

ZLATNA PANEGA CEMENT AD

FINANCIAL STATEMENTS

31 December 2006

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Directors

Alexandar Nakov Chakmakov
Mihalis Cigalis
Giorgos Moschopoulos
Prokopios Agamemnon Belezinis
Ianis Georgakakis

Registered office

Zlatna Panega Village, Lovech District,
Shipka str. No 2

Solicitors

“Futekova, Hristova, Tomeshkova” EOOD
“Penkov, Markov and Partners” OOD

Bankers

Bulgarian Post Bank – Lovech Branch
Alpha Bank – Sofia
Societe General – Expressbank, Sofia
BNP Paribas

Auditors

Ernst & Young Audit OOD

ZLATNA PANEGA CEMENT AD
DIRECTORS' REPORT

For the year ended 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

DIRECTORS' REPORT

The Directors present their report and the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 2006. These financial statements have been audited by Ernst & Young Audit OOD

GENERAL INFORMATION AND BUSINESS DESCRIPTION

The Company is registered in the Republic of Bulgaria. The principal activity of the company includes the production and sales of cement.

BUSINESS DESCRIPTION

Current year results

The outcome of the current year activities is to be stated as positive since the profit before taxes of the company amounts to EUR 20,291 thousand while the budgeted profit before taxes was set to approximate EUR 19,703 thousand. The Company generated the abovementioned level of net profits due to the fact that its current period sales were 138 thousand tons of cement higher than the budgeted amount.

Dividends and distribution of profits

At the annual general meeting of the shareholders held on May 2006 a decision for the distribution of the retained earnings was taken, of which a part was to be kept in retained earnings and part was to be transferred to legal reserves. At the general meeting of the shareholders held on 14 October 2006 a decision to distribute dividends of EUR 14,970 thousand was taken. Part of the dividends, amounting to EUR 11,227 thousand were paid by the end of 2006, while the remainder in January 2007.

Share capital structure

Shareholders	Percentage	Number of shares	Nominal value (thousands)
REA Cement Limited, Cyprus	99.99	32,169,338	16,448
Individuals and State of Bulgaria	0.01	3,689	2

As at 31 December 2006, Zlatna Panega Cement AD held interests in the following subsidiaries and associates: The Company is a 100% owner of Zlatna Panega Beton EOOD and Gravel and Sand Pits Bulgaria EAD ("GSPB"). These investments were carried at cost as at 31 December 2006. Through GSPB, the Company has a participation of 48.77% in the capital of Holcim Karierni Materiali AD, 48.72% in Karierni AD and 100% in Rudmak – FYROM. The Company has a 8% participation in Granitoid AD (the majority shares of which are owned by REA Cement Limited).

OBJECTIVES OF THE COMPANY FOR 2007

The Directors set to achieve the following objectives for 2007

- annual sales of cement to reach 1,180 thousand tons of cement;
- keep the present position in the market.

We look optimistically at the future of Zlatna Panega Cement AD and believe that if management exercises proper control over the business, this will lead to quality improvement and the stability of the company.

ZLATNA PANEGA CEMENT AD
DIRECTORS' REPORT
For the year ended 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

OBJECTIVES OF THE COMPANY FOR 2007 (CONTINUED)

CORPORATE GOVERNANCE

The Company is constituted as a public company in compliance with the Commercial Law of the Republic of Bulgaria and has a one-tier system of governance.

As at 31 December 2006, the Board of Directors consisted of:

1. Alexandar Nakov Chakmakov
2. Mihalis Cigalis
3. Giorgos Moschopoulos
4. Prokopios Agamemnon Belezinis
5. Ianis Georgakakis

Alexandar Nakov Chakmakov is the Company's executive director.

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 cash-flows for the year then ended.

The Directors confirm that suitable accounting policies have been used and applied consistently and, reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 2006.

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 Chakmakov
Executive director
Zlatna Panega Cement AD
Zlatna Panega
31 January 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ZLATNA PANEGA CEMENT AD

We have audited the accompanying financial statements of Zlatna Panega Cement AD (the Company), which comprise the balance sheet as of 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union (EU). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

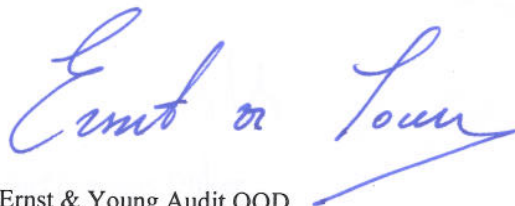
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the EU.



