

Report of the auditors to the members of Aemos Cement Limited

Report on the financial statements

1 We have audited the financial statements of Aemos Cement Limited on pages 5 to 20, which comprise the balance sheet as at 31 December 2004 and the income statement, statement of changes in equity and cash flow statement for the year then ended and the related notes. These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the financial statements give a true and fair view of the financial position of Aemos Cement Limited as of 31 December 2004 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Law, Cap. 113.

(3)

Board Members: Phidias K Pilides (Chief Executive Officer), Dinos N Papadopoulos, Tassos I Televantides, Panikos N Tsailis, Christakis Santis, Stephanos D Stephanides, Costas L Hadjiconstantinou, George Foradaris, Costas M Nicolaidis, Angelos M Loizou, Vasilis Hadjivassiliou, Savvas C Michail, Costas L Mavrocordatos, Christos M Themistocleous, Panicos Kaouris, Nicos A Neophytou, George M Loizou, Androulla S Pittas, Andreas T Constantinides, Timothy D Osborne, Pantelis G Evangelou, Liakos M Theodorou, Stelios Constantinou, Tassos Procopiou, Theo Parperis, Constantinos Constantinou, Petros C Petrakis, Philippos C Soseilos, Evgenios C Evgeniou, Christos Tsolakis, Nicos A Theodoulou, Nikos T Nikolaides, Cleo A Papadopoulou, Marios S Andreou, Nicos P Chimardes, Aram Tavitian, Constantinos Taliotis
Directors of Operations: Adrian Ioannou, Stavros A Kattamis, Androulla Aristidou, Achilleas Chrysanthou, George Skapoullaros
Non-Executive Chairman: Michael H Zampelas
Consultant: Loizos Shakallis

Report on other legal requirements

4 Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 20 January 2005

Aemos Cement Limited

Income statement for the year ended 31 December 2004

	Note	2004 EUR	2003 EUR
Dividend income	6	19,827,682	-
Net gains from trading investments	7	405,302	-
Profit from disposal of subsidiary undertaking	9(1)	2,013,699	-
Interest income		196,049	514,267
Other income	10(1)	3,967,714	1,726
Administrative expenses		(127,515)	(21,911)
Operating profit	4	<u>26,282,931</u>	<u>494,082</u>
Finance costs – net	5	(11,123)	(30,465)
Profit before tax		<u>26,271,808</u>	<u>463,617</u>
Tax	8	(13,755)	(49,500)
Net profit for the year		<u><u>26,258,053</u></u>	<u><u>414,117</u></u>

The notes on pages 9 to 20 form part of these financial statements.

Aemos Cement Limited

Balance sheet at 31 December 2004

	Note	2004 EUR	2003 EUR
Assets			
Non-current assets			
Investments in subsidiary undertakings	9	143,044,366	69,345,029
Current assets			
Trade and other receivables	10	43,438	86,899,774
Trading investments	11	2,235,128	-
Cash and cash equivalents	12	1,048,559	230,581
		<u>3,327,125</u>	<u>87,130,355</u>
Total assets		<u>146,371,491</u>	<u>156,475,384</u>
Equity and liabilities			
Capital and reserves			
Share capital	13	114,827	73,967
Share premium	13	113,054,397	72,236,164
Exchange difference translation reserve	14	90,984	90,984
Retained earnings		31,159,839	4,901,786
		<u>144,420,047</u>	<u>77,302,901</u>
Current liabilities			
Trade and other payables	15	1,951,444	79,172,483
Total equity and liabilities		<u>146,371,491</u>	<u>156,475,384</u>

On 20 January 2005 the Board of Directors of Aemos Cement Limited authorised these financial statements for issue.

Stelios Triantafyllides, Director

Arta Antoniou, Director

The notes on pages 9 to 20 form part of these financial statements.

Aemos Cement Limited

Cash flow statement for the year ended 31 December 2004

	Note	2004 EUR	2003 EUR
Cash flows from operating activities			
Profit before tax		26,271,808	463,617
Adjustments for:			
Dividend income	6	(19,827,682)	-
Interest expense	5	9,969	30,071
		<u>6,454,095</u>	<u>493,688</u>
Changes in working capital:			
Trade and other receivables		20,368,547	(58,813,482)
Trade and other payables		(36,361,946)	57,997,220
Trading investments		(2,235,128)	-
		<u>(11,774,432)</u>	<u>(322,574)</u>
Cash used in operations		(11,774,432)	(322,574)
Tax paid		(25,966)	(53,317)
		<u>(11,800,398)</u>	<u>(375,891)</u>
Cash flows from investing activities			
Purchase of investments in subsidiary undertakings	8	6,455,569	(1,726)
Dividends received	6	6,172,776	-
		<u>12,628,345</u>	<u>(1,726)</u>
Cash flows from financing activities			
Interest paid		(9,969)	(30,071)
		<u>(9,969)</u>	<u>(30,071)</u>
Net increase/(decrease) in cash and cash equivalents		817,978	(407,688)
Cash and cash equivalents at beginning of year		230,581	638,269
		<u>1,048,559</u>	<u>230,581</u>
Cash and cash equivalents at end of year	12	<u>1,048,559</u>	<u>230,581</u>

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