

**ZLATNA PANEGA BETON EOOD
FINANCIAL STATEMENTS
31 DECEMBER 2005**

CONTENTS

	Page
Directors' Report	1-2
Report of the Auditors	3
Balance Sheet	4
Income Statement	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Accounting Policies	8-15
Notes to the Financial Statements	16-28

**ZLATNA PANEGA BETON EOOD
DIRECTORS' REPORT
31 DECEMBER 2005**

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2005. These financial statements have been audited by PricewaterhouseCoopers Audit OOD

GENERAL INFORMATION AND BUSINESS DESCRIPTION

The Company is registered in the Republic of Bulgaria. The principal activity of the company includes:

- Production, transport, sales and distribution of cement, lime, and cement modifications;
- Construction and operation of sites for production of concrete;
- Research and other activities related to production and distribution of concrete

BUSINES DESCRIPTION

Current year results

The principal activity of Zlatna Panega Beton EOOD in 2005 included:

- Keeping the market share of the Company in the sector under increasing competition. As a result of this the Company has sold 177,000 cubic metres concrete.
- Successful management of the major activities related to delivery of concrete (production, transport and services with concrete pumps), in order to meet the needs of the market for quality and quantity of cement.
- Achieving positive financial results. The profit before tax for 2005 is EUR 503 thousand.

Share capital structure

Shareholders	Percentage	Number of shares (thousands)	Nominal value (thousands)
Zlatna Panega Cement AD	100%	697	3,564

As at 31 December 2005 Zlatna Panega Beton EOOD has no subsidiaries and associates.

OBJECTIVES OF THE COMPANY FOR 2006

Increase of sales to 208,000 cubic metres in Sofia, Plovdiv and Zlatna Panega. Increase of the market share in Sofia and Plovdiv by construction of two new sites for production of concrete. Optimisation of the organisational structure of the company in view of the expansion of the business.

**ZLATNA PANEGA BETON EOOD
DIRECTORS' REPORT (CONTINUED)
31 DECEMBER 2005**

CORPORATE GOVERNANCE

The Company is a limited liability company and operates as one-tier system of corporate management in accordance with the commercial legislation in the Republic of Bulgaria, effective as at 31 December 2005.

The management of the Company consists of:

Alexandar Kolev- Executive Director

Biser Dosev- Executive Director

Viden Martinov- procurator

Director's responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the company as at the year end and of the profit or loss and cashflows for the year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2005.

The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Alexandar Kolev
Executive Director
24 January 2006

Viden Martinov
Procurator
24 January 2006

REPORT OF THE AUDITORS


To the Shareholders of Zlatna Panega Beton EOOD

We have audited the accompanying balance sheet of Zlatna Panega Beton EOOD (the Company) as of 31 December 2005 and the related statements of income and cash flows and changes in shareholders' equity for the year then ended. These financial statements set out on pages 4 to 28 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

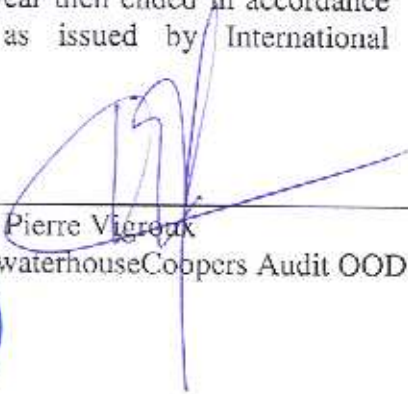
We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting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

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Company as of 31 December 2005 and the results of its operations and cash flows and for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

In addition, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2005, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board.



Stefan Nenov
Certified auditor
24 January 2006
Sofia




Jean-Pierre Vigroux
PricewaterhouseCoopers Audit OOD

**ZLATNA PANEGA BETON EOOD
INCOME STATEMENT
31 DECEMBER 2005**

(all amounts in EUR thousands)	Note	Year ended 31 December	
		2005	2004
Sales	13	8,143	9,177
Cost of goods sold	14	(7,107)	(7,836)
Gross profit		1,036	1,341
Selling and marketing cost	15	(165)	(120)
Administrative expenses	16	(355)	(267)
Other income	17	4	20
Other expenses	18	(9)	(74)
Operating profit/(loss)		511	900
Finance cost- net	20	(8)	(32)
Profit before income tax		503	868
Income tax	21	(15)	23
Profit for the year		488	891


Alexandar Kolev
Executive Director
23 January 2006



The accounting policies on pages 8 to 15 and the notes on pages 16 to 28 form an integral part of these financial statements.