Ernst & Young Audit OOD
Sofia, Bulgaria

1 February 2007

ZLATNA PANEGA CEMENT AD
INCOME STATEMENT

For the year ended 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

	Notes	2006	2005
Sale of cement products		68,760	50,941
Rendering of transport services		10,770	8,488
Revenue		79,530	59,429
Cost of sales	3.1	(54,637)	(40,246)
Gross profit		24,893	19,183
Other income	3.7	687	933
Selling and distribution costs	3.2	(472)	(400)
Administrative expenses	3.3	(2,903)	(2,705)
Other expenses	3.4	(1,914)	(1,103)
Operating profit		20,291	15,908
Finance revenue	3.8	231	94
Finance costs	3.9	(231)	(83)
Profit before tax		20,291	15,919
Income tax expense	4	(1,627)	(1,616)
Profit for the year		18,664	14,303

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the financial statements on pages 6 to 39 form an integral part of these financial statements.

ZLATNA PANEGA CEMENT AD
BALANCE SHEET

As of 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

	Notes	2006	2005
ASSETS			
Non-current assets			
Property, plant and equipment	5	52,953	30,800
Intangible assets	6	96	129
Investments in subsidiaries	7.1	3,633	3,589
Available-for-sale investments	7.2	21	21
Other financial assets	8	38	33
		56,741	34,572
Current assets			
Inventories	9	7,173	6,538
Trade and other receivables	10	4,848	3,785
Receivables from related parties	17	1,698	727
Prepayments		2,054	1,384
Cash and short-term deposits	11	2,655	5,576
		18,428	18,010
TOTAL ASSETS		75,169	52,582
EQUITY AND LIABILITIES			
Equity			
Issued capital	12.1	28,602	28,602
Legal reserve	12.2	1,645	1,251
Retained earnings		18,817	15,517
Total equity		49,064	45,370
Non-current liabilities			
Interest-bearing loans and borrowings	13	1,994	-
Restoration provision	14	1,568	561
Employee benefit liability	15	198	181
Deferred tax liability	4	681	1,314
		4,441	2,056
Current liabilities			
Trade and other payables	16	7,424	3,171
Interest-bearing loans and borrowings	13	8,202	-
Payables to related parties	17	5,330	782
Income tax payable		708	1,203
		21,664	5,156
Total liabilities		26,105	7,212
TOTAL EQUITY AND LIABILITIES		75,169	52,582

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the financial statements on pages 6 to 39 form an integral part of these financial statements.

ZLATNA PANEGA CEMENT AD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

	Issued capital	Legal reserve	Retained earnings	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2005	28,602	321	2,144	31,067
Profit for the year	-	-	14,303	14,303
Transfer between reserves	-	930	(930)	-
At 31 December 2005	28,602	1,251	15,517	45,370
At 1 January 2006	28,602	1,251	15,517	45,370
Profit for the year	-	-	18,664	18,664
Distribution of dividends	-	-	(14,970)	(14,970)
Transfer between reserves	-	394	(394)	-
At 31 December 2006	28,602	1,645	18,817	49,064

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the financial statements on pages 6 to 39 form an integral part of these financial statements.

ZLATNA PANEGA CEMENT AD
CASH FLOW STATEMENT

For the year ended 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
OPERATING ACTIVITIES			
Profit before tax		20,291	15,919
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	5	2,605	2,284
Amortisation of intangible assets	6	33	37
Impairment of property, plant and equipment	5	250	-
Loss on disposal of property, plant and equipment		81	33
Movement in doubtful debt allowance		(131)	(515)
Movement in restoration provision		1,007	8
Movement in employee benefit liability		17	31
Interest income	3.8	(167)	(74)
Interest expense	3.9	186	61
Working capital adjustments:			
Increase in inventories		(635)	(3,704)
Decrease / (Increase) in trade and other receivables		(797)	600
Increase in prepayments		(670)	(1,585)
Increase in other financial assets		(5)	-
Increase in trade and other payables		5,058	1,774
Interest received		167	67
Interest paid		(186)	(61)
Income tax paid		(2,754)	(896)
Net cash flows from operating activities		24,350	13,979
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(25,089)	(11,065)
Disbursement of loans		(6,648)	(409)
Proceeds from loans		5,540	409
Share capital contributions to subsidiaries	7	(44)	-
Net cash flows used in investing activities		(26,241)	(11,065)
FINANCING ACTIVITIES			
Proceeds from borrowings		23,078	10,286
Repayment of borrowings		(12,882)	(10,286)
Dividends paid	18	(11,226)	-
Net cash flows used in financing activities		(1,030)	-
Net increase / (decrease) in cash and cash equivalents		(2,921)	2,914
Cash and cash equivalents at 1 January		5,576	2,662
Cash and cash equivalents at 31 December	11	2,655	5,576

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the financial statements on pages 6 to 39 form an integral part of these financial statements.

