

United Cement Group Plc

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report
for the year ended 31 December 2013**

UNITED CEMENT GROUP PLC

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Board of Directors	Mohamed Amersi, British (resigned 31 March 2014) Marie Helen Barard Genstein, French (resigned 28 March 2014) Stella Kammitisi, Cypriot Michalis Kramvis, Cypriot Vladislav Kim, Kazakhstani resigned (28 January 2014) Aibar Burkitbayev, Kazakhstani Vadim Kulik, Kazakhstani (appointed 28 January 2014)
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 (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 2013.

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 2013 are set out on page 5 of the financial statements. The loss for the current year is USD 54,321 thousand (loss for 2012: USD 123,120 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 2014 and budget for 2014, 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 4, 27, 29 and 31 of the financial statements.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. All of them were members of the Board throughout the year. 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 33 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, 8 July 2014



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 statement of financial position as at 31 December 2013, and the consolidated statements of profit or loss and other 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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PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.



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 2013, 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 states that the Group incurred a net loss of US\$ 54,321 thousand during the year ended 31 December 2013 and, as of that date, the Group's current liabilities exceeded its current assets by US\$ 502,916 thousand. This, along with other matters as described in Note 4, indicates the existence of a material uncertainty that may cast significant doubt about the ability of the Group 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 Laws of 2009 and 2013, 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, so far as appears from our examination of these books.
- 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 Laws of 2009 and 2013 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 'Yiannos Kaponides', is written over a faint, illegible stamp.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 8 July 2014

United Cement Group Plc and subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013 (continued)

	Note	2013 '000 USD	2012 '000 USD
Revenue	6	320,597	309,288
Cost of sales	7	(236,058)	(260,545)
Gross profit		84,539	48,743
Other income		3,873	2,572
Distribution costs	8	(6,778)	(4,286)
Administrative expenses	9	(23,122)	(88,901)
Other expenses		(476)	(785)
Impairment loss on goodwill	11,17	(41,000)	(61,388)
Loss on disposal of subsidiary	12, 31	-	(6,528)
Operating profit /(loss)		17,036	(110,573)
Finance income	13	85	1,275
Finance costs	14	(70,049)	(49,685)
Share of result of associates	18	1,881	(291)
Loss before income tax		(51,047)	(159,274)
Income tax (expense)/credit	15	(3,274)	1,755
Loss for the year from continuing operations		(54,321)	(157,519)
Profit for the year from discontinued operations	31	-	34,399
Loss for the year		(54,321)	(123,120)
Other comprehensive income			
Translation of financial information of foreign operations to presentation currency		(8,518)	(1,705)
Other comprehensive loss for the year		(8,518)	(1,705)
Total comprehensive loss for the year		(62,839)	(124,825)

United Cement Group Plc and subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013 (continued)

	Note	2013 '000 USD	2012 '000 USD
Loss is attributable to:			
Owners of the Company		(59,855)	(130,213)
Non-controlling interest		5,534	7,093
Loss for the year		(54,321)	(123,120)
Total comprehensive loss is attributable to:			
Owners of the Company		(66,860)	(131,339)
Non-controlling interest		4,021	6,514
Total comprehensive loss for the year		(62,839)	(124,825)
Total comprehensive loss for the year attributed to owners of the parent company arises from:			
- Continuing operations		(66,860)	(109,992)
- Discontinued operations		-	(21,347)
Loss per share			
- Loss per ordinary share for loss from continuing operations attributable to the owners of the Company, basic and diluted	23	(1.50)	(2.55)
- Loss per ordinary share for loss from discontinued operations attributable to the owners of the Company, basic and diluted		-	(0.70)

United Cement Group Plc and subsidiaries
Consolidated Statement of Financial Position as at 31 December 2013

	Note	2013 '000 USD	2012 '000 USD
ASSETS			
Non-current assets			
Property, plant and equipment	16	145,787	158,833
Intangible assets	17	18,516	61,313
Investments in associates	18	1,866	1,435
Deferred income tax asset	15	1,658	2,548
Trade and other receivables	20	1,174	228
Long term bank deposits	21	-	166
Total non-current assets		169,001	224,523
Current assets			
Inventories	19	53,638	44,897
Trade and other receivables	20	23,411	16,008
Current income tax prepayments		2,892	2,480
Prepayments for current assets		7,337	6,486
Cash and cash equivalents	21	25,956	14,013
Total current assets		113,234	83,884
Total assets		282,235	308,407

United Cement Group Plc and subsidiaries
Consolidated Statement of Financial Position as at 31 December 2013 (continued)

	Note	2013 '000 USD	2012 '000 USD
EQUITY AND LIABILITIES			
Equity			
Share capital	22	400	400
Additional paid-in capital		4,308	4,308
Foreign currency translation reserve		(67,574)	(60,569)
Accumulated deficit		(291,406)	(231,551)
Equity attributable to the Company's owners		(354,272)	(287,412)
Non-controlling interest		16,751	14,382
Total equity		(337,521)	(273,030)
Non-current liabilities			
Provisions for asset retirement obligations	25	226	244
Deferred income tax liability	15	3,380	5,003
Total non-current liabilities		3,606	5,247
Current liabilities			
Loans and borrowings	24	572,954	529,712
Advances received		4,066	4,779
Trade and other payables	26	33,584	36,170
Current income tax payable		5,546	5,529
Total current liabilities		616,150	576,190
Total liabilities		619,756	581,437
Total equity and liabilities		282,235	308,407

