



**VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD**

Report and Consolidated Interim Financial Statements  
Nine months ended 30 September 2013



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Report and Consolidated Interim Financial Statements Nine months ended 30 September 2013

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# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Report for the Nine Months Ended 30 September 2013

On 21 November 2013, the Board of Directors of Vassiliko Cement Works Public Company Ltd approved the financial results of the Group for the nine months that ended on 30 September 2013.

### Financial results

The total turnover for the first nine months of 2013 reached €58.572.000 compared to €51.830.000 for the corresponding period of 2012. Domestic demand for cement continued its downward trend, during the first nine months of 2013 reaching to 402.000 tons compared to 592.000 tons in 2012 (32% decrease).

Cement and clinker exports on the other hand, reached 821.000 tons during the first nine months of 2013 compared to 163.000 tons during the corresponding period of 2012. The Company is focusing on expansion of its sales in the Mediterranean region and better placement in the market in terms of volumes and pricing. The exports main destinations for the first nine months of 2013 were Israel, Libya, Egypt and Algeria.

The first nine months of 2013 showed an operating loss of €6.981.000 versus a profit of €3.019.000 in 2012 as a result of the sharp reduction of volumes in the domestic market, reorganisation and early retirement costs of €1.028.000, and an impairment by €175.000 of the current account in Cyprus Popular Bank. Other operating income in 2012 also included gains from disposal of old plants of €1.150.000.

Loss from investing activities of €231.000 in 2013 relates to the impairment of quoted shares.

Net financing costs for the respective periods were €1.908.000 and €2.751.000; the decrease is mainly attributed to the reduction of loan balances. The net loss for the first nine months of 2013 was €9.485.000, compared to a loss of €258.000 for the corresponding period of 2012.

The management is taking additional measures for the containment of the production costs, both optimising production efficiency as well as reducing other costs relating to operations, overheads and the developing exports activities.

### Prospects for the year

The domestic market conditions are not expected to improve during the current year; the management is monitoring carefully the Company's operating cost base in an on-going optimisation process to adjust to the new market conditions. All necessary measures are taken and further plans are in the pipeline to improve export processes, efficiency and the overall profitability on international export destinations, as the deterioration of the domestic market poses a significant challenge for the mid-term.

**Consolidated Statement of Comprehensive Income**  
**Nine months ended 30 September 2013**

	Three months ended 30 September		Nine months ended 30 September	
	2013 €000	2012 €000	2013 €000	2012 €000
Revenue	16.506	17.399	58.572	51.830
Cost of sales	(16.734)	(17.009)	(58.992)	(45.025)
<b>Gross (loss)/profit</b>	<b>(228)</b>	<b>390</b>	<b>(420)</b>	<b>6.805</b>
Other operating income	1.118	613	1.306	1.774
Distribution expenses	(845)	(778)	(3.310)	(2.172)
Administrative expenses	(698)	(736)	(2.115)	(2.094)
Other operating expenses	(722)	(433)	(2.442)	(1.294)
<b>Operating (loss)/profit before financing costs</b>	<b>(1.375)</b>	<b>(944)</b>	<b>(6.981)</b>	<b>3.019</b>
Financial income	-	1	6	5
Financial expenses	(592)	(906)	(1.914)	(2.756)
<b>Net financing costs</b>	<b>(592)</b>	<b>(905)</b>	<b>(1.908)</b>	<b>(2.751)</b>
Loss from investing activities	-	-	(231)	-
Share of loss from equity-accounted investees	(102)	(199)	(361)	(406)
<b>Loss before tax</b>	<b>(2.069)</b>	<b>(2.048)</b>	<b>(9.481)</b>	<b>(138)</b>
Taxation expense	(1)	(116)	(4)	(120)
<b>Loss for the financial period</b>	<b>(2.070)</b>	<b>(2.164)</b>	<b>(9.485)</b>	<b>(258)</b>
<b>Other comprehensive income/(loss)</b>				
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	34	-	(590)
<b>Other comprehensive income/(loss) for the period</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>(590)</b>
<b>Total comprehensive loss for the period</b>	<b>(2.070)</b>	<b>(2.130)</b>	<b>(9.485)</b>	<b>(848)</b>
<b>Loss attributable to:</b>				
Equity holders of the parent	(2.070)	(2.164)	(9.485)	(258)
Non-controlling interest	-	-	-	-
	<b>(2.070)</b>	<b>(2.164)</b>	<b>(9.485)</b>	<b>(258)</b>
<b>Total comprehensive loss attributable to:</b>				
Equity holders of the parent	(2.070)	(2.130)	(9.485)	(848)
Non-controlling interest	-	-	-	-
	<b>(2.070)</b>	<b>(2.130)</b>	<b>(9.485)</b>	<b>(848)</b>
Basic and diluted loss per share (cents)	(2,9)	(3,0)	(13,2)	(0,4)



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Consolidated Statement of Financial Position