**ZLATNA PANEGA BETON FOOD
BALANCE SHEET
31 DECEMBER 2005**

(all amounts in EUR thousands)	Note	As at 31 December	
		2005	2004
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,400	2,033
Intangible assets	3	11	15
		3,411	2,048
Current assets			
Inventories	6	100	72
Trade receivables	4	794	1,071
Other receivables	5	53	99
Deferred expenses		19	13
Cash and cash equivalents	7	380	326
		1,346	1,581
Total assets		4,757	3,629
Equity			
Share capital	8	3,564	3,564
Accumulated loss	9	(259)	(747)
		3,305	2,817
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	11	21	36
Retirement benefit obligation	12	19	16
		40	52
Current liabilities			
Trade and other payables	10	1,380	746
Current tax payable		31	-
VAT payable		1	14
		1,412	760
Total liabilities		1,452	812
Total equity and liabilities		4,757	3,629

The Board of Directors has approved these financial statements set on pages 4-28 on 24 January 2006. The financial statements are signed on behalf of the Board of Directors by:

Alexandar Kolev
Executive Director
23 January 2006



The accounting policies on pages 8 to 15 and the notes on pages 15 to 28 form an integral part of these financial statements.

**ZLATNA PANEGA BETON FOOD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2005**

(all amounts in EUR thousands)

	Share Capital	Accumulated losses	Total Equity
Balance at 1 January 2004	3,564	(1,638)	1,926
Profit for the year		891	891
Balance at 31 December 2004	3,564	(747)	2,817
Balance at 1 January 2005	3,564	(747)	2,817
Profit for the year		488	488
Balance at 31 December 2005	3,564	(259)	3,305

Alexandar Kolev
Executive Director
23 January 2006



The accounting policies on pages 8 to 15 and the notes on pages 16 to 28 form an integral part of these financial statements. 6

ZLATNA PANEGA BETON EOOD
CASH FLOW STATEMENT
31 DECEMBER 2005

(all amounts in EUR thousands)	Note	Year ended 31 December	
		2005	2004
Cash flows from operating activities			
Cash generated from operations	22	1,818	998
Interest paid		(4)	(36)
Net cash generated from operating activities		1,814	962
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,763)	(79)
Proceeds from sale of property, plant and equipment		-	5
Interest received		3	4
Net cash used in the investing activities		(1,760)	(70)
Cash flows from financing activities			
Proceeds from related party borrowings		547	-
Repayments of related party borrowings		(547)	(653)
Net cash used in financing activities		-	(653)
Net increase in cash and cash equivalents			
		54	239
Cash and cash equivalents at beginning of the year		326	87
Cash and cash equivalents at the end of the year		380	326


 Alexandar Kolev
 Executive Director
 23 January 2006



The accounting policies on pages 8 to 15 and the notes on pages 16 to 28 form an integral part of these financial statements.

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES
31 DECEMBER 2005

1 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 the years presented, unless otherwise stated.

1.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. These financial statements comply also with the International Financial Reporting Standards as issued by International Accounting Standards Board. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also 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 1.16.

Revisions to published and new standards effective in 2005

The following revisions to standards are mandatory for the Company's accounting periods beginning on or after 1 January 2005:

- IAS 1 (revised 2003) Presentation of Financial Statements
- IAS 2 (revised 2003) Inventories
- IAS 8 (revised 2003) Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 (revised 2003) Events after the Balance Sheet Date
- IAS 16 (revised 2003) Property, Plant and Equipment
- IAS 17 (revised 2003) Leases
- IAS 21 (revised 2003) The Effects of Changes in Foreign Exchange Rates
- IAS 24 (revised 2003) Related Party Disclosures
- IAS 27 (revised 2003) Consolidated and Separate Financial Statements
- IAS 28 (revised 2003) Investment in Associates
- IAS 32 (revised 2003) Financial Instruments: Disclosure and Presentation
- IAS 33 (revised 2003) Earnings per Share
- IAS 39 (revised 2003) Financial Instruments: Recognition and Measurement
- IFRS 1 (revised 2004) First-time Adoption of International Financial Reporting Standards
- IFRS 2 (issued 2004) Share-Based Payments
- IFRS 3 (issued 2004) Business Combinations

