

Aemos Cement Limited

Report and financial statements 31 December 2005

Contents

	Page
Board of Directors and other officers	1
Report of the Board of Directors	2 – 3
Report of the auditors	4 – 5
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 – 24
Additional information to the income statement	25

Aemos Cement Limited

Board of directors and other officers

Board of Directors

Arta Antoniou
Spyroulla Papaeracleous
Stelios Triantafyllides

Company Secretary

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1065 Nicosia
Cyprus

Registered office

2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1065 Nicosia
Cyprus

Aemos Cement Limited

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2005.

Principal activities

2 The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

Review of developments, position and performance of the Company's business

3 The Company made a profit for the year 2005 of €7,515,052 compared to the profit of €26,258,053 made in 2004. The decrease was due to lower dividend income in 2005. The net assets of the Company as at 31 December 2005 were €151,935,099 compared to €144,420,047. The Board of Directors believes that the Company's profitability will improve in future and does not expect any significant changes in the activities of the Company in the foreseeable future.

Principal risks and uncertainties

4 The Company's principal risks and uncertainties are presented in Note 3.

Results

5 The Company's results for the year are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the profit for the year is retained.

Share capital

6 There were no changes in the share capital of the Company.

Board of Directors

7 The members of the Board of Directors at 31 December 2005 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2005.

8 In accordance with the Company's Articles of Association all Directors will continue in office.

Aemos Cement Limited

Report of the Board of Directors (continued)

Board of Directors (continued)

9 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the balance sheet date

10 There were no material events which occurred after the end of the financial year.

Branches

11 The Company did not operate through any branches during the year.

Auditors

12 The auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Stelios Triantafyllides
Director

Nicosia

.....

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 6 to 24, which comprise the balance sheet as at 31 December 2005 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 2005 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.

(4)

Board Members: Phaedrus K Filides (CEO), Dimos N Papadopoulos (Deputy CEO), Tassos I Triantafyllides, Panikos N Tsoulfas, Christakos Samitis, Stephen D Stephanides, Cuscas L Hadjioannidou, George Forandis, Cuscas M Nicolaides, Angelos M Loupas, Vassila Hadjioannidou, Stavros C Michail, Cuscas L Mavroukaidou, Christos M Thymastoulidou, Panicos Kacozis, Nicos A Neophytou, George M Loizou, Andreou S Pitas, Andreas T Constantinides, Timothy D Osborne, Pateris G Evangelou, Liakos M Theodorou, Stefos Constantinou, Tassos Protopoulos, Theo Preseris, Constantinos Constantinou, Petros C Petrakis, Philippos C Sojckos, Evgenios C Evgeniou, Christos Tsolakis, Nicos A Theodoulou, Nikos T Nikolaidis, Glen A Papadopoulos, Mirros S Androu, Nicos P Dimaridis, Asim Tavliou, Constantinos Tallieris, Stavros A Kattamis
Directors of Operations: Adrian Ioannica, Antheolla Aristidou, Achilleas Chryzanthou, George Skapellatos, Bambos A Chamlaibous, Chris Olyvicos, Demetris V Psalris, Constantinos L Kipoulis

Offices: Nicosia, Limassol, Larnaca, Paphos

PricewaterhouseCoopers Ltd is a private company,
Registered in Cyprus (Reg. No. 141594)

4 Without qualifying our opinion we draw attention to the fact that at 31 December 2005 and during the year 2005 the Company had balances and entered into transactions with related parties in the normal course of business. Related parties may enter into transactions which unrelated parties would not and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Report on other legal requirements

5 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 pages 2 and 3 is consistent with the financial statements.


PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 13 February 2006

Aemos Cement Limited

Income statement for the year ended 31 December 2005

	Note	2005 €	2004 €
Dividend income	5	7,024,111	19,827,682
Net gains on financial assets at fair value through profit or loss	6	431,164	405,302
Profit from disposal of subsidiary undertaking	11(4)	-	2,013,699
Gain from disposal of option	12(1)	-	3,967,714
Other gains	7	88,209	196,049
Administrative expenses		(844,061)	(127,515)
Reversal of provision for discontinued operations	17(1)	772,023	-
Operating profit		<u>7,471,446</u>	<u>26,282,931</u>
Finance income/(costs)	8	58,537	(11,123)
Profit before tax		<u>7,529,983</u>	<u>26,271,808</u>
Tax	9	(14,931)	(13,755)
Profit for the year		<u><u>7,515,052</u></u>	<u><u>26,258,053</u></u>

The notes on pages 10 to 24 are an integral part of these financial statements.

Aemos Cement Limited

Balance sheet at 31 December 2005

	Note	2005 €	2004 €
Assets			
Non-current assets			
Investments in subsidiary undertakings	11	133,913,166	143,044,366
Current assets			
Other receivables	12	7,738,360	31,227
Financial assets at fair value through profit or loss	13	1,399,624	2,235,128
Tax refundable		13,462	12,211
Cash and cash equivalents	14	9,953,970	1,048,559
		<u>19,105,416</u>	<u>3,327,125</u>
Total assets		<u>153,018,582</u>	<u>146,371,491</u>
Equity and liabilities			
Capital and reserves			
Share capital	15	114,827	114,827
Share premium	15	113,054,397	113,054,397
Exchange difference translation reserve	16	90,984	90,984
Retained earnings		38,674,891	31,159,839
		<u>151,935,099</u>	<u>144,420,047</u>
Current liabilities			
Other payables	17	1,083,483	1,951,444
Total equity and liabilities		<u>153,018,582</u>	<u>146,371,491</u>

On 13 February 2006 the Board of Directors of Aemos Cement Limited authorised these financial statements for issue.

Stelios Triantafyllides, Director


Arta Antoniou, Director

The notes on pages 10 to 24 are an integral part of these financial statements.

Aemos Cement Limited

Statement of changes in equity for the year ended 31 December 2005

	Note	Share capital €	Share premium €	Exchange difference translation reserve €	Retained earnings (1) €	Total €
Balance at 1 January 2004		73,967	72,236,164	90,984	4,901,786	77,302,901
Issue of shares at a premium	15	40,860	40,818,233	-	-	40,859,093
Profit for the year		-	-	-	26,258,053	26,258,053
Balance at 31 December 2004/1 January 2005		<u>114,827</u>	<u>113,054,397</u>	<u>90,984</u>	<u>31,159,839</u>	<u>144,420,047</u>
Profit for the year		-	-	-	7,515,052	7,515,052
Balance at 31 December 2005		<u>114,827</u>	<u>113,054,397</u>	<u>90,984</u>	<u>38,674,891</u>	<u>151,935,099</u>

- (1) As from 1 January 2003, companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount of dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profit refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 10 to 24 are an integral part of these financial statements.

Aemos Cement Limited

Cash flow statement for the year ended 31 December 2005

	Note	2005 €	2004 €
Cash flows from operating activities			
Profit before tax		7,529,983	26,271,808
Adjustments for:			
Dividend income	5	(7,024,111)	(19,827,682)
Interest expense	8	171	9,969
		<u>506,043</u>	<u>6,454,095</u>
Changes in working capital:			
Other receivables		2,494,068	20,368,547
Other payables		(867,961)	(36,361,946)
Financial assets at fair value through profit or loss		835,504	(2,235,128)
		<u>2,967,654</u>	<u>(11,774,432)</u>
Cash from/(used in) operations		<u>2,967,654</u>	<u>(11,774,432)</u>
Tax paid		(16,182)	(25,966)
		<u>2,951,472</u>	<u>(11,800,398)</u>
Cash flows from investing activities			
Purchase of investments in subsidiary undertakings-net	11	(1,070,001)	6,455,569
Dividends received		7,024,111	6,172,776
		<u>5,954,110</u>	<u>12,628,345</u>
Cash flows from financing activities			
Interest paid		(171)	(9,969)
		<u>(171)</u>	<u>(9,969)</u>
Net increase in cash and bank balances		<u>8,905,411</u>	<u>817,978</u>
Cash and bank balances at beginning of year		<u>1,048,559</u>	<u>230,581</u>
Cash and bank balances at end of year	14	<u>9,953,970</u>	<u>1,048,559</u>

During 2005, a decrease in investments in subsidiary undertakings and increase of receivables from subsidiary undertaking of €10.201.201 are not reflected in the above cash flow statement as cash inflow and outflow respectively as they do not represent cash transactions.

