

United Cement Group Limited

Consolidated Financial Statements
for the years ended 31 December
2007, 2006 and 2005



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Independent Auditors' Report

To the Shareholders and Board of Directors of United Cement Group Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Cement Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as at 31 December 2007, 2006 and 2005, and the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

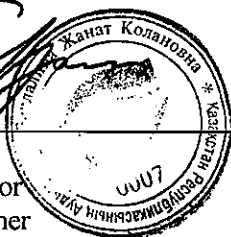
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2007, 2006 and 2005, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.


Berdalina J. K.
Certified Auditor
Managing Partner




Stephen Nye
Audit Partner

KPMG Audit LLC
Licence # 0000021 dated 6 December 2006
to conduct audits

15 September 2008

United Cement Group Limited
Consolidated Income Statements for the years ended 31 December 2007, 2006 and 2005

			2006	2005
	Note		'000 USD	'000 USD
		2007	Restated	Restated
		'000 USD	see Note 7	see Note 7
Continuing operations				
Revenue	9	472,107	271,103	39,246
Cost of sales	10	(195,530)	(168,684)	(23,052)
Gross profit		276,577	102,419	16,194
Other income	11	4,932	48,285	1
Distribution expenses	12	(34,015)	(31,114)	(6,757)
Administrative expenses	13	(22,580)	(9,295)	(3,413)
Other expenses		(5,353)	(1,235)	(1,632)
Results from operating activities		219,561	109,060	4,393
Financial income	15	7,887	466	-
Financial expenses	15	(31,062)	(15,619)	(2,827)
Share of profit/(loss) of equity accounted investees (net of income tax)	20	706	735	(130)
Profit before income tax		197,092	94,642	1,436
Income tax expense	16	(49,841)	(9,514)	(3,364)
Profit/(loss) from continuing operations		147,251	85,128	(1,928)
Discontinued operation				
Profit from discontinued operation (net of income tax)	7	24,129	15,806	890
Profit/(loss) for the year		171,380	100,934	(1,038)
Attributable to:				
Shareholders of the Company		161,431	93,061	(1,281)
Minority interest		9,949	7,873	243
		171,380	100,934	(1,038)
Earnings/(loss) per share				
	26			
Basic earnings/(loss) per share, USD		80,715	46,530	(640)
Diluted earnings/(loss) per share, USD		80,715	46,530	(640)
Continuing operations				
Basic earnings/(loss) per share, USD		69,491	40,389	(1,047)
Diluted earnings/(loss) per share, USD		69,491	40,389	(1,047)

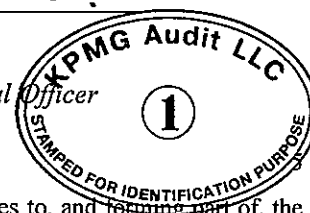
These consolidated financial statements were approved by Management on 15 September 2008 and were signed on its behalf by:

A.A. Issatbekov

General Director

P. Bech

Chief Financial Officer



The consolidated income statements are to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 75.

United Cement Group Limited
Consolidated Balance Sheets as at 31 December 2007, 2006 and 2005

		2007	2006	2005
	Note	'000 USD	'000 USD	'000 USD
ASSETS				
Non-current assets				
Property, plant and equipment	18	161,352	151,247	47,792
Intangible assets	19	150,602	124,765	30,125
Investments in equity accounted investees	20	8,302	7,596	6,876
Deferred tax assets	21	1,495	453	162
Trade and other receivables	23	9,247	-	-
Total non-current assets		330,998	284,061	84,955
Current assets				
Inventories	22	55,809	37,520	8,929
Income tax receivable		2,976	1,008	-
Trade and other receivables	23	88,347	21,922	7,422
Prepayments for current assets		12,410	11,115	1,662
Cash and cash equivalents	24	67,258	32,786	36,453
Assets of disposal group classified as held for sale	7	23,067	-	-
Total current assets		249,867	104,351	54,466
Total assets		580,865	388,412	139,421



The consolidated balance sheets are to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 75.

United Cement Group Limited
Consolidated Balance Sheets as at 31 December 2007, 2006 and 2005

		2007	2006	2005
	Note	'000 USD	'000 USD	'000 USD
EQUITY AND LIABILITIES				
Equity	25			
Share capital		2	2	2
Additional paid in capital		4,308	4,308	4,308
Foreign currency translation reserve		1,462	300	(519)
Retained earnings		211,563	87,446	(1,884)
Total equity attributable to shareholders of the Company		217,335	92,056	1,907
Minority interest		21,193	13,394	15,269
Total equity		238,528	105,450	17,176
Non-current liabilities				
Loans and borrowings	27	146,453	74,497	80,818
Provisions	28	305	235	-
Deferred tax liabilities	21	20,232	25,769	7,335
Total non-current liabilities		166,990	100,501	88,153
Current liabilities				
Loans and borrowings	27	92,539	130,191	15,994
Advances received		10,362	11,222	3,404
Trade and other payables	29	46,440	32,603	11,170
Income tax payable		24,074	8,445	3,524
Liabilities directly associated with assets classified as held for sale	7	1,932	-	-
Total current liabilities		175,347	182,461	34,092
Total liabilities		342,337	282,962	122,245
Total equity and liabilities		580,865	388,412	139,421



The consolidated balance sheets are to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 75.

