



United Cement Group

United Cement Group Plc

**Consolidated Financial Statements
for the year ended 31 December 2011**

UNITED CEMENT GROUP PLC

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Board of Directors	Mohamed Amersi, British Marie Helen Barard Genstein, French Adal Issabekov, Kazakhstani (resigned 10 May 2012) Michael Sauer, Danish (resigned 10 May 2012) Stella Kammitisi, Cypriot Michalis Kramvis, Cypriot Vladislav Kim, Kazakhstani (appointed 10 May 2012) Aibar Burkitbayev, Kazakhstani (appointed 10 May 2012)
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

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 2011.

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 2011 are set out on page 4 of the financial statements. The loss for the current year is USD 32,822 thousand (loss for 2010: USD 109,577 thousand).

FUTURE DEVELOPMENTS

The Board of Directors is evaluating various options on the future developments of the Group but no formal decision has been reached as at the date of this report.

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 2012 and budget for 2013, including cash flows and borrowing facilities, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future. Refer also to Note 4 of the financial statements for more information.

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 26, 30 and 31 of the financial statements.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2011 and at the date of this report are presented on page 1. There were no significant changes in the assignment of responsibilities and 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 financial statements, are presented in detail in Note 31 of the financial statements.

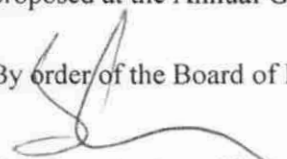
BRANCHES

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

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


Savinaco Ventures Limited
Secretary
Nicosia, 7 June 2013



Independent auditor's report

To the Members of United Cement Group Plc

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of United Cement Group Plc (the "Company"), and its subsidiaries (together with the Company, the "Group") which comprise the consolidated balance sheet as at 31 December 2011, 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 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.

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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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.

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2011, 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.

Emphasis of matter

We draw attention to Note 4 to the consolidated financial statements which refers to the Group's ability to restructure its loan and reach agreement with Kazkommertsbank, such that the resulting interest and capital repayments are commensurate with the Group's forecast cash flows. These conditions, along with other matters as set forth in Note 4, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. 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 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 consolidated 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 black ink, appearing to read 'Yiannos Kaponides'. The signature is fluid and cursive.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors


Limassol, 7 June 2013

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

	Note	2011 *000 USD	2010 *000 USD
Revenue	8	370,836	312,347
Cost of sales	9	(280,677)	(239,284)
Gross profit		90,159	73,063
Other income		4,316	1,863
Distribution expenses	10	(5,803)	(5,662)
Administrative expenses	11	(33,380)	(112,224)
Other expenses		(106)	(4,183)
Impairment loss	15,31	(18,632)	(7,188)
Operating profit/(loss)		36,554	(54,331)
Finance income	13	864	2,099
Finance costs	13	(66,243)	(46,264)
Share of profit of equity accounted investees	17	801	289
Loss before income tax		(28,024)	(98,207)
Income tax expense	14	(4,798)	(11,370)
Loss for the year		(32,822)	(109,577)
Other comprehensive income			
Exchange differences on translation to presentation currency	13	(5,992)	(22,226)
Other comprehensive loss for the year		(5,992)	(22,226)
Total comprehensive loss for the year		(38,814)	(131,803)
(Loss)/profit attributable to:			
Owners of the Company		(35,465)	(99,333)
Non-controlling interests		2,643	(10,244)
Loss for the year		(32,822)	(109,577)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(40,646)	(119,323)
Non-controlling interests		1,832	(12,480)
Total comprehensive loss for the year		(38,814)	(131,803)
Earnings per share			
Basic loss per share (USD)	22	(0.9)	(2.5)

These consolidated financial statements were approved for issue and signed on behalf of the Board of Directors on 7 June 2013:


Stella Kammitisi
Director


Michalis Kramvis
Director

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

	Note	2011 '000 USD	2010 '000 USD
ASSETS			
Non-current assets			
Property, plant and equipment	15	223,705	257,502
Intangible assets	16	118,663	120,578
Investments in equity accounted investees	17	2,922	2,291
Deferred tax assets	14	80	59
Trade and other receivables	19	1,765	1,725
Long term bank deposits	20	168	3,223
Total non-current assets		347,303	385,378
Current assets			
Inventories	18	52,045	42,556
Income tax prepayment		4,855	4,197
Trade and other receivables	19	20,356	22,429
Prepayments for current assets		8,444	11,974
Cash and cash equivalents	20	26,410	27,952
Total current assets		112,110	109,108
Total assets		459,413	494,486

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 10 to 79.