30 September 2013

	30/9/13 €000	31/12/12 €000
<b>ASSETS</b>		
Property, plant and equipment	264.197	274.948
Intangible assets	12.800	12.805
Investment property	7.547	7.547
Investments in equity-accounted investees	8.908	9.269
Available-for-sale financial assets	367	597
<b>Total non-current assets</b>	<b>293.819</b>	305.166
Inventories	21.461	25.846
Trade and other receivables	9.730	10.152
Assets classified as held for sale	7.023	7.056
Other current assets	-	156
Cash and cash equivalents	22	3.390
<b>Total current assets</b>	<b>38.236</b>	46.600
<b>Total assets</b>	<b>332.055</b>	351.766
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	30.932	30.932
Reserves	190.021	199.506
<b>Total equity attributable to equity holders of the parent</b>	<b>220.953</b>	230.438
<b>Total equity</b>	<b>220.953</b>	230.438
<b>LIABILITIES</b>		
Interest bearing-loan and borrowings	77.803	86.174
Deferred tax liabilities	10.375	10.554
Provisions	400	400
<b>Total non-current liabilities</b>	<b>88.578</b>	97.128
Bank overdraft	4.900	-
Interest bearing-loan and borrowings	13.079	13.079
Tax payable	21	232
Trade and other payables	4.524	10.889
<b>Total current liabilities</b>	<b>22.524</b>	24.200
<b>Total liabilities</b>	<b>111.102</b>	121.328
<b>Total equity and liabilities</b>	<b>332.055</b>	351.766



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Consolidated Statement of Changes in Equity

Nine months ended 30 September 2013

	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>Nine months ended 30 September 2013</b>								
Balance 1 January 2013	30.932	45.388	51.925	-	102.193	230.438	-	230.438
Loss for the period	-	-	-	-	(9.485)	(9.485)	-	(9.485)
Total comprehensive loss for the period	-	-	-	-	(9.485)	(9.485)	-	(9.485)
Balance 30 September 2013	30.932	45.388	51.925	-	92.708	220.953	-	220.953
<b>Nine months ended 30 September 2012</b>								
Balance 1 January 2012	30.932	45.388	41.229	(447)	102.504	219.606	-	219.606
Loss for the period	-	-	-	-	(258)	(258)	-	(258)
Other comprehensive loss for the period	-	-	-	(590)	-	(590)	-	(590)
Total comprehensive loss for the period	-	-	-	(590)	(258)	(848)	-	(848)
Balance 30 September 2012	30.932	45.388	41.229	(1.037)	102.246	218.758	-	218.758



# VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

## Consolidated Statement of Cash Flows Nine months ended 30 September 2013

	Nine months ended 30 September	
	2013 €000	2012 €000
<b>Cash flows from operating activities</b>		
Loss for the period	(9.485)	(258)
Adjustments for:		
Depreciation and amortisation charges	12.086	8.489
Interest income	(6)	(5)
Impairment of available-for-sale financial assets	231	-
Interest expense	2.034	2.756
Share of loss of equity-accounted investees	361	406
Loss/(gain) on sale of property, plant and equipment	23	(1.151)
Income tax expense	4	120
<b>Operating profit before changes in working capital</b>	<b>5.248</b>	<b>10.357</b>
<b>Changes in:</b>		
Trade and other receivables	422	(2.449)
Inventories	4.385	(1.148)
Other current assets	156	-
Trade and other payables	(5.229)	2.607
<b>Cash generated from operations</b>	<b>4.982</b>	<b>9.367</b>
Interest paid	(2.127)	(3.373)
Taxes paid	(394)	(1.137)
<i>Net cash inflow from operating activities</i>	<b>2.461</b>	<b>4.857</b>
<b>Cash outflows to investing activities</b>		
Proceeds from sale of property, plant and equipment	5	1.151
Interest received	6	5
Acquisition of property, plant and equipment	(1.304)	(4.007)
<i>Net cash used in investing activities</i>	<b>(1.293)</b>	<b>(2.851)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new loans raised	870	-
Repayment of loans	(9.242)	(7.711)
Dividends paid	(1.064)	-
<i>Net cash outflows to financing activities</i>	<b>(9.436)</b>	<b>(7.711)</b>
<b>Net decrease of cash and cash equivalents</b>	<b>(8.268)</b>	<b>(5.705)</b>
Cash and cash equivalents at 1 January	3.390	(3.337)
Cash and cash equivalents at 30 September	<b>(4.878)</b>	<b>(9.042)</b>

**Notes to the Consolidated Interim Financial Statements**

- 1 The interim financial statements relate to the period from 1 January to 30 September 2013, are not audited by the Company's auditors and were approved by the Board of Directors on 21 November 2013.
- 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	
	2013 €000	2012 €000	2013 €000	2012 €000
Hellenic Mining Group	-	28	<b>244</b>	280
Italcementi Group	<b>9.623</b>	194	<b>1.307</b>	453
KEO Plc	-	-	<b>4</b>	10
Cyprus Cement Group	-	-	<b>15</b>	6
	<b>9.623</b>	<u>222</u>	<b>1.570</b>	<u>749</u>

**5. Main risks and uncertainties**

The main risks and uncertainties faced by the Group remain the same as those presented in Note 34 of the Annual Report and Financial Statements of the Group for the year ended 31 December 2012.

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 Cyprus economy does not allow a safe prediction of the fourth quarter of the current year in respect of the impact on the Cyprus economy, which may affect negatively the future financial performance, cash flows and financial position of the Group. Considering the above uncertainties the Group's Management is taking 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 we confirm that, to the best of our knowledge:

- (a) The interim financial statements for the period from 1 January 2013 to 30 September 2013 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

Leondios Lazarou

Serge Schmidt

Rena Rouvitha Panou

**Company Officials**

George Sideris

General Manager

George Savva

Financial Manager

21 November 2013