The notes on pages 10 to 24 are an integral part of these financial statements.

Aemos Cement Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company was incorporated in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makarios III Avenue, Capital Centre, 9th floor, Nicosia, Cyprus.

Principal activities

The principal activities of the Company are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of Aemos Cement Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Companies Law, Cap. 113. The financial statements have been prepared using the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new revised IFRS

In the current year the Company adopted all new and revised IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2005.

This adoption did not result in substantial changes to the Company's accounting policies.

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

(a) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured and presented in Euro (€) for the following reasons:

- The majority of assets and liabilities and majority of transaction of the Company were, and in the future are expected to be, denominated, executed and settled in €.
- Due to the nature of the Company's business, key economic and operational decisions are based in €.
- The functional currency of the ultimate parent company, Titan Cement S.A. which significantly influences the Company's key economic and operational decisions is the €.

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through the profit or loss, are reported as part of the fair value gain or loss.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on investments in subsidiaries undertakings does not arise, as the profit on sale of securities is not taxable.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense when the diminution is identified.

Investments

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets.

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Investments (continued)

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. During the year, the Company did not hold any investments in this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The fair value of investments quoted in an active market is based on quoted bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flows analysis, refined to reflect the issuer's specific circumstances. Fair values for unlisted equity investments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Receivables from/payables to related parties

Receivables from/payables to related parties are stated at their transacted values as they are on demand. Management believes that their fair values is not materially different from their transacted values.

Consolidated financial statements

Consolidated financial statements, which would include the financial statements of the Company and its subsidiary undertakings have not been prepared because the Company is a wholly owned subsidiary itself and it does not need to prepare consolidated financial statements as these will be prepared by its ultimate parent company Titan Cement S.A., a company incorporated in Greece. This exemption is permitted by International Accounting Standard IAS27 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” and the requirements of the Cyprus Companies Law, Cap. 113. Consolidated financial statements can be obtained from Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

(a) Financial risk factors

The Company’s activities expose it to market price risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage this risk are discussed below.

Aemos Cement Limited

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's investments at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of its investment portfolio.

(ii) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has no significant concentrations of credit risk as most of its receivables are with related parties.

(iii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

(iv) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. As at 31 December 2005 the Company had financial assets at fair value through profit or loss of €1,399,624 (2004:€2,235,128) denominated in US Dollar.

The foreign exchange difference charged to the income statement amounts to gain of €58,708 (2004: loss of €1.154) and relates to financing activities (Note 8).

(b) Fair value estimation

The fair value of financial instruments traded in active markets, such as publicly traded financial assets at fair value through profit or loss is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

Aemos Cement Limited

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Company operates in Cypriot tax jurisdiction. The Company must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In Management's opinion, the Company is in substantial compliance with the tax laws governing its operations. However the risk remains that the relevant authorities could take differing positions with regard to interpretative issues and the effect could be significant.

The Company met the tax filing in Cyprus. To the best of Management's knowledge, no breaches of tax law have occurred. Thus, the Company has not recorded any provision for potential impact of any such breaches as at 31 December 2005 or as at 31 December 2004.

5 Dividend income

Dividend income of €7,000,000 (2004:€19,827,682) was received from subsidiary undertaking Balkcem Limited. Other dividend income of €24,111 (2004: €nil) was received from financial assets at fair value through profit or loss.

