



**VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD**

Report and Consolidated Interim Financial Statements  
Six months ended 30 June 2014



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Report and Consolidated Interim Financial Statements Six months ended 30 June 2014

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# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Report for the Six Months Ended 30 June 2014

On 31 July 2014, the Board of Directors of Vassiliko Cement Works Public Company Ltd approved the financial results of the Group for the first half of the year that ended on 30 June 2014.

### Financial results

The total revenues for the first half of 2014 reached €43.315.000 compared to €42.066.000 for the first half of 2013, with an operating profit for the first half of 2014 of €4.488.000 compared to a loss of €5.606.000 during the respective period of 2013.

The improvement is primarily attributed to the increase of cement and clinker exports, while the cost structure of the Company and production efficiency continued to improve. On the other hand the domestic market consumption continued its downward trend throughout the first half of 2014.


Other operating income of €1.565.000 for the first half of the year includes income from the trading of carbon emission rights of €943.000 generated in the first quarter of 2014 (2013 H1: nil).

The net profit for the first half of 2014 reached €3.292.000 as opposed to a loss of €7.415.000 recorded during the respective period in 2013.

### Prospects for the year

The Company will continue pursuing its exports orientated sales strategy as the domestic market does not show any signs of slowing its downward trend; the management is monitoring carefully the market developments in the current uncertain environment and controlling its operating cost base to ensure competitiveness of its products.

During the second half of the year, the new alternative fuels feeding equipment that has now been completed and is in commissioning stage, will replace a high percentage of traditional fossil fuels at the kiln, with other alternative sources. Once in full operation, this new feeding system will have a positive financial and environmental impact for the Company.

 **VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD**  
**Consolidated Statement of Comprehensive Income**  
**Six months ended 30 June 2014**

	Three months ended 30 June		Six months ended 30 June	
	2014 €000	2013 €000	2014 €000	2013 €000
Revenue	19.847	27.083	43.315	42.066
Cost of sales	(15.899)	(27.751)	(35.725)	(42.258)
<b>Gross profit/(loss)</b>	<b>3.948</b>	<b>(668)</b>	<b>7.590</b>	<b>(192)</b>
Other operating income	307	136	1.565	188
Distribution expenses	(1.284)	(1.763)	(2.651)	(2.465)
Administrative expenses	(658)	(756)	(1.338)	(1.417)
Other operating expenses	(338)	(784)	(678)	(1.720)
<b>Operating profit/(loss) before financing costs</b>	<b>1.975</b>	<b>(3.835)</b>	<b>4.488</b>	<b>(5.606)</b>
Financial income	3	1	3	6
Financial expenses	(565)	(695)	(1.158)	(1.322)
<b>Net financing costs</b>	<b>(562)</b>	<b>(694)</b>	<b>(1.155)</b>	<b>(1.316)</b>
Profit/(loss) from investing activities	49	(205)	49	(231)
Share of loss from equity-accounted investees	(50)	(89)	(88)	(259)
<b>Profit/(loss) before tax</b>	<b>1.412</b>	<b>(4.823)</b>	<b>3.294</b>	<b>(7.412)</b>
Taxation expense	(1)	(1)	(2)	(3)
<b>Profit/(loss) for the financial period</b>	<b>1.411</b>	<b>(4.824)</b>	<b>3.292</b>	<b>(7.415)</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>1.411</b>	<b>(4.824)</b>	<b>3.292</b>	<b>(7.415)</b>
<b>Profit/(loss) attributable to:</b>				
Equity holders of the parent	1.411	(4.824)	3.292	(7.415)
Non-controlling interest	-	-	-	-
	<b>1.411</b>	<b>(4.824)</b>	<b>3.292</b>	<b>(7.415)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the parent	1.411	(4.824)	3.292	(7.415)
Non-controlling interest	-	-	-	-
	<b>1.411</b>	<b>(4.824)</b>	<b>3.292</b>	<b>(7.415)</b>
Basic and diluted earnings/(loss) per share (cents)	<b>2,0</b>	<b>(6,7)</b>	<b>4,6</b>	<b>(10,3)</b>



