,420</b>
Income tax expense	14	<u>(11,370)</u>	<u>(4,620)</u>
<b>(Loss)/Profit for the year</b>		<b><u>(109,577)</u></b>	<b><u>800</u></b>
<b>Other comprehensive income</b>			
Exchange differences on translation to presentation currency	13	<u>(22,226)</u>	<u>(36,920)</u>
<b>Other comprehensive loss for the year</b>		<b><u>(22,226)</u></b>	<b><u>(36,920)</u></b>
<b>Total comprehensive loss for the year</b>		<b><u>(131,803)</u></b>	<b><u>(36,120)</u></b>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		(99,333)	(5,485)
Non-controlling interests		<u>(10,244)</u>	<u>6,285</u>
<b>(Loss)/Profit for the year</b>		<b><u>(109,577)</u></b>	<b><u>800</u></b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(119,323)	(39,005)
Non-controlling interests		<u>(12,480)</u>	<u>2,885</u>
<b>Total comprehensive (loss) for the year</b>		<b><u>(131,803)</u></b>	<b><u>(36,120)</u></b>
<b>Earnings per share</b>	22		
Basic loss per share (USD)		<u>(2.5)</u>	<u>(0.14)</u>

These consolidated financial statements were approved for issue and signed on behalf of the Board of Directors on 16 January 2012:

  
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 Stella Kammitisi  
 Director

  
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 Michalis Kramvis  
 Director

*United Cement Group Plc and subsidiaries*  
*Consolidated Statement of Financial Position as at 31 December*

	Note	2010 '000 USD	2009 '000 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	257,502	244,562
Intangible assets	16	120,578	127,623
Investments in equity accounted investees	17	2,291	9,479
Deferred tax assets	14	59	694
Trade and other receivables	19	54	-
Long term bank deposits	20	3,223	-
<b>Total non-current assets</b>		<b>383,707</b>	<b>382,358</b>
<b>Current assets</b>			
Inventories	18	42,556	49,958
Income tax prepayment		4,197	2,236
Trade and other receivables	19	24,100	31,870
Prepayments for current assets		11,974	8,860
Cash and cash equivalents	20	27,952	34,927
<b>Total current assets</b>		<b>110,779</b>	<b>127,851</b>
<b>Total assets</b>		<b>494,486</b>	<b>510,209</b>



*United Cement Group Plc and subsidiaries*  
*Consolidated Statement of Financial Position as at 31 December*

	Note	2010 '000 USD	2009 '000 USD
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	21		
Share capital		400	400
Additional paid-in capital		4,308	4,308
Foreign currency translation reserve		(54,262)	(34,272)
Retained earnings		(43,424)	54,776
<b>Total equity attributable to owners of the Company</b>		<b>(92,978)</b>	<b>25,212</b>
Non-controlling interests		17,295	33,183
<b>Total equity</b>		<b>(75,683)</b>	<b>58,395</b>
<b>Non-current liabilities</b>			
Loans and borrowings	23	442,017	270,066
Provisions	24	336	375
Deferred tax liabilities	14	11,386	9,105
Other payables	25	63,665	-
<b>Total non-current liabilities</b>		<b>517,404</b>	<b>279,546</b>
<b>Current liabilities</b>			
Loans and borrowings	23	6,859	135,388
Advances received		4,055	2,055
Trade and other payables	25	30,652	24,620
Income tax payable		11,199	10,205
<b>Total current liabilities</b>		<b>52,765</b>	<b>172,268</b>
<b>Total liabilities</b>		<b>570,169</b>	<b>451,814</b>
<b>Total equity and liabilities</b>		<b>494,486</b>	<b>510,209</b>

