

**Holcim (Azerbaijan)
Open Joint Stock Company**

Financial Statements

*Year ended 31 December 2015
with Independent auditors' report*

Holcim (Azerbaijan) Open Joint Stock Company

Financial Statements

Year ended 31 December 2015

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Independent auditors' report to the Supervisory Board of Holcim (Azerbaijan) Open Joint Stock Company

We have audited the accompanying financial statements of Holcim (Azerbaijan) Open Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from 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 policies 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Holdings (CIS) B.V.

19 February 2016

Baku, Azerbaijan

Holcim (Azerbaijan) OJSC
Statement of Financial Position

(Amounts presented are in Azerbaijani Manats)

		31 December	
	Notes	2015	2014 reclassified (Note 2)
ASSETS			
Non-current assets			
Property, plant and equipment, net	3	301,771,329	348,438,524
Intangible assets, net	4	5,327,359	5,526,698
Non-current prepayments	6	1,549,989	1,569,373
Non-current inventory	7	4,546,250	4,760,165
Deferred tax asset	5	6,430,298	-
Total non-current assets		319,625,225	360,294,760
Current assets			
Inventories, net	7	12,841,801	14,193,479
Trade and other receivables, net	8	21,280,617	14,338,699
Taxes receivable	9	4,894,116	410,241
Prepayments and advances	6	1,099,983	1,059,022
Receivable from related parties	17	121,771	5,467
Cash and cash equivalents	10	3,083,662	4,600,060
Total current assets		43,321,950	34,606,968
TOTAL ASSETS		362,947,175	394,901,728
EQUITY AND LIABILITIES			
Equity			
Authorized capital	11	31,812,880	31,812,880
Additional paid-in capital	11	3,301,937	3,301,937
Retained earnings		113,062,120	232,057,670
Total equity		148,176,937	267,172,487
Non-current liabilities			
Loans due to related party	12,17	167,496,889	69,438,975
Accrued liabilities		246,209	613,370
Provisions	13	4,198,941	4,847,117
Deferred income tax liability	5	-	17,654,455
Total non-current liabilities		171,942,039	92,553,917
Current liabilities			
Trade payables	14	6,418,864	6,868,457
Other short-term loans payable	12	1,306,992	559,281
Loans due to related party	12, 17	27,632,920	15,286,376
Accrued liabilities due to related parties	17	2,824,646	2,313,830
Accrued liabilities	15	1,487,788	5,861,514
Payroll and related taxes		15,822	-
Dividends payable		63,139	103,006
Income tax payable		-	1,280,349
Advances received from customers		291,661	1,001,917
Provisions	13	2,786,367	1,900,594
Total current liabilities		42,828,199	35,175,324
TOTAL EQUITY AND LIABILITIES		362,947,175	394,901,728

Signed and authorized for release on behalf of Management on 19 February 2016:

Rossen Papazov, General Director

Oliver Wilke, Chief Financial Officer

Dilbar Sultanova, Chief Accountant

The accompanying notes form an integral part of these financial statements.

Holcim (Azerbaijan) OJSC

Notes to the Financial Statements (continued)

(Amounts presented are in Azerbaijani Manats, unless otherwise stated)

Statement of Profit or Loss and Other Comprehensive Income

(Amounts presented are in Azerbaijani Manats)

		Year ended 31 December	
	Notes		
Sale of goods		84,624,975	134,061,584
Cost of sales	20	(51,413,453)	(56,004,420)
Gross profit		33,211,522	78,057,164
Distribution expenses	21	(9,890,852)	(13,325,531)
General and administrative expenses	22	(43,653,380)	(12,696,329)
Gain/(loss) on disposal of property, plant and equipment		3,000	(112,561)
Selling expenses	23	(6,427,437)	(1,912,121)
Operating (loss)/profit		(26,757,147)	50,010,622
Finance cost	24	(6,700,335)	(4,779,697)
Foreign exchange (loss)/gain		(89,766,228)	5,330,742
(Loss)/profit before tax		(123,223,710)	50,561,667
Income tax benefit/(expense)	5	24,084,753	(10,847,054)
(Loss)/profit for the year		(99,138,957)	39,714,613
Other comprehensive income		-	-
Total comprehensive (loss)/income		(99,138,957)	39,714,613