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Consolidated Statement of Financial Position

30 June 2014

	30/6/14 €000	31/12/13 €000
<b>ASSETS</b>		
Property, plant and equipment	258.098	263.726
Intangible assets	12.778	12.777
Investment property	7.671	7.667
Investments in equity-accounted investees	3.803	3.890
Available-for-sale financial assets	349	299
<b>Total non-current assets</b>	<b>282.699</b>	288.359
Inventories	21.641	20.626
Trade and other receivables	7.441	7.044
Assets classified as held for sale	3.167	3.133
Cash and cash equivalents	2.457	3.533
<b>Total current assets</b>	<b>34.706</b>	34.336
<b>Total assets</b>	<b>317.405</b>	322.695
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	30.932	30.932
Reserves	188.993	186.765
<b>Total equity attributable to equity holders of the parent</b>	<b>219.925</b>	217.697
<b>Total equity</b>	<b>219.925</b>	217.697
<b>LIABILITIES</b>		
Interest bearing-loan and borrowings	66.592	73.712
Deferred tax liabilities	11.490	11.490
Provisions	400	400
<b>Total non-current liabilities</b>	<b>78.482</b>	85.602
Interest bearing-loan and borrowings	12.358	13.400
Tax payable	20	20
Trade and other payables	6.620	5.976
<b>Total current liabilities</b>	<b>18.998</b>	19.396
<b>Total liabilities</b>	<b>97.480</b>	104.998
<b>Total equity and liabilities</b>	<b>317.405</b>	322.695



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Consolidated Statement of Changes in Equity

Six months ended 30 June 2014

	Share Capital	Share premium reserve	Revaluation reserve	Revaluation of investments available for sale reserve	Retained profits	Equity attributable to holders of parent	Non-controlling interest	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000
<b>Six months ended 30 June 2014</b>								
Balance 1 January 2014	30.932	45.388	47.925	-	93.452	217.697	-	217.697
Profit for the period	-	-	-	-	3.292	3.292	-	3.292
Total comprehensive income for the period	-	-	-	-	3.292	3.292	-	3.292
Dividends	-	-	-	-	(1.079)	(1.079)	-	(1.079)
Special contribution for defence	-	-	-	-	15	15	-	15
Balance 30 June 2014	30.932	45.388	47.925	-	95.680	219.925	-	219.925
<b>Six months ended 30 June 2013</b>								
Balance 1 January 2013	30.932	45.388	51.925	-	102.193	230.438	-	230.438
Loss for the period	-	-	-	-	(7.415)	(7.415)	-	(7.415)
Total comprehensive loss for the period	-	-	-	-	(7.415)	(7.415)	-	(7.415)
Balance 30 June 2013	30.932	45.388	51.925	-	94.778	223.023	-	223.023



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Consolidated Statement of Cash Flows

Six months ended 30 June 2014

	Six months ended 30 June	
	2014 €000	2013 €000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period	3.292	(7.415)
Adjustments for:		
Depreciation and amortisation charges	7.848	8.174
Interest income	(3)	(6)
(Impairment reversal)/impairment of available-for-sale financial assets	(49)	231
Interest expense	1.129	1.322
Share of loss of equity-accounted investees	88	259
(Gain)/loss on sale of property, plant and equipment	(1)	23
Taxation expense	2	3
<b>Operating profit before changes in working capital</b>	<b>12.306</b>	<b>2.591</b>
<b>Changes in:</b>		
Trade and other receivables	(397)	(286)
Inventories	(1.015)	5.387
Other current assets	-	156
Trade and other payables	641	582
<b>Cash generated from operations</b>	<b>11.535</b>	<b>8.430</b>
Interest paid	(1.165)	(1.363)
Taxes paid	(2)	(393)
<i>Net cash inflow from operating activities</i>	<b>10.368</b>	<b>6.674</b>
<b>Cash outflows to investing activities</b>		
Proceeds from sale of property, plant and equipment	1	5
Interest received	3	6
Acquisition of property, plant and equipment	(2.221)	(1.044)
<i>Net cash used in investing activities</i>	<b>(2.217)</b>	<b>(1.033)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(8.163)	(6.620)
Dividends paid	(1.064)	(1.064)
<i>Net cash outflows to financing activities</i>	<b>(9.227)</b>	<b>(7.684)</b>
<b>Net decrease of cash and cash equivalents</b>	<b>(1.076)</b>	<b>(2.043)</b>
Cash and cash equivalents at 1 January	3.533	3.390
Cash and cash equivalents at 30 June	2.457	1.347