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

1.1. Basis of preparation (continued)

- IFRS 4 (issued 2004) Insurance Contracts
- IAS 36 (revised 2004) Impairment of Assets
- IAS 38 (revised 2004) Intangible Assets
- IFRS 5 (issued 2005) Non-current Assets Held for Sale and Discontinued Operations

Management assessed the relevance of these amendments and interpretations with respect to the Company's operations and concluded that they are not relevant to the Company.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2006 or later periods but which the Company has not early adopted, as follows:

- **IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006).** This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Company will apply this amendment from annual periods beginning 1 January 2006.
- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)** These amendments are not relevant to the Company's operations, as the Company is not a first-time adopter and does not carry out exploration for and evaluation of mineral resources.
- **IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006).** IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Company's operations. This amendment is not relevant to the Company's operations, as the Company does not have any arrangements that contain lease

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

1.1. Basis of preparation (continued)

- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds** (effective from 1 January 2006). IFRIC 5 is not relevant to the Company's operations.
- **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment** (effective from 1 December 2005). IFRIC 6 is not relevant to the Company's operations.

1.2. Going concern

The company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

1.3. Foreign currency translation

1.3.1. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates.

The Company uses Bulgarian Leva (BGN) as its functional currency.

In view of the international nature of the Company's operations, the amounts shown in these financial statements are presented in EURO thousands. The local statutory regulations, require the Company to maintain its statutory accounting records in BGN and this is adhered to.

The presentation currency used in these financial statements is EUR and all amounts are stated in thousands of EUR.

1.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates 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 all assets and liabilities denominated in foreign currencies are recognised in the income statement.

All assets and liabilities items have been converted to EUR at the Bulgarian National Bank exchange rate as of the year-end. The exchange rate as of 31 December 2005 was EUR 1 =BGN 1.95583 (31 December 2004 EUR 1 = BGN 1.95583). BGN is pegged to the EUR at exchange rate 1.95583 as from 1 January 2002 (BGN was pegged to the DEM as from 1 July 1997).

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

1.4. Property, plant and equipment and intangible assets

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	25 years
Plant and machinery	4 – 10 years
Motor vehicles	5 - 7 years
Fixtures and fittings	7 years
Software	5 years
Licenses	3 – 15 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement

Licenses

Licences are shown at historical cost. Licences have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives (3-15 years).

1.5. Impairment of non- financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.6. Financial assets

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are classified as 'trade receivables' and 'other receivables' in the balance sheet (Note 1.8.).

1.7. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of production comprises the cost of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

1.8. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off during the year in which they are identified. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within "selling and marketing costs".

1.9. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.10. Deferred income tax

Deferred income tax is provided, 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 income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

1.11. Provisions

Provisions for environmental restoration, restructuring costs and legal claims 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.12. Employee benefits

The long-term payables to employees comprise of present value of Company's liability for pension compensation as at 31 December 2005 if employees retire, determined by periodic actuarial calculations.

In accordance with the Labour Code the employer is obliged to pay the employees at retirement age an indemnity, which varies between six and twelve gross monthly wages at the time of the termination of the labour contract depending on the length of service in the Company. As at 31 December 2005 the Company has used the services of an independent certified valuer who performed the annual actuarial valuation of these liabilities and on the basis of their present value an expense was recognised in the income statement and a long-term liability to employees in the balance sheet as that date.

1.13. Revenue recognition

Revenue is measured by the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax, rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

1.14. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.15. Financial risk management

1.15.1. Financial risk factors

The Company's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's performance.

(i) Foreign exchange risk

The Company operates in Bulgaria and is currently exposed to foreign exchange risk arising from sales, purchases and borrowings in EURO and USD.

(ii) Interest rate risk

The Company has no significant interest bearing assets. The Company usually borrows at variable rates.

(iii) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

ZLATNA PANEGA BETON EOOD
ACCOUNTING POLICIES (Continued)
31 DECEMBER 2005

1.16. 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.

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.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many 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.

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2005

1 General information

Zlatna Panega Beton EOOD (“the Company”) is a limited liability company. The principal activity of the company is the production of concrete. The company is located in Sofia 6 “Poruchik Bonchev” street.

The Company is incorporated and domiciled in Sofia, Bulgaria and its fiscal year ends 31 December.

The Company was established on 17 December 1997.

As at 31 December 2005 the Company is 100 % owned by Zlatna Panega Cement AD.

Zlatna Panega Cement AD is incorporated and domiciled in Zlatna Panega, Bulgaria.