ZLATNA PANEGA CEMENT AD
NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2006

(All amounts in EUR thousand unless otherwise stated)

1. Corporate information

The financial statements of Zlatna Panega Cement AD (the Company) for the year ended 31 December 2006 were authorized for issue in accordance with a resolution of the Board of Directors on 31 January 2007.

Zlatna Panega Cement AD is a joint stock company. The Company is incorporated and domiciled in Zlatna Panega, Bulgaria with resolution of Lovech District Court 63/12 June 1989 and its fiscal year ends 31 December.

The principal activities of the Company include the production and sale of cement. The plant is located near the village of Zlatna Panega. A nearby quarry is the Company's main source of raw materials.

As of 31 December 2006 the Company's share capital was held by:

- | | |
|--|---------|
| - REA Cement Limited, incorporated in Cyprus | 99.99 % |
| - Individuals and the State of Bulgaria | 0.01 % |

The ultimate parent company is Titan Cement S.A., Greece.

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. They are presented in Euros (EUR) and all values are rounded to the nearest thousand (EUR thousand) except when otherwise indicated.

Statement of compliance

The financial statements of Zlatna Panega Cement AD have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union (IFRS as endorsed by the EU).

These financial statements are the stand alone financial statements of Zlatna Panega Cement AD where the investments in subsidiaries are accounted for at cost. The Company meets the exemption criteria under IAS 27 Consolidated and Separate Financial Statements, for not preparing and presenting consolidated financial statements, which are as follows:

- The shareholders of the Company have been informed about and do not object to Zlatna Panega Cement AD not presenting consolidated financial statements;
- The Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- The Company did not file, nor is in the process of filing, its financial statements with a securities commission or other regulatory organisations for the purpose of issuing any class of instruments in a public market; and
- The ultimate parent company, Titan Cement S.A., Greece, prepares and presents consolidated financial statements available for public use that comply with IFRS. These consolidated financial statements are obtainable on the internet address "<http://www.titan.gr/en/financial/year.htm>." The address of the registered office of Titan Cement S.A. is 22 A Halkidikos Str., 111 43 Athens, Greece.

(All amounts in EUR thousand unless otherwise stated)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial statements of the Company. They did however give rise to additional disclosures:

- IFRS 6 Exploration for and Evaluation of Mineral Resources
- IAS 19 Amendment — Employee Benefits
- IAS 21 Amendment — The Effects of Changes in Foreign Exchange Rates
- IAS 39 Amendments — Financial Instruments: Recognition and Measurement
- IFRIC 4 Determining whether an Arrangement Contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment

The principal effects of these changes are as follows:

IFRS 6 Exploration for and Evaluation of Mineral Resources

The Company adopted IFRS 6 as of 1 January 2006, which provides guidance for accounting for expenditures incurred in the exploration and evaluation of mineral resources. It is limited to considering the nature of such costs that may be capitalized as assets and the facts and circumstances which indicate when such assets may be impaired and the level at which impairment is assessed. This standard did not have an effect on the financial statements.

IAS 19 Employee Benefits

As of 1 January 2006, the Company adopted the amendments to IAS 19. As a result, additional disclosures are made providing information about trends in the liabilities in the defined benefit plan and the assumptions underlying the components of the defined benefit cost. This change has resulted in additional disclosures being included for the years ending 31 December 2006 and 31 December 2005 but has not had a recognition or measurement impact, as the Company chose not to apply the new option offered to recognize actuarial gains and losses outside of the income statement.

IAS 21 The Effects of Changes in Foreign Exchange Rates

The Company adopted the amendment of IAS 21 as of 1 January 2006, which requires all exchange differences arising from a monetary item that forms part of the Company's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. As the Company does not have any foreign subsidiaries, this amendment has had no impact on the financial statements.

IAS 39 Financial Instruments: Recognition and Measurement

Amendment for financial guarantee contracts (issued August 2005) – amended the scope of IAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue. This amendment did not have an effect on the financial statements.

Amendment for hedges of forecast intragroup transactions (issued April 2005) – amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Company currently has no such transactions, the amendment did not have an effect on the financial statements.

(All amounts in EUR thousand unless otherwise stated)

2.2 Changes in accounting policies (continued)

IAS 39 Financial Instruments: Recognition and Measurement (continued)

Amendment for the fair value option (issued June 2005) – amended IAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Company had not previously used this option, hence the amendment did not have an effect on the financial statements.

IFRIC 4 Determining Whether an Arrangement contains a Lease

The Company adopted IFRIC Interpretation 4 as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has not had a significant impact on the Company as of 31 December 2006 or 31 December 2005.

IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The Company adopted IFRIC Interpretation 5 as of 1 January 2006, which establishes the accounting treatment for funds established to help finance decommissioning for a companies assets. As the Company does not currently operate in a country where such funds exist, this interpretation has had no impact on the financial statements.

IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

The Company adopted IFRIC Interpretation 6 as of 1 January 2006, which established the recognition date for liabilities arising from the EU Directive relating to the disposal of Waste Electrical and Electronic Equipment. As the Company does not currently participate in such market, this interpretation has had no impact on the financial statements.

2.3 Significant accounting judgments, estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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.

Estimates and assumptions

Restoration provision

The Company recognises a provision for quarry restoration. This requires the management to make estimates about the cost of materials, labor, third party services and other expenses, necessary for the restoration activities. At 31 December 2006 the best estimate of the restoration provision is EUR 1,568 thousand (2005: EUR 561 thousand). Further details are provided in Note 14 to the financial statements.

Retirement benefits

The cost of retirement benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, personnel turnover rates and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. The net employee liability at 31 December 2006 is EUR 198 thousand (2005: EUR 181 thousand). Further details are provided in Note 15 to the financial statements.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies

Foreign currency translation

The financial statements are presented in Euros while the functional currency of the Company is Bulgarian Lev (BGN). The Company uses the Euro as a presentation currency due to the requirement of the ultimate parent company which is the main user of the Company's financial statements.

As at the reporting date, the assets, liabilities, equity, revenue and expenses of the Company are translated into the presentation currency at the fixed rate of BGN/EUR of 1.95583 or EUR/BGN of 0.51129 quoted by the Bulgarian National Bank. BGN is pegged to the EUR at the exchange rate of 1.95583 as from 1 January 2002 (BGN was pegged to the DEM as from 1 July 1997, with the introduction of the Currency Board in Bulgaria).

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated on a monthly basis by applying the exchange rate published by the Bulgarian National Bank for the last working day of the respective month. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions.

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets.

When each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Intangible assets (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Investments and other financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in these separate financial statements. Further details are given in Note 2.1 above and Note 7.1.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. The Company has an available-for-sale investment in equity shares (Note 7.2). As these shares do not have a quoted market price in an active market and their fair value cannot be reliably measured, they are measured at cost. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement as 'Dividends received' when the right of payment has been established.

Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

If there is objective evidence that an impairment loss has been incurred on the unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of the loss is recognised in profit or loss. Such impairment losses are not reversed.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	–	purchase cost on a weighted average basis;
Finished goods and work in progress	–	cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at banks and at hand and short term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restoration provision

In accordance with the quarry concession agreement, the Company is obliged to restore the surface of the quarry upon the cessation of its use. The restoration provision is based on the management's best estimate of the expenses that will be incurred when the excavation from the quarry is ceased. The estimated future costs of restoration are reviewed annually and adjusted as appropriate.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Retirement benefits

According to Bulgarian labour legislation, Zlatna Panega Cement AD as an employer is obliged to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the same employer for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. The retirement benefits are unfunded. The cost of providing benefits under the retirement benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed 10% of the retirement benefit obligation. The gains or losses are recognized over the average expected remaining working lives of the employees.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, the retirement plan, past service cost is recognised immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service cost not yet recognised.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c) There is a change in the determination of whether fulfilment is dependant on a specified asset; or
- d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services

Revenue from transport services is recognised over the period during which the service is performed.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Taxes

Current income tax

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

The Company benefits from a tax relief calculated as 30% of the corporate tax due as at the year-end in accordance with the Law for Foreign Investments. The tax relief is unconditional and is accounted for as a decrease in the income tax expense for the year.

Furthermore the Company benefits from a tax relief calculated as 10% of capital expenditure provided the conditions under Corporate Income Tax Act are met. The tax relief is accounted as a decrease in the income tax expense for the year.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(All amounts in EUR thousand unless otherwise stated)

2.4 Summary of significant accounting policies (continued)

Taxes (continued)

Deferred income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.5 Future changes in accounting policies

IFRSs and IFRIC Interpretations 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 2007 or later periods but which the Company has not early adopted, as follows:

IFRS 7 Financial Instruments: Disclosures and a complementary amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007).

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

(All amounts in EUR thousand unless otherwise stated)

2.5 Future changes in accounting policies (continued)

IFRSs and IFRIC Interpretations not yet effective (continued)

IFRS 8 Operating segments (effective from 1 January 2007).

IFRS 8 is not relevant for the Company's operations.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for financial years beginning on or after 1 March 2006).

IFRIC 7 is not relevant to the Company's operations.

IFRIC 8 Scope of IFRS 2 (effective for financial years beginning on or after 1 May 2006).

IFRIC 8 is not relevant to the Company's operations.

IFRIC 9 Reassessment of Embedded Derivatives (effective for financial years beginning on or after 1 June 2006).

