

Themis Holdings Limited

Report and financial statements 31 December 2005

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Themis Holdings Limited

Board of Directors and other officers

Board of Directors

Arta Antoniou
Michael Sigalas
Spyroulla Papaeracleous
Stelios Triantafyllides
Martin Mario Ceccon

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-1505 Nicosia
Cyprus

Themis Holdings 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 31 December 2005.

Principal activities

2 The Company's principal activities 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 other 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 had a loss of €3,248,351 compared to a loss of €89,062 in 2004. The increase in loss is mainly from the impairment charge in investment in subsidiary undertaking of €3,010,000 and the increase in salaries from €62,931 in 2004 to €224,132 in 2005. In 2005 the Company reduced its share premium from €26,570,174 to €6,570,174. As a result the Company's net assets decreased from €26,682,112 to €3,433,761. The Board of Directors of the Company does not expect any significant changes in the activities of the Company for the foreseeable future.

Principal risks and uncertainties

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

Results

5 The Company's results for the year are set out on page 6. The loss for the year is carried forward.

Share capital and share premium

6 During the year the Company made a reduction of its share premium from €26,570,174 to €6,570,174 by the return to the shareholders of €20,000,000. The decrease in share premium was approved by the Nicosia Court and the Registrar of Companies in Cyprus.

7 There were no other changes in the share capital of the Company.

Themis Holdings Limited

Report of the Board of Directors (continued)

Board of Directors

8 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.

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

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

Events after the balance sheet date

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

Branches

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

Auditors

13 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 Themis Holdings Limited

Report on the financial statements

1 We have audited the financial statements of Themis Holdings Limited on pages 6 to 18, which comprise the balance sheet as at 31 December 2005 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 Themis Holdings 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: Philipos K. Pliides (CEO), Dinos N. Papadopoulos (Deputy CEO), Tassos I. Televarioides, Panikos N. Tsialis, Christakis Santis, Stephos D. Stephantides, Costas L. Hadjiconstantinou, George Frantaris, Costas M. Nicolaidis, Angeles M. Loizou, Vasilis Hadjivassiliou, Savvas C. Michail, Costas L. Mavrocordatou, Chriatos M. Themistocleous, Panicos Kauris, Nicos A. Neophytou, George M. Loizou, Androulla S. Pinas, Andreas T. Coetzarioides, Timothy D. Osburne, Pantelis G. Evangelou, Liakos M. Theodorou, Stelios Constantinos, Tassos Procopiou, Theo Parperis, Constantinos Constantinos, Perros C. Perakis, Philippos C. Savellos, Evgenios C. Evgeniou, Chriatos Tsolakis, Nicos A. Theodoulou, Nikos T. Nikolaidis, Cleo A. Papadopoulos, Marios S. Andreou, Nicos P. Chimarides, Aram Tavrian, Constantinos Taliotis, Stavros A. Karanlis
Directors of Operations: Adrian Ioannou, Androulla Anisidou, Achilleas Chrysambou, George Skapoullanos, Bamhos A. Charalambous, Chris Odysseos, Demetris V. Psaltis, Constantinos L. Kapsalis

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 to 3 is consistent with the financial statements.


PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia
13 February 2006

Themis Holdings Limited

Statement of operations for the year ended 31 December 2005

		Year ended 31 December 2005 €	Period from 3 December 2003 (date of incorporation) to 31 December 2004 €
	Note		
Other gains	5	2,918	1,183
Impairment charge – investment in subsidiary undertaking	10	(3,010,000)	-
Administrative expenses		(240,914)	(88,857)
Operating loss		<u>(3,247,996)</u>	<u>(87,674)</u>
Finance costs	6	(63)	(1,270)
Loss before tax		<u>(3,248,059)</u>	<u>(88,944)</u>
Tax	8	(292)	(118)
Loss for the year/period		<u>(3,248,351)</u>	<u>(89,062)</u>

The notes on pages 10 to 18 are an integral part of these financial statements.


Themis Holdings Limited

Balance sheet at 31 December 2005

	Note	2005 €	2004 €
Assets			
Non-current assets			
Investment in subsidiary undertaking	10	-	3,010,000
Current assets			
Other receivables	11	12,103,101	23,462,780
Cash and cash equivalents	12	25,591	261,138
		<u>12,128,692</u>	<u>23,723,918</u>
Total assets		<u>12,128,692</u>	<u>26,733,918</u>
Equity and liabilities			
Capital and reserves			
Share capital	13	201,000	201,000
Share premium	13	6,570,174	26,570,174
Accumulated losses		(3,337,413)	(89,062)
		<u>3,433,761</u>	<u>26,682,112</u>
Current liabilities			
Other payables	14	8,694,931	51,688
Current tax liabilities		-	118
Total liabilities		<u>8,694,931</u>	<u>51,806</u>
Total equity and liabilities		<u>12,128,692</u>	<u>26,733,918</u>

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

Stelios Triantafyllides, Director


Arta Antoniou, Director

The notes on pages 10 to 18 are an integral part of these financial statements.