Aemos Cement Limited

6 Net gains on financial assets at fair value through profit or loss

	2005 €	2004 €
Fair value (losses)/gains	(175,450)	396,220
Profit on sale	606,614	9,082
	<u>431,164</u>	<u>405,302</u>

7 Other gains

	2005 €	2004 €
Interest income: Bank balances	88,209	196,049

8 Finance costs

	2005 €	2004 €
Interest expense: Bank overdraft	(28)	-
Borrowings	-	(9,969)
Overdue taxation	(143)	-
	<u>(171)</u>	<u>(9,969)</u>
Net foreign exchange transaction gains/(losses) on financing activities	58,708	(1,154)
	<u>58,537</u>	<u>(11,123)</u>

9 Tax

	2005 €	2004 €
Current tax: Corporation tax	-	5,598
Defence contribution	9,643	1,134
Withholding tax	5,288	7,023
	<u>14,931</u>	<u>13,755</u>

Aemos Cement Limited

9 Tax (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2005 €	2004 €
Profit before tax	7,529,983	26,271,808
Tax calculated at the applicable tax rates	752,998	2,627,180
Tax effect of expenses not deductible for tax purposes	(752,998)	1,433
Tax effect of allowances and income not subject to tax	-	(2,622,006)
Withholding tax	5,288	7,023
Defence contribution	9,643	1,134
Tax effect of group relief	-	(1,009)
Taxation charge	14,931	13,755

From 1 January 2003 onwards the Company is subject to corporation tax on its taxable profits at the rate of 10%. For the years 2003 and 2004 any profits in excess of C€1.000.000 are subject to an additional corporation tax at the rate of 5%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax burden of approximately 15%. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

During 2005 the Company had not tax liability due to tax losses suffered. As at 31 December 2005 the Company had tax losses of €116,665 (2004:€nil) which can be carried forward and be utilised against future taxable profits with no time limitation.

10 Expenses by nature

	2005 €	2004 €
Accountancy and administrative	11,565	6,553
Audit fees	13,033	10,028
Legal fees	1,737	2,001
Sundry expenses	17,628	2,248
Professional services	-	2,373
Amounts written off	-	746
Custody fees	2,728	3,612
Salaries and related costs	262,519	99,954
Consultancy fees	29,500	-
Brokerage fees	5,351	-
Administration and intermediary services	500,000	-
Total administrative expenses	844,061	127,515

Aemos Cement Limited

11 Investments in subsidiary undertakings

	% share – holding	Country of incorporation	2005 €	2004 €
Tithys Limited – at cost	100%	Cyprus	42,273,830	42,273,830
Balkcem Limited - at cost (1)	100%	Cyprus	21,683,905	20,613,904
Themis Holdings Limited – at cost (2)	51%	Cyprus	3,453,705	13,654,906
Rea Cement Limited – at cost (3)	100%	Cyprus	66,501,726	66,501,726
			<u>133,913,166</u>	<u>143,044,366</u>

(1) Investment in Balkcem Limited

During 2004 the Company acquired the remaining 49 per cent of the share capital of Balkcem Limited from Holcim Ausiandbeteiligungs GmbH. Total cost of investment in Balkcem Limited as at 31 December 2005 is €20,683,905 and it includes a provision of €1,070,000 made in 2004 and €1.070.001 made in 2005 which represent additional consideration that will be paid in accordance to the purchase agreement (Note 18).

(2) Investment in Themis Holdings Limited

During 2004, the investment in the subsidiary undertaking Themis Holdings Limited increased to €13,654,906. The additional investment of €13,654,396 was received as dividend in kind from a subsidiary undertaking (Note 5).

During 2005 the subsidiary made a reduction in its share premium from €26,570,174 to €6,570,174 by returning €20,000,000 to its shareholders. As a result, the Company reduced its investment in Themis Holdings Limited by €10,201,201 (being 51% of the total reduction).

(3) Investment in Rea Cement Limited

During 2004 Rea Cement Limited made a fresh issue of shares which was fully subscribed by the Company. The consideration for the fresh issue was €66,500,000.