IFRIC 9 is not relevant to the Company's operations.

IFRIC 10 Interim Reporting and Impairment (effective for financial years beginning on or after 1 November 2006).

IFRIC 10 addresses the inconsistency between IAS 34 Interim Financial Reporting and the impairment requirements relating to goodwill in IAS 36 Impairment of Assets and equity instruments classified as available for sale in IAS 39 Financial Instruments: Recognition and Measurement. IFRIC 10 states that the specific requirements of IAS 36 and IAS 39 take precedence over the general requirements of IAS 34 and, therefore, any impairment loss recognised for these assets in an interim period may not be reversed in subsequent interim periods. Management is currently assessing the impact of IFRIC 10 on the Company's interim reporting.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective from 1 March 2007).

IFRIC 11 is not relevant to the Company's operations.

IFRIC 12 Service Concession Agreements (effective from 1 January 2008).

IFRIC 12 is not relevant to the Company's operations.

The Company expects that the adoption of the applicable pronouncements listed above will have no impact on the Company's financial statements in the period of initial application.

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3. Expenses and other revenues

3.1 Cost of sales

	<u>2006</u>	<u>2005</u>
Variable costs		
Distribution expenses – freight	(10,952)	(8,768)
Kiln fuel	(4,697)	(4,425)
Electricity	(3,084)	(2,920)
Raw materials	(4,766)	(3,156)
Purchase of clinker	(19,374)	(8,927)
Refractory	(444)	(389)
Grinding media	(467)	(241)
Fuel and oil	(381)	(512)
Explosives	(67)	(272)
Tyres	(30)	(44)
Cost of traded clinker	(868)	-
Other expenses	(39)	(41)
Fixed costs		
Plant salaries, wages and related expenses	(2,566)	(2,514)
Repair and maintenance – spare parts	(1,422)	(1,900)
Lining	(169)	(542)
Contract labour	(764)	(1,753)
Insurance and taxes	(88)	(59)
Plant utilities	(154)	(141)
Other fixed costs	(673)	(656)
Depreciation (note 5)	(2,190)	(1,962)
Packaging costs	(1,589)	(1,625)
Changes in inventories	147	601
	<u>(54,637)</u>	<u>(40,246)</u>

ZLATNA PANEGA CEMENT AD
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As of 31 December 2006

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3. Expenses and other revenues (continued)

3.2 Selling and distribution costs

	<u>2006</u>	<u>2005</u>
Salaries and related expenses	(210)	(172)
Utilities	(17)	(17)
Travel - entertainment	(36)	(19)
Advertisement and promotion	(60)	(38)
Contract labour	(17)	(45)
Insurance and taxes	(31)	(6)
Other	(101)	(103)
	<u>(472)</u>	<u>(400)</u>

3.3 Administrative expenses

	<u>2006</u>	<u>2005</u>
Salaries and related expenses	(942)	(987)
Depreciation (note 5)	(415)	(322)
Amortisation (note 6)	(33)	(37)
Utilities	(138)	(120)
Travel – entertainment	(140)	(104)
Consultancy fees	(187)	(106)
Audit fees	(38)	(64)
Repairs and Maintenance	(40)	(78)
Insurance and taxes	(150)	(243)
Supplies	(17)	(24)
Other	(803)	(620)
	<u>(2,903)</u>	<u>(2,705)</u>

ZLATNA PANEGA CEMENT AD
NOTES TO THE FINANCIAL STATEMENTS
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3. Expenses and other revenues (continued)

3.4 Other expenses

	2006	2005
Cost of goods, materials and scrap sold	(76)	(306)
Expenses for demolition	(230)	(289)
Cost of bars, canteen and rest house	(96)	(100)
Expenses pertaining to disposal of fixed assets	(74)	(75)
Impairment of property, plant and equipment (note 5)	(250)	-
Impairment of doubtful receivables	(30)	(29)
Other provisions (unused employee leave accrual)	(107)	(65)
Restoration provision (note 14)	(1,013)	(8)
Other	(38)	(231)
	(1,914)	(1,103)

3.5 Expenses by nature

	2006	2005
Materials used and recognised as an expense	(36,516)	(24,770)
Hired services	(14,472)	(13,242)
Depreciation (note 5)	(2,605)	(2,284)
Amortisation (note 6)	(33)	(37)
Employee benefits expense (note 3.6)	(3,703)	(3,735)
Changes in work in progress	147	601
Other	(2,744)	(987)
Total cost of sales, selling and distribution, administrative and other expenses	(59,926)	(44,454)

3.6 Employee benefits expense

	2006	2005
Wages and salaries	(2,905)	(2,870)
Social security costs	(740)	(800)
Retirement benefits (note 15)	(58)	(65)
	(3,703)	(3,735)