	2007	2006	2005
	'000 USD	'000 USD	'000 USD
Cash flows from operating activities			
Profit/(loss) for the year	171,380	100,934	(1,038)
<i>Adjustments for:</i>			
Excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of subsidiary companies acquired	-	(23,605)	-
Excess of the carrying value of the net assets attributable to increases in the Group's ownership interests in subsidiaries over the cost of acquisition	(377)	(22,610)	-
Depreciation and amortisation	19,501	16,495	5,178
Net finance expense	23,175	15,126	2,827
Share of (profit)/loss of equity accounted investees (net of income tax)	(706)	(735)	130
Income tax expense	55,853	11,959	3,574
Operating profit before changes in working capital and provisions	268,826	97,564	10,671
Change in inventories	(21,149)	(10,791)	(631)
Change in trade and other receivables	1,771	13,876	(3,250)
Change in prepayments for current assets	(1,295)	(9,453)	(1,662)
Change in provisions	11	38	-
Change in advances received	(860)	7,818	3,404
Change in trade and other payables	(5,800)	7,055	(4,455)
Cash flows from operations before income taxes and interest paid	241,504	106,107	4,077
Income taxes paid	(46,761)	(13,299)	(672)
Interest paid	(25,392)	(15,945)	(1,907)
Cash flows from operating activities	169,351	76,863	1,498



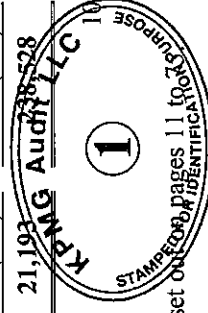
United Cement Group Limited
Consolidated Statements of Cash Flows for the years ended 31 December 2007, 2006 and 2005

	2007 '000 USD	2006 '000 USD	2005 '000 USD
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(32,029)	(13,371)	(2,362)
Proceeds from disposal of property, plant and equipment	3,940	3,901	94
Acquisition of intangible assets	(1,778)	(456)	(2)
Acquisition of subsidiaries, net of cash acquired	(22,970)	(84,090)	(54,312)
Loans granted	(83,996)	(9,196)	-
Interest received	267	194	-
Acquisition of minority interests	(18)	(67,894)	-
Acquisition of associates	-	-	(6,016)
Cash flows from investing activities	(136,584)	(170,912)	(62,598)
FINANCING ACTIVITIES			
Capital (distribution to)/contribution by shareholders	(16,166)	(3,868)	4,175
Proceeds from borrowings	155,906	107,309	92,130
Repayment of borrowings	(134,161)	(12,722)	(896)
Cash flows from financing activities	5,579	90,719	95,409
Net increase/(decrease) in cash and cash equivalents	38,346	(3,330)	34,309
Cash and cash equivalents at beginning of year	32,786	36,453	-
Effect of exchange rate fluctuations on cash and cash equivalents	(3,874)	(337)	2,144
Cash and cash equivalents at end of year (Note 24)	67,258	32,786	36,453

See Note 7 for details of cash flows relating to discontinued operations.



	Attributable to shareholders of the Company					Minority interest	Total equity
	Share capital	Additional paid-in capital	Translation reserve	Retained earnings	Total		
'000 USD							
Balance at 1 January 2005	2	133	-	(603)	(468)	-	(468)
Loss for the year	-	-	-	(1,281)	(1,281)	243	(1,038)
Foreign currency translation differences	-	-	(519)	-	(519)	(156)	(675)
Total recognised income and expense	-	-	-	-	-	-	-
Contribution from shareholders	-	4,175	-	-	4,175	87	4,262
Minority interest on acquisition of subsidiaries	-	-	-	-	-	15,182	15,182
Balance at 31 December 2005	2	4,308	(519)	(1,884)	1,907	15,269	17,176
Balance at 1 January 2006	2	4,308	(519)	(1,884)	1,907	15,269	17,176
Profit for the year	-	-	-	93,061	93,061	7,873	100,934
Foreign currency translation differences	-	-	819	-	819	266	1,085
Total recognised income and expense	-	-	-	-	-	-	-
Distribution to shareholders	-	-	-	(3,731)	(3,731)	(137)	(3,868)
Minority interest on acquisition of subsidiaries	-	-	-	-	-	31,554	31,554
Acquisition of minority interest	-	-	-	-	-	(41,431)	(41,431)
Balance at 31 December 2006	2	4,308	300	87,446	92,056	13,394	105,450
Balance at 1 January 2007	2	4,308	300	87,446	92,056	13,394	105,450
Profit for the year	-	-	-	161,431	161,431	9,949	171,380
Foreign currency translation differences	-	-	1,162	-	1,162	235	1,397
Total recognised income and expense	-	-	-	-	-	-	-
Distribution to shareholders, net of tax	-	-	-	(37,314)	(37,314)	(1,990)	(39,304)
Acquisition of minority interest	-	-	-	-	-	(395)	(395)
Balance at 31 December 2007	2	4,308	1,462	211,563	217,335	21,193	238,528



The consolidated statements of changes in equity are to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 12.