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

	Note	2010 <u>'000 USD</u>	2009 <u>'000 USD</u>
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		(109,577)	800
<i>Adjustments for:</i>			
Depreciation and amortisation	9,10,11	21,324	19,973
Net financial expenses	13	44,165	54,674
Share of profit of equity accounted investees	17	(289)	(530)
Net gain on disposal of property, plant and equipment	15	(258)	(338)
Losses less gains on disposal of subsidiaries	7	3,514	-
Impairment losses on investments in equity accounted investees	17	7,188	-
Impairment losses on advances paid and trade and other receivables	11	7,059	403
Income tax expense	14	11,370	4,620
<b>Operating cash flows before changes in working capital</b>		<b>(15,504)</b>	<b>79,602</b>
Change in inventories		7,496	18,755
Change in trade and other receivables		309	7,214
Change in prepayments for current assets		(5,267)	(3,135)
Change in provisions		-	(20)
Change in advances received		1,988	(1,194)
Change in trade and other payables		72,259	(23,016)
<b>Cash flows from operations before income taxes and interest paid</b>		<b>61,281</b>	<b>78,206</b>
Income taxes paid		(9,367)	(11,121)
Interest paid		(1,611)	(993)
<b>Cash flows from operating activities</b>		<b>50,303</b>	<b>66,092</b>

*United Cement Group Plc and subsidiaries*  
*Consolidated Statement of Cash Flows for the year ended 31 December*  
*(continued)*

		2010	2009
	Note	'000 USD	'000 USD
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(45,415)	(40,991)
Proceeds from disposal of property, plant and equipment		792	4,055
Acquisition of intangible assets		(87)	(241)
Acquisition of subsidiaries, net of cash acquired	7	64	13
Disposal of subsidiaries, net of cash disposed	7	(1)	-
Loans granted to related parties		(500)	-
Loans repaid by related parties		-	12,141
Long term bank deposits made	20	(3,223)	-
Interest received		534	-
Dividends received from associates	17	76	-
<b>Cash flows used in investing activities</b>		<b>(47,760)</b>	<b>(25,023)</b>
<b>FINANCING ACTIVITIES</b>			
Distribution to owners		(2,909)	-
Distribution to non-controlling interest		(3,408)	-
Proceeds from borrowings		29,185	5,000
Repayment of borrowings		(30,448)	(15,344)
<b>Cash flows used in financing activities</b>		<b>(7,580)</b>	<b>(10,344)</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(1,938)	(4,088)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,975)</b>	<b>26,637</b>
Cash and cash equivalents at beginning of year	20	34,927	8,290
<b>Cash and cash equivalents at end of year</b>	<b>20</b>	<b>27,952</b>	<b>34,927</b>

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

	Attributable to owners of the Company					Total equity	
	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total		Non-controlling interests
Balance at 1 January 2009	400	4,308	(752)	74,653	78,609	30,298	108,907
<b>Total comprehensive income for the year</b>							
Profit/(loss) from continuing operations	-	-	-	(5,485)	(5,485)	6,285	800
<b>Other comprehensive income</b>							
Foreign currency translation differences	-	-	(33,520)	-	(33,520)	(3,400)	(36,920)
Total comprehensive income/(loss) for the year	-	-	(33,520)	(5,485)	(39,005)	2,885	(36,120)
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Distributions to owners as part of Group restructuring	-	-	-	(14,392)	(14,392)	-	(14,392)
<b>Balance at 31 December 2009</b>	<b>400</b>	<b>4,308</b>	<b>(34,272)</b>	<b>54,776</b>	<b>25,212</b>	<b>33,183</b>	<b>58,395</b>

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 70.

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

	Attributable to owners of the Company						
	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2010	400	4,308	(34,272)	54,776	25,212	33,183	58,395
<b>Total comprehensive income for the year</b>							
Profit/(loss) from continuing operations	-	-	-	(99,333)	(99,333)	(10,244)	(109,577)
<b>Other comprehensive income</b>							
Foreign currency translation differences	-	-	(19,990)	-	(19,990)	(2,236)	(22,226)
Total comprehensive income/(loss) for the year	-	-	(19,990)	(99,333)	(119,323)	(12,480)	(131,803)
<b>Transactions with owners, recorded directly in equity</b>							
Dividends declared	-	-	-	-	-	(3,408)	(3,408)
Other transactions with owners	-	-	-	1,133	1,133	-	1,133
<b>Balance at 31 December 2010</b>	<b>400</b>	<b>4,308</b>	<b>(54,262)</b>	<b>(43,424)</b>	<b>(92,978)</b>	<b>17,295</b>	<b>(75,683)</b>

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The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 70.