



VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

Report and Consolidated Interim Financial Statements
Nine months ended 30 September 2012



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Report for the Nine Months Ended 30 September 2012

On 29 November 2012, the Board of Directors of Vassiliko Cement Works Public Company Ltd approved the financial results of the Group for the nine months that ended 30 September of 2012.

The Board of Directors, taking into account the financial results, and the conclusion of the sale of the investment property with a consideration of €10.2 million in October, decided the payment of an interim dividend for 2012 of 1,5 cents per share to the entitled shareholders who will be registered on the CSE members register on 18 December 2012. The total interim dividend payable is €1.079.000. No interim dividend was paid during 2011.

Financial results

The turnover for the first nine months of 2012 reached €51.830.000 compared to €68.631.000 for the corresponding period of 2011. Domestic demand for cement decreased during the first nine months of 2012 to 592.000 tons compared to 882.000 tons in 2011 (32,9% decrease). Cement and clinker exports reached 163.000 tons during the first nine months of 2012 compared to 31.000 tons during the respective period of 2011.

The operating profit before financing costs for the first nine months of 2012 reached €3.019.000 versus a loss of €1.448.000 in 2011. The improved profitability primarily relates to the non-recurring costs recorded in 2011 relating to the termination of the old plants and transition to the new production line.

Furthermore, the profitability was significantly affected by the high electricity cost. The price of electricity increased by more than 30% compared to 2011, having a negative impact on operating cost by more than €3,2 million. Power efficiency is continuously monitored throughout the production process to minimise cost. The power efficiency of the new production line ranks amongst the highest in the cement industry.

Net financing costs for the respective periods were €2.756.000 and €1.706.000; the difference is mainly attributed to the capitalisation of finance costs during the construction period of the new production line during 2011. The net loss for the first nine months of 2012, after depreciation charges of €8.489.000 (2011: €8.484.000) was €258.000, compared to a loss of €2.992.000 for the corresponding period of 2011.

In view of the steep reduction of domestic demand, the management has set as a primary target the overall containment of operating costs, through the optimisation of the new production line, to take full advantage of its full capabilities, and further reduction of other operating costs and overheads.

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 to improve overall profitability and further improve the competitiveness on international export destinations, as the deterioration of the domestic market poses a significant challenge for the near future.

Consolidated Statement of Comprehensive Income
Nine months ended 30 September 2012

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012 €000	2011 €000	2012 €000	2011 €000
Revenue	4	17.399	20.637	51.830	68.631
Cost of sales		(17.009)	(15.273)	(45.025)	(54.422)
Gross profit		390	5.364	6.805	14.209
Other operating income		613	311	1.774	518
Distribution expenses		(778)	(1.466)	(2.172)	(4.591)
Administrative expenses		(736)	(727)	(2.094)	(2.187)
Other operating expenses		(433)	(6.761)	(1.294)	(9.397)
Operating (loss)/profit before financing costs		(944)	(3.279)	3.019	(1.448)
Financial income	1	1	5	4	
Financial expenses		(906)	(729)	(2.756)	(1.706)
Net financing costs		(905)	(728)	(2.751)	(1.702)
Share of (loss)/profit from equity-accounted investees		(199)	(21)	(406)	166
Loss before tax		(2.048)	(4.028)	(138)	(2.984)
Taxation expense		(116)	(2)	(120)	(8)
Loss for the financial period		(2.164)	(4.030)	(258)	(2.992)
Other comprehensive income/(loss)					
Net change in fair value of available-for-sale financial assets	34	(632)	(590)	(1.408)	
Other comprehensive income/(loss) for the period	34	(632)	(590)	(1.408)	
Total comprehensive loss for the period		(2.130)	(4.662)	(848)	(4.400)
Loss attributable to:					
Equity holders of the parent		(2.164)	(4.030)	(258)	(2.992)
Non-controlling interest		-	-	-	-
		(2.164)	(4.030)	(258)	(2.992)
Total comprehensive loss attributable to:					
Equity holders of the parent		(2.130)	(4.662)	(848)	(4.400)
Non-controlling interest		-	-	-	-
		(2.130)	(4.662)	(848)	(4.400)
Basic and diluted loss per share (cents)		(3,0)	(5,6)	(0,4)	(4,2)



VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

Consolidated Statement of Financial Position

30 September 2012

	30/9/12 €000	31/12/11 €000
ASSETS		
Property, plant and equipment	269.013	273.383
Intangible assets	23.845	23.860
Investment property	14.396	14.396
Investments in equity-accounted investees	1.363	1.769
Available-for-sale financial assets	639	1.228
Total non-current assets	309.256	314.636
Inventories	21.627	20.479
Trade and other receivables	12.016	9.073
Assets classified as held for sale	6.976	7.074
Cash and cash equivalents	35	46
Total current assets	40.654	36.672
Total assets	349.910	351.308
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	30.932	30.932
Reserves	187.826	188.674
Total equity attributable to equity holders of the parent	218.758	219.606
Non-controlling interest	-	-
Total equity	218.758	219.606
LIABILITIES		
Interest bearing-loan and borrowings	90.160	99.413
Deferred tax liabilities	9.939	9.939
Provisions	400	400
Trade and other payables	-	1.200
Total non-current liabilities	100.499	110.952
Bank overdraft	9.077	3.383
Interest bearing-loan and borrowings	11.677	10.134
Trade and other payables	9.899	7.233
Total current liabilities	30.653	20.750
Total liabilities	131.152	131.702
Total equity and liabilities	349.910	351.308



VASSILIKO CEMENT WORKS PUBLIC COMPANY LTD

Consolidated Statement of Changes in Equity Nine months ended 30 September 2012

	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
Nine months ended 30 September 2012								
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
Nine months ended 30 September 2011								
Balance 1 January 2011	30.932	45.388	41.871	(650)	104.230	221.771	-	221.771
Loss for the period	-	-	-	-	(2.992)	(2.992)	-	(2.992)
Other comprehensive loss for the period	-	-	-	(1.408)	-	(1.408)	-	(1.408)
Total comprehensive loss for the period	-	-	-	(1.408)	(2.992)	(4.400)	-	(4.400)
Dividends	-	-	-	-	(1.079)	(1.079)	-	(1.079)
Balance 30 September 2011	30.932	45.388	41.871	(2.058)	100.159	216.292	-	216.292



Consolidated Statement of Cash Flows
Nine months ended 30 September 2012

	Nine months ended 30 September	
	2012 €000	2011 €000
Cash flows from operating activities		
Loss for the period	(258)	(2.992)
Adjustments for:		
Depreciation and amortisation charges	8.489	8.484
Interest income	(5)	(4)
Interest expense	2.756	1.706
Share of loss/(profit) of equity-accounted investees	406	(166)
Gain on sale of property, plant and equipment	(1.151)	(19)
Income tax expense	120	8
	10.357	7.017
Operating profit before changes in working capital		
Changes in:		
Trade and other receivables	(2.449)	2.306
Inventories	(1.148)	1.524
Trade and other payables	2.607	(5.222)
	9.367	5.625
Cash generated from operations		
Interest paid	(3.373)	(1.592)
Taxes paid	(1.137)	(9)
<i>Net cash inflow from operating activities</i>	4.857	4.024
Cash outflows to investing activities		
Proceeds from sale of property, plant and equipment	1.151	117
Interest received	5	4
Dividends received	-	250
Acquisition of property, plant and equipment	(4.007)	(9.173)
<i>Net cash used in investing activities</i>	(2.851)	(8.802)
Cash flows from financing activities		
Proceeds from new loans raised	-	4.709
Repayment of loans	(7.711)	(5.263)
Dividends paid	-	(1.079)
<i>Net cash outflows to financing activities</i>	(7.711)	(1.633)
Net decrease of cash and cash equivalents		
Cash and cash equivalents at 1 January	(5.705)	(6.411)
Cash and cash equivalents at 30 September	(3.337)	(336)
	(9.042)	(6.747)



Notes to the Consolidated Interim Financial Statements

- 1 The interim financial statements relate to the period from 1 January to 30 September 2012, are not audited by the Company's auditors and were approved by the Board of Directors on 29 November 2012.
- 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 Turnover

Nine months ended 30 September

	2012 €000	2011 €000
Local cement and clinker sales	45.162	67.437
Export cement and clinker sales	6.554	1.102
Other	114	92
	51.830	68.631

5 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	
	2012 €000	2011 €000	2012 €000	2011 €000
Hellenic Mining Group	28	179	280	333
Italcementi Group	194	-	453	3.904
KEO Plc	-	-	10	15
Cyprus Cement Group	-	-	6	6
	222	179	749	4.258

ANTONIS ANTONIOU
Executive Chairman

29 November 2012