Themis Holdings Limited

Statement of changes in equity 31 December 2005

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 3 December 2003 - Issue of shares	13	1,000	-	-	1,000
Issue of additional shares at premium	13	200,000	26,570,174	-	26,770,174
Loss for the period		-	-	(89,062)	(89,062)
Balance at 31 December 2004/1 January 2005		<u>201,000</u>	<u>26,570,174</u>	<u>(89,062)</u>	<u>26,682,112</u>
Reduction in share premium	13	-	(20,000,000)	-	(20,000,000)
Loss for the year		-	-	(3,248,351)	(3,248,351)
Balance at 31 December 2005		<u>201,000</u>	<u>6,570,174</u>	<u>(3,337,413)</u>	<u>3,433,761</u>

The notes on pages 10 to 18 are an integral part of these financial statements.

Themis Holdings Limited

Cash flow statement for the year ended 31 December 2005

	Note	Year ended 31 December 2005 €	Period from 3 December 2003 (date of incorporation) to 31 December 2004 €
Cash flows from operating activities			
Loss before tax		(3,248,059)	(88,944)
Adjustment for:			
Interest income	5	(2,918)	(1,183)
Interest expense	6	6	-
Impairment charge - investment in subsidiary undertaking	10	3,010,000	-
Changes in working capital:		(240,971)	(90,127)
Other receivables		11,359,679	298,394
Other payables		(11,356,757)	51,688
Net cash (used in)/from operations		(238,049)	259,955
Tax paid		(410)	-
Net cash (used in)/from operating activities		(238,459)	259,955
Cash flows from investing activities			
Interest received		2,918	1,183
Net cash from financing activities		2,918	1,183
Cash flows from financing activities			
Interest paid		(6)	-
Net cash used in financing activities		(6)	-
Net (decrease)/increase in cash and bank balances		(235,547)	261,138
Cash and bank balances at beginning of year/period		261,138	-
Cash and bank balances at end of year/period	12	25,591	261,138

The payables to shareholders and the reduction in share premium of €20,000,000 involved no cash transactions and are therefore not reflected in the cash flow statement above as cash outflow and inflow.

The notes on pages 10 to 18 are an integral part of these financial statements.

Themis Holdings Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is 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 Center, 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 other form of dividend and interest earning shares, bonds, deposits and loans.

2 Summary of significant accounting policies

The principal accounting policies adopted 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 Themis Holdings 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.

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 and 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.

Themis Holdings 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.

Consolidated financial statements

Consolidated financial statements, which would include the financial statements of the holding company and its subsidiary, have not been prepared as allowed by International Accounting Standard 27 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries”. The non preparation of consolidated financial statements has received the approval of the owner of the minority interest (49 per cent) who is of the opinion that consolidated financial statements of the Company’s ultimate parent company would better serve its needs. The financial statements of the Company and its subsidiary undertaking will be included in the consolidated financial statements of the Company’s ultimate parent company, Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

Investments in subsidiary undertaking

The investment in subsidiary undertaking is 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.

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.

Themis Holdings Limited

2 Summary of significant accounting policies (continued)

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.

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 investment in subsidiary does not arise, as the profit on sale of securities is not taxable.

Receivables from/payables to related parties

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

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash held at call with banks.

Comparatives

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

Themis Holdings Limited

3 Financial risk management

(a) Financial risk factors

The Company's activities exposed it to credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(i) 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.

(ii) Liquidity risk

Liquidity risk is defined as the risk 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.

(iii) 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. At the year-end the Company had no significant balances in foreign currencies.

The foreign exchange difference charged to the income statement amounts to €57 (2004: €1,270) and relates to financing activities (Note 6).

(b) Fair value estimation

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

Themis Holdings Limited

4 Critical accounting estimates and judgement

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 a Cypriot tax jurisdiction. The Company must interpret and apply existing legislation to transactions with third and related 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 Other gains

	2005	2004
	€	€
Interest income:		
Bank balances	<u>2,918</u>	<u>1,183</u>

Themis Holdings Limited

6 Finance costs

	2005 €	2004 €
Interest expense:		
Overdue taxation	6	-
Net foreign exchange transaction losses on financing activities	57	1,270
	<u>63</u>	<u>1,270</u>

7 Staff costs

	2005 €	2004 €
Wages and salaries (including bonus)	<u>224,132</u>	<u>62,931</u>

8 Tax

	2005 €	2004 €
Defence contribution	<u>292</u>	<u>118</u>

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 €
Loss before tax	<u>(3,248,059)</u>	<u>(88,944)</u>
Tax calculated at the applicable tax rates	(324,806)	(8,894)
Tax effect of expenses not deductible for tax purposes	301,001	1,135
Tax effect of income not subject to tax	(146)	-
Tax effect of losses carried forward	23,951	7,759
Defence contribution	292	118
	<u>292</u>	<u>118</u>

The Company is subject to corporation tax on its taxable profits at the rate of 10%.