Aemos Cement Limited

11 Investments in subsidiary undertakings (continued)

(4) Investment in Plevcem

On the 8th of December 2003 an agreement was entered into by the Company for the disposal of 100 per cent of the share capital of Plevcem Limited for a consideration of €7,912,500 and the assignment of the convertible debentures of Plevcem Limited to the purchaser, Holcim Ausiandbeteiligungs GmbH, for an amount of €7,087,500. The agreement was subject to the following:

- Authorisation obtained from the Bulgarian Commission for the Protection of Competition for the change of ownership of Plevenski Cement AD.
- Authorisation obtained, from the Bulgarian commission for the Protection of Competition, for the purchase of 99.99 per cent of Zlatna Panega Cement AD and 91,26 percent of Granitoid AD by Rea Cement Limited (a subsidiary undertaking of the Company).
- Completion of the above – mentioned transactions and
- Closing of the agreement for the purchase of 49 per cent of the share capital of Balkcem Limited and the assignment to the Company the convertible loan granted by Holcim Ausiandbeteiligungs GmbH to Balkcem Limited.

During 2004, all of the above conditions were satisfied and the agreement became effective on the 5th of May 2004. The profit on the disposal of Plevcem Limited, and the assignment of the convertible loan was €2,013,699.

12 Other receivables

	2005 €	2004 €
Receivables from related parties (Note 19)	7,736,408	29,490
Other receivables and prepayments	1,952	1,737
	<u>7,738,360</u>	<u>31,227</u>

- (1) On 4 March 1999, the Company entered into a call option agreement with an unrelated party for the purchase by the unrelated party of 49 per cent of the share capital and convertible loan granted to Plevcem Limited. On the same date, the Company entered into a call/put option agreement with the same unrelated party mentioned above for the purchase (call option) by the Company and sale (put option) by the unrelated party of 49 per cent of the share capital and loans granted to one of the wholly owned subsidiaries of the unrelated party. The call option amount of €26,394,888 represents the cost for 49 per cent of the share capital of the unrelated party's wholly owned subsidiary and for 49 per cent of the loans granted to it. During 2004, the option agreement was terminated.

Aemos Cement Limited

12 Other receivables (continued)

In addition to the termination of the call option and put option, the Company forgone its rights to own jointly with the unrelated party the quarries of Bulgarcem Holdings GmbH or any affiliate or subsidiary of the unrelated party in Bulgaria. The Company made a profit of €3,967,714 from this transaction.

13 Financial assets at fair value through profit or loss

	2005 €	2004 €
Listed securities:		
Equity securities – Europe	<u>1,399,624</u>	<u>2,235,128</u>

The carrying amounts of the above financial assets are classified as follows:

	2005 €	2004 €
Held for trading	<u>1,399,624</u>	<u>2,235,128</u>

Financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

14 Cash and cash equivalents

	2005 €	2004 €
Cash at bank	<u>9,953,970</u>	<u>1,048,559</u>

15 Share capital and share premium

		2005		
	Number of shares	Share capital £	Share capital €	Share premium €
At 1 January and 31 December	<u>67 093</u>	<u>67,093</u>	<u>114,827</u>	<u>113,054,397</u>
		2004		
	Number of shares	Share capital C£	Share capital €	Share premium €
At 1 January	43 434	43,434	73,967	72,236,164
Issue of shares (2)	23 659	23,659	40,860	40,818,233
At 31 December	<u>67 093</u>	<u>67,093</u>	<u>114,827</u>	<u>113,054,397</u>

Aemos Cement Limited

15 Share capital and share premium (continued)

- (1) The total authorized number of ordinary shares is 70 000 shares (2004: 70 000 shares) with a par value of C£1 per share. All issued shares are fully paid.
- (2) During 2004, the Company increased its authorised share from 50 000 to 70 000 shares of C£1 each and issued 23 659 ordinary shares of C£1 each at C£1,000 each. As a result share premium increased from €72,236,164 in 2003 to €113,054,397 in 2004 – movement in 2004 of C£23,635,341 (€40,818,233).