United Cement Group Plc and subsidiaries
Consolidated Statement of Financial Position as at 31 December
(continued)

	2011	2010
Note	'000 USD	'000 USD
EQUITY AND LIABILITIES		
Equity	21	
Share capital	400	400
Additional paid-in capital	4,308	4,308
Foreign currency translation reserve	(59,443)	(54,262)
Accumulated deficit	(95,998)	(43,424)
Total equity attributable to owners of the Company	(150,733)	(92,978)
Non-controlling interests	14,891	17,295
Total equity	(135,842)	(75,683)
Non-current liabilities		
Loans and borrowings	23	464,269
Provisions for asset retirement obligations	24	238
Deferred tax liabilities	14	9,113
Other payables	25	29,969
Total non-current liabilities		503,589
Current liabilities		
Loans and borrowings	23	20,354
Advances received		4,618
Trade and other payables	25	55,176
Income tax payable		11,518
Total current liabilities		91,666
Total liabilities		595,255
Total equity and liabilities		459,413

These consolidated financial statements were approved for issue and signed on behalf of the Board of Directors on 7 June 2013:


 Stella Kammitisi
 Director


 Michalis Kramvis
 Director

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

	Note	2011 '000 USD	2010 '000 USD
Cash flows from operating activities			
Loss for the year		(32,822)	(109,577)
<i>Adjustments for:</i>			
Depreciation and amortisation	9,10,11	25,884	21,324
Net finance costs	13	65,379	44,165
Share of profit of equity accounted investees	17	(801)	(289)
Net gain on disposal of property, plant and equipment	15	(123)	(258)
Net loss on disposal of subsidiaries	7	-	3,514
Impairment losses on property, plant and equipment and investments in equity accounted investees	15,31	18,632	7,188
Impairment losses on trade and other receivables	11	2,023	7,059
Income tax expense	14	4,798	11,370
Operating cash flows before changes in working capital		82,970	(15,504)
Change in inventories		(11,883)	7,496
Change in trade and other receivables		(1,042)	309
Change in prepayments for current assets		2,715	(5,267)
Change in asset retirement obligations		(87)	-
Change in advances received		563	1,988
Change in trade and other payables		(11,314)	72,259
Cash flows from operations before income taxes and interest paid		61,922	61,281
Income taxes paid		(7,431)	(9,367)
Interest paid		(8,958)	(1,611)
Cash flows from operating activities		45,533	50,303

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

	Note	2011 '000 USD	2010 '000 USD
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(25,113)	(45,415)
Proceeds from disposal of property, plant and equipment		1,044	792
Acquisition of intangible assets		(10)	(87)
Acquisition of subsidiaries, net of cash acquired	7	6	64
Disposal of subsidiaries, net of cash disposed	7	-	(1)
Loans granted to related parties		-	(500)
Long term bank deposits repaid/(made)	20	3,055	(3,223)
Interest received		864	534
Dividends received from associates	17	-	76
Cash flows used in investing activities		(20,154)	(47,760)
FINANCING ACTIVITIES			
Distribution to owners		(17,109)	(2,909)
Distribution to non-controlling interest		(4,294)	(3,408)
Proceeds from borrowings		38,028	29,185
Repayment of borrowings		(42,742)	(30,448)
Cash flows used in financing activities		(26,117)	(7,580)
Effect of exchange rate fluctuations on cash and cash equivalents		(804)	(1,938)
Net decrease in cash and cash equivalents		(1,542)	(6,975)
Cash and cash equivalents at beginning of year	20	27,952	34,927
Cash and cash equivalents at end of year	20	26,410	27,952

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10 to 79.

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

	Attributable to owners of the Company				
	Share capital	Additional paid-in capital	Translation reserve	Retained earnings/(Accumulated deficit)	Non-controlling interests
Note	400	4,308	(34,272)	54,776	33,183
Total	25,212	25,212	-	-	-
Balance at 1 January 2010					58,395
Total comprehensive income for the year				(99,333)	(10,244)
Loss for the year				(99,333)	(10,244)
Other comprehensive income					
Foreign currency translation differences			(19,990)	-	(2,236)
Total comprehensive loss for the year			(19,990)	(99,333)	(12,480)
Transactions with owners, recorded directly in equity					
Dividends declared	21			-	(3,408)
Other transactions with owners	21			1,133	-
Balance at 31 December 2010	400	4,308	(54,262)	(43,424)	17,295
				(92,978)	(75,683)

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 10 to 79.

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	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	400	4,308	(54,262)	(43,424)	(92,978)	17,295	(75,683)
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	-	(35,465)	(35,465)	2,643	(32,822)
Other comprehensive income							
Foreign currency translation differences	-	-	(5,181)	-	(5,181)	(811)	(5,992)
Total comprehensive income/(loss) for the year	-	-	(5,181)	(35,465)	(40,646)	1,832	(38,814)
Transactions with owners, recorded directly in equity							
Dividends declared	-	-	-	-	-	(4,236)	(4,236)
Distributions to owners other than dividends	-	-	-	(17,109)	(17,109)	-	(17,109)
Balance at 31 December 2011	400	4,308	(59,443)	(95,998)	(150,733)	14,891	(135,842)

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 10 to 79.