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3. Expenses and other revenues (continued)

3.7 Other income

	<u>2006</u>	<u>2005</u>
Sale of scrap and materials	260	400
Packing fees	73	163
Reversal of provisions from prior years	144	211
Rendering of other services	107	66
Sale of goods in the rest house	53	40
Other	50	53
	<u>687</u>	<u>933</u>

3.8 Finance revenue

	<u>2006</u>	<u>2005</u>
Interest income	167	74
Foreign exchange gains	64	20
	<u>231</u>	<u>94</u>

3.9 Finance costs

	<u>2006</u>	<u>2005</u>
Interest expense	(186)	(61)
Foreign exchange losses	(45)	(22)
	<u>(231)</u>	<u>(83)</u>

ZLATNA PANEGA CEMENT AD
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4. Income tax

The major components of income tax expense for the years ended 31 December 2006 and 2005 are:

	<u>2006</u>	<u>2005</u>
Current income tax charge	(2,260)	(1,686)
Deferred income tax benefit	<u>633</u>	<u>70</u>
Income tax expense reported in the income statement	<u>(1,627)</u>	<u>(1,616)</u>

In 2006 the nominal statutory tax rate is 15% (2005: 15%). For 2007 the nominal statutory tax rate is 10%.

Reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Accounting profit before income tax	<u>20,291</u>	<u>15,919</u>
Income tax expense at statutory tax rate of 15% for 2006 (2005: 15%)	(3,044)	(2,388)
Expenses not deductible for tax purposes	(13)	(35)
Revenue not subject to tax	4	45
Tax relief	1,085	722
Effect of change in the tax rate	341	-
Other items	<u>-</u>	<u>40</u>
Income tax expense	<u>(1,627)</u>	<u>(1,616)</u>

The tax relieves available to and utilised by the Company are as follows:

- Investment tax relief of EUR 1,003 thousand (2005: EUR 722 thousand). As from 1998 the Company has benefited from a 10-year corporate income tax incentive for implementing the so-called "Priority Investment Project". The incentive is based on Art. 20 of the Foreign Investment Act, which was later repealed. According to this incentive, the Company was exempt from 50% of its corporate income tax for a period of 10 years starting from the 1998 fiscal year and expiring upon the completion of the 2007 fiscal year. The Company only effectively utilised the incentive in 1998 and 2002 fiscal years, as it was generating a loss in the remaining fiscal years, 1999 through 2001. Effective 1 January 2003, companies utilising this tax incentive under the abovementioned article of the Foreign Investment Act, were entitled to a 30% tax relief of their corporate income tax liability.

- Capital expenditure tax relief of EUR 82 thousand. The tax relief is based on Art. 60 and 61e of the Bulgarian Corporate Income Tax Act ("CITA") and amounts to 10% of the capital expenditure incurred for completed projects at year-end. As of 31 December 2006, the Company met the conditions under Art. 61e of CITA for capital expenditure tax relief. These conditions include the following: the capital projects (assets) are part of the Company's initial net investment; at least 25% of the fixed assets are financed by the Company's funds or by loan proceeds; the fixed assets are acquired at arms length transactions, etc.

ZLATNA PANEGA CEMENT AD
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(All amounts in EUR thousand unless otherwise stated)

4. Income tax (continued)

Deferred income tax at 31 December relates to the following:

	Balance Sheet		Income Statement	
	2006	2005	2006	2005
<i>Deferred tax liability</i>				
Accelerated depreciation for tax purposes	827	1,391	564	81
<i>Deferred tax asset</i>				
Unused leave allowance	(18)	(18)	-	(2)
Restoration provision	(102)	(4)	98	1
Retirement benefits	(18)	(25)	(7)	5
Provision for impairment of receivables	(3)	(22)	(19)	(23)
Write-down of inventory	(5)	(8)	(3)	8
	(146)	(77)		
Deferred tax benefit			633	70
Deferred tax liability, net	681	1,314		

ZLATNA PANEGA CEMENT AD
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5. Property, plant and equipment