16 Exchange difference translation reserve

Following the adoption of the Euro (€) across the participant member countries of the European Union as from 1 January 2002, the Greek Drachma no longer reflected the economic substance of the underlying events and circumstances relevant to the Company. As a result, the Company changed its reporting currency from Greek Drachmas (GRD) to Euro (€). Comparative figures in respect of monetary assets and liabilities and profit and loss items were restated from GRD to € at the exchange rate prevailing as at 31 December 2001, GRD 340,75/€.

Non-monetary assets and liabilities which represent investments in subsidiary undertakings and share capital were restated from Greek Drachmas (GRD) to Euro (€) at historic rates. The translation difference arising was credited to exchange difference translation reserve, in shareholders' equity.

17 Other payables

	2005 €	2004 €
Other payables and accrued expenses (1)	13,493	781,490
Payables to related party (Note 19)	-	99,954
Provision for additional cost of investment (2)	1,070,000	1,070,000
	<u>1,083,483</u>	<u>1,951,444</u>

- (1) The balance as at 31 December 2004 relates mainly to a provision for discontinuing operations of AD Cementarnica USJE (a subsidiary of Balkcem Limited). The provision which amounts to €772,023 represents probable claims which may have been brought against the Company's subsidiary following the discontinuance of certain of its operations. The provision had been determined based on an assessment of the exposure of the Company and after taking appropriate legal advice. During 2005 the provision was reversed following a re-assessment of likelihood of such claims arising.
- (2) Amount represents a provision for additional cost for the increase in the investment in Balkcem Limited (Note 11(1) and 18).

Aemos Cement Limited

18 Contingent liability

During 2004, the Company acquired the 49% of the issued share capital of Balkcem Limited from Holcim Auslandsbeteiligungs GmbH (Note 10(1)). The purchase agreement provided an additional price complement not to exceed €7,500,000 in seven annual payments, upon the condition that the yearly earnings of the Balkcem subsidiary, AD Cementarnica discounted back to 2003 before interest and tax do not fall below €15.870.000. As the yearly earnings before interest and tax of the Balkcem subsidiary, AD Cementarnica for the year 2005 discounted back to 2003 did not fall below €15,870,000, for each year one seventh of the total complement of €7,5 million is due by the Company for 2005 (Note 17(2)). As the additional price to be paid in the next five years cannot be measured reliably, no provision has been made in these financial statements in respect of future years.

19 Related party transactions

The Company is controlled by Titan Cement S.A., incorporated in Greece, which owns 100% of the Company's shares.

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party in making financial or operating decisions and as such include all companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

(a) Year-end balances arising from financiag

	Nature of transactions	2005 €	2004 €
Receivables from related parties (Note 12)			
Receivables from subsidiary undertaking (1)	Financing	4,436,408	29,490
Receivables from fellow group company (2)	Financing	3,300,000	-
		<u>7,736,408</u>	<u>29,490</u>
Payables to subsidiary undertaking (Note 17)	Financing	-	99,954

(1) During the year the Company's subsidiary undertaking Themis Holdings Limited reduced its share premium. Company's share was €10,201,201 from this reduction. The subsidiary will return funds in its shareholders. At 31 December 2005 the amount of €4,436,408 was still outstanding.

(2) During the year the Company granted an interest free loan of €3,300,000 to a fellow group company. Loan is repayable on demand.

Aemos Cement Limited

20 Events after the balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Report of the auditors on pages 4 and 5.

Aemos Cement Limited

Analysis of expenses for the year ended 31 December 2005

	2005	2004
	€	€
Administrative expenses		
Printing	23	30
Postages and telephones	51	50
Accountancy and administrative	11,565	6,553
Audit fees	12,431	10,028
Audit fees – prior year	602	-
Legal fees	1,737	2,001
Courier expenses	61	101
Sundry expenses	614	942
Bank charges	16,879	1,125
Professional services	-	2,373
Amounts written off	-	746
Custody fees	2,728	3,612
Salaries and related costs	262,519	99,954
Consultancy fees	29,500	-
Brokerage fees	5,351	-
Administration and intermediary services	500,000	-
	<u>844,061</u>	<u>127,515</u>