Zlatna Panega Cement is a subsidiary of Rea Cement Ltd, incorporated and domiciled in Cyprus. The address of its registered office is as follows:

2-4 Arch. Makarios Avenue
Capital Center
9th floor
CY- 1505 Nicosia
Cyprus

Rea Cement Ltd is a subsidiary of Titan Cement S.A. (the ultimate parent company), incorporated and domiciled in Greece. The address of its registered office is as follows:

22A Halkidos Str.
111 43 Athens Greece

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

2 Property, plant and equipment

	Land & buildings	Plant & machinery	Vehicles & equipment	Computers	Assets under construction	Total
At 1 January 2004						
Cost or valuation	1,342	1,213	1,274	22	67	3,918
Accumulated depreciation	(185)	(522)	(807)	(12)	-	(1,526)
Net book amount	1,157	691	467	10	67	2,392
Year ended 31 December 2004						
Opening balance	1,157	691	467	10	67	2,392
Additions	25	70	1	8	-	104
Disposals	-	(2)	(19)	(1)	(67)	(89)
Depreciation charge (Note 19)	(48)	(130)	(191)	(5)	-	(374)
Closing net book amount	1,134	629	258	12	-	2,033
At 31 December 2004						
Cost or valuation	1,367	1,274	1,221	24	-	3,886
Accumulated depreciation	(233)	(645)	(963)	(12)	-	(1,853)
Net book amount	1,134	629	258	12	-	2,033
Year ended 31 December 2005						
Opening balance	1,134	629	258	12	-	2,033
Additions	482	60	927	16	278	1,763
Transfers	-	-	7	-	(7)	-
Depreciation charge (Note 19)	(50)	(135)	(205)	(6)	-	(396)
Closing net book amount	1,566	554	987	22	271	3,400
At 31 December 2005						
Cost or valuation	1,849	1,334	2,155	40	271	5,649
Accumulated depreciation	(283)	(780)	(1,168)	(18)	-	(2,249)
Net book amount	1,566	554	987	22	271	3,400

Depreciation expense of EUR 356 (2004: EUR 362) thousand has been charged in cost of goods sold, EUR 40 (2004: 12) in administrative expenses.

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

3 Intangible assets

	Licence	Software	Total
At 1 January 2004			
Cost or valuation	20	2	22
Accumulated amortisation	(1)	(2)	(3)
Net book amount	19	-	19
Year ended 31 December 2004			
Opening balance	19	-	19
Additions	-	-	-
Disposals	-	-	-
Amortisation charge (Note 19)	(4)		(4)
Closing net book amount	15	-	15
At 31 December 2004			
Cost or valuation	20	2	22
Accumulated amortisation	(5)	(2)	(7)
Net book amount	15	-	15
Year ended 31 December 2005			
Opening balance	15	-	15
Additions	-	-	-
Disposals	-	-	-
Amortisation charge (Note 19)	(4)		(4)
Closing net book amount	11	-	11
At 31 December 2005			
Cost or valuation	20	2	22
Accumulated amortisation	(9)	(2)	(11)
Net book amount	11	-	11

Amortisation expense of EUR 4 (2004: EUR 4) thousand has been charged in administrative expenses.

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

4 Trade receivables	2005	2004
Trade receivables	907	1,137
Less: provisions for impairment of receivables	(113)	(66)
	794	1,071

5 Other receivables	2005	2004
Prepayments	36	86
Receivables from related parties (Note 25)	10	12
Other receivables	7	1
	53	99

The carrying amount of receivables approximates their fair value.

6 Inventories	2005	2004
Raw materials	100	72
	100	72

7 Cash and cash equivalents	2005	2004
Cash in hand	7	3
Cash at bank	373	323
	380	326

The Company has no bank overdrafts at each date of the balance sheets.

8 Share capital	Number of Shares (thousands)	Ordinary Shares EUR 000
At 31 December 2004	697	3,564
At 31 December 2005	697	3,564

The total authorized number of ordinary shares is 697 thousand (2004: 697 thousand) with a par value of EUR 5 (2004: EUR 5). All issued shares are fully paid.