These consolidated financial statements were approved for issue and signed on behalf of the Board of Directors on 8 July 2014:



 Stella Kammitisi
 Director



 Michalis Kramvis
 Director

United Cement Group Plc and subsidiaries
Consolidated Statement of Cash Flows for the year ended 31 December 2013

	Note	2013 '000 USD	2012 '000 USD
Cash flows from operating activities			
Loss for the year		(54,321)	(123,120)
<i>Adjustments for:</i>			
Depreciation and amortisation	7, 8	18,281	21,364
Net finance costs	13, 14	69,964	48,410
Share of results of associate	18	(1,881)	291
Gains less losses on disposals of property, plant and equipment	16	281	682
Loss on disposal of subsidiaries	12	-	6,528
Impairment losses on inventory	7	-	2,453
Impairment losses on property, plant and equipment	7	-	13,041
Impairment of goodwill	11	41,000	61,388
Impairment of trade and other receivables	9	(2,322)	33,607
Income tax (credit)/expense	15	3,274	(1,755)
Operating cash flows before working capital changes		74,276	62,889
Increase in trade and other receivables		(20,740)	(38,339)
Increase in inventories		(8,117)	(84)
Increase in prepayments for current assets		(1,266)	(1,048)
(Increase)/decrease in asset retirement obligations		(31)	92
(Increase)/decrease in advances received		(713)	756
(Increase)/decrease in trade and other payables		931	17,173
Cash flows from operations before income taxes and interest paid		44,340	41,439
Income taxes paid		(4,402)	(9,292)
Interest paid		(2,791)	(4,572)
Net cash from continued operating activities		37,147	27,575
Net cash from discontinued operating activities		-	(16,044)

United Cement Group Plc and subsidiaries
Consolidated Statement of Cash Flows for the year ended 31 December 2013
(continued)

	Note	2013 '000 USD	2012 '000 USD
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,520)	(17,935)
Proceeds from disposal of property, plant and equipment		373	1,608
Proceeds from disposal of subsidiaries, net of cash disposed		-	(415)
Dividends received from associate		793	-
Acquisition of intangible assets		(99)	(199)
Long term bank deposits repaid	21	166	-
Interest income received	13	85	1,114
Net cash used in continued investing activities		(18,202)	(15,827)
Net cash used in discontinued investing activities		-	(1,198)
Cash flows from financing activities			
Distribution to non-controlling interest		(2,038)	(4,171)
Proceeds from borrowings		10,198	10,756
Repayment of borrowings		(10,434)	(13,654)
Net cash from continued financing activities		(2,274)	(7,069)
Net cash from discontinued financing activities		-	-
Effect of exchange rates changes on cash and cash equivalents		(4,728)	166
Net increase (decrease) in cash and cash equivalents		11,943	(12,397)
Cash and cash equivalents at the beginning of the year	21	14,013	26,410
Cash and cash equivalents at the end of the year	21	25,956	14,013

	Attributable to owners of the Company						
	Share capital	Additional paid-in capital	Currency translation reserve	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	400	4,308	(59,443)	(95,998)	(150,733)	14,891	(135,842)
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	-	(130,213)	(130,213)	7,093	(123,120)
Other comprehensive income							
Foreign currency translation differences	-	-	(1,126)	-	(1,126)	(579)	(1,705)
Total comprehensive income/(loss) for the year	-	-	(1,126)	(130,213)	(131,339)	6,514	(124,825)
Transactions with owners, recorded directly in equity							
Distributions to owners other than dividends	-	-	-	(5,340)	(5,340)	-	(5,340)
Disposal of non-controlling interest in subsidiaries	-	-	-	-	-	(1,247)	(1,247)
Acquisition of Sandin	-	-	-	-	-	526	526
Dividends declared	-	-	-	-	-	(6,302)	(6,302)
Total transactions with owners	-	-	-	(5,340)	(5,340)	(7,023)	(12,363)
Balance at 31 December 2012	400	4,308	(60,569)	(231,551)	(287,412)	14,382	(273,030)

The accompanying notes on pages 13 to 74 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 2013
(continued)

	Attributable to owners of the Company						
	Share capital	Additional paid-in capital	Currency translation reserve	Accumulated deficit	Total	Non-controlling interest	Total equity
'000USD							
Balance at 1 January 2013	400	4,308	(60,569)	(231,551)	(287,412)	14,382	(273,030)
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	-	(59,855)	(59,855)	5,534	(54,321)
Other comprehensive income							
Foreign currency translation differences	-	-	(7,005)	-	(7,005)	(1,513)	(8,518)
Total comprehensive income/(loss) for the year	-	-	(7,005)	(59,855)	(66,860)	4,021	(62,839)
Transactions with owners, recorded directly in equity							
Dividends declared	-	-	-	-	-	(1,652)	(1,652)
Total transactions with owners	-	-	-	-	-	(1,652)	(1,652)
Balance at 31 December 2013	400	4,308	(67,574)	(291,406)	(354,272)	16,751	(337,521)

The accompanying notes on pages 13 to 74 are an integral part of these consolidated financial statements.