**Notes to the Consolidated Interim Financial Statements**

- 1 The interim financial statements relate to the period from 1 January to 30 June 2014, are not audited by the Company's auditors and were approved by the Board of Directors on 31 July 2014.
- 2 The interim financial statements comply with the International Accounting Standard 34 "Interim Financial Statements".
- 3 The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. The interim financial statements are expressed in thousands of Euro.

**4 Transactions with related companies**

The Company enters into various transactions with the Hellenic Mining Group, Italcementi Group, Cyprus Cement Group, associated and related companies. These transactions include the rendering of technical, administrative, commercial and other services to the Group as well as the purchase and sale of raw materials, spare parts and other goods and services at mutually agreed prices. During the period the transactions with the above were as follows:

	Sales		Purchases	
	2014 €000	2013 €000	2014 €000	2013 €000
Hellenic Mining Group	-	-	116	169
Italcementi Group	5.064	6.414	233	462
KEO Plc	1	-	2	3
Cyprus Cement Group	-	-	39	3
	5.065	6.414	390	637

**5. Main risks and uncertainties**

The main risks and uncertainties faced by the Group remain the same as those presented in Note 35 of the Annual Report and Financial Statements of the Group for the year ended 31 December 2013.

The uncertain economic conditions in Cyprus, the limited availability of financing for individuals and businesses by the banking system in general, the loss and/or blockage of funds, together with the resolution measures of the banking system and the potential continuation or worsening of the economic recession, could affect:

(1) the ability of the Group to obtain new borrowings, or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions,

(2) the ability of the Group's trade and other debtors to repay the amounts due to the Group, and

(3) the cash flow forecasts of the Group and the assessment of impairment of other financial and non financial assets.

The uncertainty regarding the course of developments in the Cypriot economy does not allow a safe prediction for the remaining of the current year, which may affect negatively the future financial performance, cash flows and financial position of the Group. Considering the above uncertainties the Group's Management has taken increased measures to limit any negative consequences.



**Statement of the members of the Board of Directors, the General Manager and the Financial Manager of the Company for the interim financial statements**

In accordance with Article 10 of the Transparency Requirements (Securities for Trading on Regulated Market) Law 190(l)/2007 (“Law”), we the members of the Board of Directors, the General Manager and the Financial Manager of Vassiliko Cement Works Public Company Ltd, confirm that to the best of our knowledge:

- (a) The interim financial statements for the period from 1 January 2014 to 30 June 2014 that are presented on pages 1 to 6:
- i. were prepared in accordance with the International Financial Reporting Standards and in accordance with the provisions of Article 10 (4) of the Law, and
  - ii. give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Vassiliko Cement Works Public Company Ltd and the businesses that are included in the consolidated financial statements as a total, and
- (b) the interim report gives a fair review of the information required under Article 10 (6) of the Law.

**Members of the Board of Directors**

Antonios Antoniou  
Maurizio Caneppele  
George Galatariotis  
Costas Galatariotis  
Stavros Galatariotis  
Costas Koutsos  
Charalambos Panayiotou  
Serge Schmidt  
Rena Rouvitha Panou

**Company Officials**

George Sideris	General Manager
George Savva	Financial Manager

31 July 2014