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

9 Accumulated losses

	Accumulated loss	Total
Balance at 1 January 2004	(1,638)	(1,638)
Profit for the period	891	891
Balance at 31 December 2004	(747)	(747)
Balance at 1 January 2005	(747)	(747)
Profit for the period	488	488
Balance at 31 December 2005	(259)	(259)

10 Trade and other payables

	2005	2004
Amounts due to related parties (Note 25)	678	346
Advances from clients	328	38
Trade payables	294	286
Unused paid leave	35	22
Payables to employees	16	19
Social security	7	8
Other taxes payable	7	10
Other payables	15	17
	1,380	746

11 Deferred income tax

The movement of the deferred income tax account is as follows:

	2005	2004
Beginning of the year	36	59
Income statement charge	(15)	(23)
End of the year	21	36

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

11 Deferred income tax (continued)

Deferred tax liability:	Accelerated tax depreciation	Total
At 1 January 2004	59	59
Charged to the income statement	(11)	(11)
At 31 December 2004	48	48
Charged to the income statement	(4)	(4)
At 31 December 2005	44	44

Deferred tax asset:	Impairment of receivables	Provisions for retirement benefits	Unused paid leave	Total
At 1 January 2004	-	-	-	-
Charged to the income statement	(6)	(3)	(3)	(12)
At 31 December 2004	(6)	(3)	(3)	(12)
Charged to the income statement	(10)	-	(1)	(11)
At 31 December 2005	(16)	(3)	(4)	(23)

12 Retirement benefit obligations

	2005	2004
Balance sheet obligations for Pension benefits	19	16
	19	16
	2005	2004
Income statement charge for: Pension benefits	(3)	(16)
	(3)	(16)

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

12 Retirement benefit obligations (continued)

Pension benefits

The amounts recognised in the balance sheet are determined as follows:

	2005	2004
Discount rate	7%	7%
Future salary increases	5%	5%

	2005	2004
Present value of unfunded obligations	18	16
Unrecognised actuarial gain	1	-
Liability in the balance sheet	19	16

	2005	2004
Current service cost	2	15
Interest cost	1	1
Total included in staff costs	3	16

The movement in the liability recognised in the balance sheet is as follows:

	2005	2004
Beginning of the year	16	-
Total expense charged to the income statement	3	16
End of the year	19	16

There are no other provisions except for retirement benefit provisions.

13 Sales

	2005	2004
Concrete sales	6,919	7,606
Other sales	1,224	1,571
	8,143	9,177

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

14 Cost of sales

	2005	2004
Variable costs:		
Cement	(3,232)	(3,437)
Aggregates	(1,725)	(1,958)
Distribution expenses freight	(617)	(616)
Additives	(254)	(312)
Fuel and oil	(105)	(85)
Repair and maintenance	(32)	(44)
Electricity	(25)	(23)
Cost of purchased concrete	(90)	(325)
Other variable costs	(145)	(189)
Fixed costs:		
Depreciation and amortisation	(356)	(362)
Plant salaries, wages and related expenses	(195)	(171)
Repair and maintenance cost	(69)	(83)
Contract labour	(37)	(46)
Insurance and taxes	(23)	(15)
Plant utilities	(21)	(23)
Other fixed costs	(181)	(147)
	(7,107)	(7,836)

15 Selling and marketing cost

	2005	2004
Provisions for bad debts	(65)	(12)
Salaries and related expenses	(71)	(63)
Other distribution costs	(29)	(45)
	(165)	(120)

16 Administrative expenses

	2005	2004
Salaries and related expenses	(122)	(89)
Insurance and taxes	(45)	(28)
Depreciation and amortisation	(44)	(16)
Consultancy fees	(27)	(16)
Utilities	(21)	(18)
Audit fees	(19)	(13)
Travel and entertainment	(15)	(13)
Supplies	(6)	(6)
Repair and maintenance	(5)	(18)
Other	(51)	(50)
	(355)	(267)

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

17 Other income

	2005	2004
Other	4	6
Surplus of assets	-	14
	<u>4</u>	<u>20</u>

18 Other expenses

	2005	2004
Shortage of assets	(5)	(1)
Assets written off	(2)	(15)
Impairment of assets	-	(50)
Other	(2)	(8)
	<u>(9)</u>	<u>(74)</u>

19 Expenses by nature

	2005	2004
Materials	(5,587)	(6,355)
Hired services	(1,130)	(1,109)
Depreciation	(396)	(374)
Salaries and related expenses	(289)	(233)
Social security	(89)	(68)
Amortisation	(4)	(4)
Employee benefits	(3)	(16)
Other	(131)	(111)
Total cost of goods sold, selling and marketing expenses, administrative expenses and impairment of assets	<u>(7,629)</u>	<u>(8,273)</u>