	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Vehicles</u>	<u>Furniture and fittings</u>	<u>Assets under construction</u>	<u>Total</u>
Cost:						
At 1 January 2005	3,707	21,750	1,735	851	1,147	29,190
Additions	1,636	891	896	75	7,566	11,064
Transfers	-	98	-	311	(409)	-
Disposals	(2)	(24)	(34)	(47)	-	(107)
At 31 December 2005	<u>5,341</u>	<u>22,715</u>	<u>2,597</u>	<u>1,190</u>	<u>8,304</u>	40,147
Additions	297	133	273	51	24,335	25,089
Transfers	67	2,964	317	(311)	(3,037)	-
Disposals	(46)	(378)	(35)	(13)	-	(472)
At 31 December 2006	<u>5,659</u>	<u>25,434</u>	<u>3,152</u>	<u>917</u>	<u>29,602</u>	<u>64,764</u>
Depreciation and impairment:						
At 1 January 2005	580	5,506	693	354	-	7,133
Depreciation charge for the year	158	1,616	387	123	-	2,284
Disposals	(1)	(9)	(15)	(45)	-	(70)
At 31 December 2005	<u>737</u>	<u>7,113</u>	<u>1,065</u>	<u>432</u>	<u>-</u>	9,347
Depreciation charge for the year	182	1,861	437	125	-	2,605
Disposals	(13)	(87)	(31)	(10)	-	(141)
At 31 December 2006	<u>906</u>	<u>8,887</u>	<u>1,471</u>	<u>547</u>	<u>-</u>	<u>11,811</u>
Net book value:						
At 31 December 2006	<u>4,753</u>	<u>16,547</u>	<u>1,681</u>	<u>370</u>	<u>29,602</u>	<u>52,953</u>
At 31 December 2005	<u>4,604</u>	<u>15,602</u>	<u>1,532</u>	<u>758</u>	<u>8,304</u>	<u>30,800</u>
At 1 January 2005	<u>3,127</u>	<u>16,244</u>	<u>1,042</u>	<u>497</u>	<u>1,147</u>	<u>22,057</u>

Impairment of property, plant and equipment

In 2006, the Company recognised an impairment loss of EUR 250 thousand (2005: EUR Nil) (note 3.4), included under disposals of plant and machinery. This represents a write-down of tyre burning equipment to its recoverable amount. The impairment loss has been recognised in the income statement under other expenses (note 3.4). The recoverable amount was based on fair value less costs to sell.

Based on the impairment review performed and except for the case mentioned above, management considers that there are no indications that the assets' carrying amounts might exceed their recoverable amounts.

ZLATNA PANEGA CEMENT AD
NOTES TO THE FINANCIAL STATEMENTS
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5. Property, plant and equipment (continued)

Useful lives

The useful lives of the assets are estimated as follows:

	<u>2006</u>	<u>2005</u>
Buildings	10 to 25 years	10 to 25 years
Plant and machinery	4.92 to 25 years	4.92 to 25 years
Vehicles	5 to 25 years	5 to 25 years
Furniture and fittings	2 to 10 years	2 to 10 years

Assets under construction relate to Kiln Line No 5, Cement Mill No 8, Packing Plant, Clinker Silo, Paletizer and others.

ZLATNA PANEGA CEMENT AD
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6. Intangible assets

	Concession rights	Licences	Computer software	Total
Cost:				
At 1 January 2005	41	139	42	222
Additions	-	2	-	2
Disposals	-	-	(1)	(1)
At 31 December 2005	41	141	41	223
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2006	41	141	41	223
Amortisation and impairment:				
At 1 January 2005	15	14	29	58
Amortisation charge for the year	2	28	7	37
Disposals	-	-	(1)	(1)
At 31 December 2005	17	42	35	94
Amortisation charge for the year	1	28	4	33
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2006	18	70	39	127
Net book value:				
At 31 December 2006	23	71	2	96
At 31 December 2005	24	99	6	129
At 1 January 2005	26	125	13	164

Impairment of intangible assets

The management has performed an impairment review of intangible assets and considered that there were no indications that the assets' carrying amounts might exceed their recoverable amounts.

Useful lives

The useful lives of the assets are estimated as follows:

	2006	2005
Concession rights	20 years	20 years
Licenses	10 years	10 years
Computer software	10 years	10 years

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7. Investments

7.1 Investments in subsidiaries

	Country of incorporation	% equity interest	
		2006	2005
Zlatna Panega Beton EOOD	Bulgaria	100%	100%
Gravel and Sand Pits – Bulgaria EAD	Bulgaria	100%	100%

The investments in subsidiaries are measured at cost as follows:

	2006	2005
Zlatna Panega Beton EOOD	3,564	3,564
Gravel and Sand Pits EAD	69	25
	3,633	3,589

During 2006 the Company made an additional share capital contribution of EUR 44 thousand to Gravel and Sand Pits – Bulgaria EAD. The shares in subsidiaries do not have a quoted market price in an active market and their fair values cannot be reliably measured.

7.2 Available-for-sale investments

The Company has an 8% participation in Granitoid AD, the majority shareholder of which is REA Cement Limited. Granitoid AD is a joint stock company, incorporated in Bulgaria. The equity's shares are measured at cost because they do not have a quoted market price in an active market and their fair value cannot be reliably measured. The cost of the available-for-sale investment is EUR 21 thousand as of 31 December 2006 and 31 December 2005.

