

Report of the auditors to the members of Rea Cement Limited

Report on the financial statements

1 We have audited the financial statements of Rea Cement Limited on pages 5 to 15, which comprise the balance sheet as at 31 December 2004 and the statement of operations, 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 Rea 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 Cyprus Companies Law, Cap. 113.

(3)

Board Members: Phidias K Pifides (Chief Executive Officer), Dinos N Papadopoulos, Tassos I Telefantides, Panikos N Tstailis, Christakis Santis, Stephos D Stephanides, Costas L Hadjicostantinou, 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 Nikolaidis, Cleo A Papadopoulou, Marios S Andreou, Nicos P Chimarides, 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 Stakallis

Report on other legal requirements

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

- (a) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- (b) In our opinion, proper books of account have been kept by the Company.
- (c) The Company's financial statements are in agreement with the books of account.
- (d) 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.
- (e) 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, 17 February 2005

Rea Cement Limited

Statement of operations for the year ended 31 December 2004

	Note	2004 EUR	2003 EUR
Interest income		28,122	7,555
Administrative expenses		(177,613)	(308,678)
Loss from operations	4	(149,491)	(301,123)
Finance (costs)/income – net	5	(90)	75
Loss before tax		(149,581)	(301,048)
Tax		(3,262)	-
Net loss for the year		(152,843)	(301,048)

The notes on pages 9 to 15 form part of these financial statements.

Rea Cement Limited

Balance sheet at 31 December 2004

	Note	2004 EUR	2003 EUR
Assets			
Non-current assets			
Investments in subsidiary undertakings	7	65,807,373	-
Current assets			
Receivables and prepayments	8	100,823	58,567,085
Cash and cash equivalents	9	200,293	1,190,856
		<u>301,116</u>	<u>59,757,941</u>
Total assets		<u>66,108,489</u>	<u>59,757,941</u>
Equity and liabilities			
Capital and reserves (deficit)			
Share capital	10	68,226	1,726
Share premium	10	66,433,500	-
Accumulated losses		(455,645)	(302,802)
		<u>66,046,081</u>	<u>(301,076)</u>
Current liabilities			
Trade and other payables	11	60,621	60,059,017
Current tax liabilities		1,787	-
Total liabilities		<u>62,408</u>	<u>60,059,017</u>
Total equity and liabilities		<u>66,108,489</u>	<u>59,757,941</u>

On 17 February 2005 the Board of Directors of Rea Cement Limited authorised these financial statements for issue.

Stelios Triantafyllides, Director

Spyroulla Papaeracleous, Director

The notes on pages 9 to 15 form part of these financial statements.

Rea Cement Limited

Cash flow statement for the year ended 31 December 2004

	Note	2004 EUR	2003 EUR
Cash flows from operating activities			
Loss before tax		(149,581)	(301,048)
Changes in working capital:			
Receivables and prepayments		58,466,262	96
Trade and other payables		6,501,604	60,057,893
Cash generated from operations		64,818,285	59,756,941
Tax paid		(1,475)	-
Net cash from operating activities		64,816,810	-
Cash flows from investing activities			
Prepayment re subsidiary acquisition	8	-	(58,566,085)
Investment in subsidiary undertakings	7	(65,807,373)	-
Net cash used in investing activities		(65,807,373)	(58,566,085)
Net (decrease)/increase in cash and cash equivalents		(990,563)	1,190,856
Cash and cash equivalents at beginning of year		1,190,856	-
Cash and cash equivalents at end of year	9	200,293	1,190,856

The increase of share capital at a premium (Note 10) did not involve any cash inflow or outflow and is therefore not reflected in the cash flow statement.

The notes on pages 9 to 15 form part of these financial statements.