20 Finance costs - net

	2005	2004
Interest expense	(4)	(30)
Interest income	3	4
Other finance costs	(7)	(6)
	<u>(8)</u>	<u>(32)</u>

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

21 Income tax expense

	2005	2004
Current tax	30	-
Deferred tax (Note 11)	(15)	(23)
	<hr/>	<hr/>
Tax charge/ (credit)	15	(23)

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

	2005	2004
Profit before tax	503	868
Tax calculated at a tax rate applicable to profits 15 % (2004:19.5%)	75	169
Income not subject to tax	-	(5)
Expenses not deductible for tax purposes	1	-
Utilization of previously unrecognised tax losses	(61)	(187)
	<hr/>	<hr/>
Tax charge/(credit)	15	(23)

Bulgarian tax legislation is subject to varying interpretations and constant changes. Furthermore, the interpretations of tax legislation by tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. As a result tax authorities may challenge the way of calculating tax losses carried forward as well as assess additional taxes, including value added tax (VAT), penalties and interest, which can be significant.

The Company has been last audited for compliance with the following tax laws:

Corporate Income tax Law – last period audited up to 31 December 2001;

VAT Law – last period audited up to 31 December 2003;

Social Security Contributions up to 31 March 2001

Local taxes and fees up to 31 December 2001.

The tax authorities could check the financial reports and records for the five successive tax years of the current tax period and impose additional penalties. Management of the Company is not aware of any circumstances that could lead to substantial obligations in this area.

22 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

	2005	2004
Profit for the period	488	891
Adjustments for:		
Tax (Note 21)	15	(23)
Depreciation and amortisation (Note 19)	400	378
Loss on sale of PPE		59
Net movements in provisions for liabilities and charges (Note 12)	3	
Net interest cost (Note 20)	1	32
Changes in working capital:		
– inventories	(28)	(30)
– trade and other receivables	318	(595)
– payables	621	286
	<hr/>	<hr/>
Cash generated from operations	1,818	998

23 Contingencies

As at 31 December 2005 the Company has no contingencies.

24 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	2005	2004
Equipment for cement production	100	-
	<hr/>	<hr/>
	100	100

25 Related party transactions

The company is controlled by Zlatna Panega Cement AD (incorporated in Bulgaria) which owns

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

100% of the Company's capital. Up till second 5 May 2004 the ultimate parent of the Company was Heidelberg Cement AG (incorporated in Germany). As from that date onwards the ultimate parent of the Company is Titan Cement Ltd (incorporated in Greece).

Granitoid AD is 8% owned by Zlatna Panega Cement AD and the remaining part is owned by the parent of Rea Cement Ltd. (the parent company of Zlatna Panega Cement AD).

Year end balances arising from sales/purchases of goods/services:

i) Sales of goods and services

	2005	2004
Zlatna Panega Cement AD		
Materials	15	-
Concrete	26	-
Services	-	10
	<hr/> 41	<hr/> 10
Granitoid AD		
Services	-	5
	<hr/> -	<hr/> 5
	<hr/> 41	<hr/> 15

ii) Purchases of goods and services

	2005	2004
Zlatna Panega Cement AD		
Materials	3,215	3,483
Services	-	12
Interest expense	4	22
	<hr/> 3,219	<hr/> 3,517
Granitoid AD		
Property, plant and equipment	675	123
Services	57	-
	<hr/> 732	<hr/> 123
	<hr/> 3,951	<hr/> 3,640

The amounts shown as related party sales and purchases are net of VAT.

25 Related party transactions (continued)

iii) Loans

ZLATNA PANEGA BETON EOOD
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2005

(all amounts to the financial statements are in EUR thousands, unless otherwise stated)

The Company has received a loan from Zlatna Panega Cement AD in 2005 for investment purposes, which has been repaid as at 31 December 2005. The total amount of the loan was EUR 547 thousand.

iv) Key management compensation

	2005	2004
Gross salaries and social benefits	41	36
Social securities payable by the employer	5	5
	<hr/> 46	<hr/> 41

v) Receivables from related parties

	2005	2004
Zlatna Panega Cement AD	10	12
	<hr/> 10	<hr/> 12

v) Payables to related parties

	2005	2004
Zlatna Panega Cement AD	677	346
Granitoid AD	1	-
	<hr/> 678	<hr/> 346

26 Events after the balance sheet date

No significant events have been identified after the balance sheet date, that may influence the financial statements