PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
9-11 Maria Louisa Blvd.
1000 Sofia
Bulgaria
Telephone +359 (2) 9355 200
Facsimile +359 (2) 9355 266

REPORT OF THE AUDITORS

To the Shareholders of Zlatna Panega Cement AD

We have audited the accompanying separate balance sheet of Zlatna Panega Cement AD as a stand-alone entity (the Company) as of 31 December 2004 and the related statements of income and cash flow and changes in equity for the eight months then ended. These financial statements set out on pages 3 to 26 are the responsibility of the Company's management. 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 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company has not prepared Financial Statements in accordance with International Financial Reporting Standards as at and for the eight months ended 31 December 2003. Consequently, the accompanying income statement, statement of changes in shareholders' equity and statement of cash flows do not include comparative figures for the prior eight months period ended 31 December 2003 as required by International Accounting Standard Number 1 (Revised), 'Presentation of Financial Statements'.

In our opinion, except for the effects of the matter discussed in the preceding paragraph the accompanying financial statements present fairly in all material respects the financial position of the Company as of 31 December 2004 and the results of its operations and its cash flows and statement of changes in equity for the eight months then ended in accordance with International Financial Reporting Standards.

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Without qualifying our opinion we draw attention to the fact that the International Accounting Standard Number 27 requires preparation of consolidated financial statements for parent companies and their subsidiaries on the basis that such statements are more meaningful than these separate unconsolidated statements. Consolidated financial statements are necessary for a fair presentation when one of the companies in the group has a controlling financial interest in the other companies.

The Company owns a material subsidiary Zlatna Panega Beton EOOD that is not consolidated in these financial statements, since this subsidiary is consolidated by the ultimate parent company.

These financial statements have been prepared in order to allow the consolidation of the accounts of the ultimate parent company. Their use for other purpose than the said consolidation may be inappropriate.

PricewaterhouseCoopers
Sofia, Bulgaria
18 February 2005

ZLATNA PANEGA CEMENT AD
INCOME STATEMENT
31 DECEMBER 2004

(all amounts in EUR thousands)	Notes	Eight months ended 31 December 2004
Sales	2	31,381
Cost of sales	3	(19,364)
Gross profit		12,017
Distribution costs	4	(236)
Administrative expenses	5	(1,570)
Other operating income (net)	6	73
Operating profit		10,284
Net finance costs	7	(89)
Profit before tax		10,195
Tax	8	(1,612)
Net profit		8,583

Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in EUR per share)

- basic		0.27

The accounting policies and notes on pages 7 to 26 form an integral part of these financial statements.

ZLATNA PANEGA CEMENT AD
BALANCE SHEET
31 DECEMBER 2004

(all amounts in EUR thousands)	Notes	31 Decemeber 2004	30 April 2004
ASSETS			
Non-current assets			
Property, plant and equipment	9	22,057	21,628
Intangible assets	9	164	127
Investments in subsidiaries	10	3,589	3,589
Investments securities available for sale	10	21	21
Other non-current assets	11	28	27
Deferred tax asset	23	88	1,006
		25,947	**26,398**
Current assets			
Inventories	12	2,834	2,033
Receivables and prepayments	13	4,392	5,032
Cash and cash equivalents	14	2,662	1,416
		9,888	**8,481**
Total assets		**35,835**	**34,879**
Capital and reserves			
Share capital	21	16,450	16,450
Effect of hyperinflation of the share capital	21	12,152	12,152
Legal reserve	22	321	321
Other reserves	22	1,818	(6,765)
		30,741	**22,158**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	24	1,472	1,864
Retirement benefit obligations	17	150	81
Provisions for other liabilities and charges	18	553	545
Government grant	19	326	-
		2,501	**2,490**
Current liabilities			
Trade and other payables	15	2,179	1,757
Corporate income tax payable		414	-
Borrowings	16	-	8,474
		2,593	**10,231**
Total liabilities		**5,094**	**12,721**
Total equity and liabilities		**35,835**	**34,879**

Signed on behalf of the Board of Directors by:

Alexander Chakmakov
Executive Director
17 February 2005

ЗЛАТНА ПАНЕГА ЦИМЕНТ АД TITAN

The accounting policies and notes on pages 7 to 26 form an integral part of these financial statements.

ZLATNHA PANEGA CEMENT AD
CASH FLOW STATEMENT
31 DECEMBER 2004

(all amounts in EUR thousands)

	Notes	Eight months ended 31 Dec 2004
Operating activities		
Cash generated from operations	23	12,141
Interest received		19
Interest paid		(144)
Tax paid		(184)
Net cash from operating activities		11,832
Investing activities		
Purchase of property, plant and equipment		(2,112)
Net cash used in investing activities		(2,112)
Financing activities		
Loans received		(8,474)
Net cash used in financing activities		(8,474)
Decrease in cash and cash equivalents		**1,246**
At start of year		**1,416**
At end of year		**2,662**

The accounting policies and notes on pages 7 to 26 form an integral part of these financial statements.