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%.

As at 31 December 2005 the Company has no liability for income tax due to tax losses suffered. At 31 December 2005 the Company had tax losses carried forward of C£180,271 (2004: C£138,151) which can be carried forward and be utilised against future taxable profits with no time limitation.

Themis Holdings Limited

9 Expenses by nature

	2005 €	2004 €
Salaries and wages (Note 7)	224,132	62,931
Audit fees	4,412	2,578
Accounting and administration	7,459	5,101
Legal fees	2,606	2,366
Stamp duties	-	12,595
Sundry expenses	2,305	921
Formation expenses	-	2,365
Impairment charge – investment in subsidiary undertaking (Note 10)	3,010,000	-
	<u> </u>	<u> </u>
Total administrative expenses and impairment charge in investment in subsidiary undertaking	<u>3,250,914</u>	<u>88,857</u>

10 Investment in subsidiary undertaking

	2005 €	2004 €
Balkan Cement Enterprises Limited (100%)	<u> </u>	<u>3,010,000</u>

During 2004 the Company acquired the 100% share capital of Balkan Cement Enterprises Limited, a company incorporated in Cyprus for €3,010,000. During the year 2005, the Company decided to proceed with the full impairment in value of the subsidiary undertaking as they consider that the cost of the investment will not be recoverable as the subsidiary is in net deficit position.

11 Other receivables

	2005 €	2004 €
Receivables from related party (Note 15)	12,100,174	23,460,174
Prepayments	2,927	2,606
	<u>12,103,101</u>	<u>23,462,780</u>

12 Cash and cash equivalents

For the purposes of the cash flow statement the cash and cash equivalents comprise the following:

	2005 €	2004 €
Cash at bank	<u>25,591</u>	<u>261,138</u>

Themis Holdings Limited

13 Share capital and share premium

		2005		
	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2005	20 100 000	201,000	26,570,174	26,771,174
Reduction in share premium	-	-	(20,000,000)	(20,000,000)
At 31 December 2005	<u>20 100 000</u>	<u>201,000</u>	<u>6,570,174</u>	<u>6,771,174</u>

		2004		
	Number of shares	Share capital £	Share premium €	Total €
At 3 December 2004	100 000	1,000	-	1,000
Reduction in share capital	20 000 000	200,000	26,570,174	26,770,174
At 31 December 2004	<u>20 100 000</u>	<u>201,000</u>	<u>26,570,174</u>	<u>26,771,174</u>

(1) The total authorized number of shares is 20,100,000 shares (2004: 20 100 000 shares with a par value €0,01 per share. All issued shares are fully paid.

(2) During 2005 the Company reduced its share premium from €26,570,174 to €6,570,174 by returning €20,000,000 to Company's shareholders.

(3) On incorporation the Company issued 100 000 shares of €0,01 each. Thereafter, on 16 February 2004 the Company issued additional 20 000 000 shares of €0,01 each at a total premium of €26,570,174.

14 Other payables

	2005 €	2004 €
Payables to related parties (Note 15)	8,688,600	48,600
Accrued expenses	6,331	3,088
	<u>8,694,931</u>	<u>51,688</u>

Themis Holdings Limited

15 Related parties transactions

The Company is controlled by Aemos Cement Limited, incorporated in Cyprus which owns 51% of the Company's shares. The other 49% of the Company's share capital is owned by Holcim Auslandsbeteiligungs GmbH. The Company's ultimate controlling party is Titan Cement S.A.

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 financing:

	Nature of transactions	2005 €	2004 €
Receivables from related party (Note 11)			
Fellow group company	Financing	<u>12,100,174</u>	<u>23,460,174</u>

Receivables represent advances of a financing nature which is on demand and carry no interest. These amounts were originally advanced to the subsidiary undertaking from another fellow group company, but were assigned to the Company during 2004.

	Nature of transactions	2005 €	2004 €
Payables to related parties (Note 14)			
Holding companies	Financing/Share premium reduction	<u>8,688,600</u>	<u>48,600</u>

Amounts represent advances of a financing nature which are on demand and carry no interest.

16 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 3 and 4.

Themis Holdings Limited

Analyses of expenses for the year ended 31 December 2005

	Year ended 31 December 2005 €	Period from 3 December 2003 (date of incorporation) to 31 December 2004 €
Administrative expenses		
Salaries and wages	224,132	62,931
Photocopies, printing and stationery	24	25
Postages, telephones and faxes	19	14
Audit fees	3,810	2,578
Audit fees – prior year	602	-
Accounting and administration	7,459	5,101
Legal fees	2,606	2,366
Legalisation of documents	-	24
Stamp duties	-	12,595
Sundry Expenses	1,202	406
Formation expenses	-	2,365
Bank charges	1,060	452
	<u>240,914</u>	<u>88,857</u>