8 Other financial assets

In accordance with the quarry concession agreement, the Company is obliged to maintain a deposit equal to 10% of the amount of the average three-month excavated material, during the concession period (20 years). As of 31 December 2006, the amount deposited and restricted for this purpose was EUR 38 thousand (31 December 2005: EUR 33 thousand).

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9. Inventories

	<u>2006</u>	<u>2005</u>
Raw materials (at cost)	2,724	1,370
Spare parts (at cost)	3,049	3,721
Packaging materials (at cost)	182	174
Work in progress (at cost)	140	261
Finished goods (at cost)	1,076	1,037
Less: Write-down of finished goods	-	(25)
Finished goods (at cost/net realisable value)	<u>1,076</u>	<u>1,012</u>
Goods for resale	2	-
	<u>7,173</u>	<u>6,538</u>
Total inventories at the lower of cost and net realizable value	<u>7,173</u>	<u>6,538</u>

For 2006 the reversal of the write-down of inventories of EUR 25 thousand (2005: EUR 7 thousand) was recognised as a reduction in the cost of sales. This reversal is due to the consumption of the respective inventories during the year.

10. Trade and other receivables

	<u>2006</u>	<u>2005</u>
Trade receivables, gross	4,917	3,867
Less: Provision for impairment	<u>(179)</u>	<u>(310)</u>
Trade receivables, net	4,738	3,557
Taxes refundable	-	114
Deposits	-	18
Other receivables	<u>110</u>	<u>96</u>
	<u>4,848</u>	<u>3,785</u>

Trade receivables are non-interest bearing and are generally on 0- 42 days terms.

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11. Cash and short-term deposits

	<u>2006</u>	<u>2005</u>
Cash at bank	1,514	711
Cash in hand	14	15
Short-term deposits	<u>1,127</u>	<u>4,850</u>
	<u>2,655</u>	<u>5,576</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to one month, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates (4% per annum). As of 31 December 2006, the fair value of cash and short-term deposits was EUR 2,655 thousand (2005: EUR 5,576 thousand).

12. Issued capital and reserves

12.1 Issued capital

	<u>2006</u>	<u>2005</u>
Ordinary shares of EUR 0.51 each, as per court registration	16,450	16,450
Hyperinflation adjustment	<u>12,152</u>	<u>12,152</u>
	<u>28,602</u>	<u>28,602</u>

In the period 1990-1997 the Bulgarian economy experienced hyperinflation. According to IAS 29 Financial Reporting in Hyperinflationary Economies, in such circumstances the Company has to hyper-inflate the amounts in its financial statements and to use them as a basis for the carrying amounts in its subsequent financial statements. The amount of EUR 12,152 thousand represents the effect of hyperinflation in the share capital from its nominal and legally registered value of EUR 16,450 thousand to EUR 28,602 thousand. The hyperinflation adjustment is performed using the movement in the exchange rate between Bulgarian Lev and German Mark (DEM) as the most representative and reasonable measure of inflation during that period.

	<u>Number of ordinary shares (thousands)</u>	<u>Authorised and issued share capital</u>
At 1 January 2005	32,173	16,450
At 1 January 2006	<u>32,173</u>	<u>16,450</u>
At 31 December 2006	<u>32,173</u>	<u>16,450</u>

All ordinary shares issued were fully paid.

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12. Issued capital and reserves (continued)

12.2 Reserves

Legal reserve

Legal reserves were formed in accordance with article 246 of the Bulgarian Commercial Act, stipulating reserve requirements for joint stock companies such as Zlatna Panega Cement AD. Legal reserves are required to equal one-tenth of the authorised capital. The source of the legal reserves comes from not less than one-tenth of earnings, premiums on share or debenture issues and other sources established by the articles of association of a company or the general meeting of its shareholders. The legal reserves can only be used to offset current year and prior year losses.

13. Interest bearing loans and borrowings

	Effective interest rate %	Maturity	2006	2005
Current				
(1) Short-term working capital bank loan in Alpha Bank with a limit of BGN 9,850 thousand	Bulgarian Basic Interest Rate + 2.5%	24 June 2007	-	-
(2) Overdraft facility with BNP Paribas with a limit of BGN 24,500 thousand	1M Sofibor +0.65 %	14 September 2007	8,202	-
			8,202	-
Non-current				
(3) Long-term bullet loan with SG, maturing within 3 years, with a total limit of BGN 24,000 thousand for working capital and capital expenditure	1M Sofibor +0.85 %	10 May 2009	1,994	-
			1,994	-

(1) Short-term working capital loan concluded with Alpha Bank for a limit of BGN 9,850 thousand (EUR 5,036 thousand). The loan is secured by Corporate Guarantee issued by Titan Cement S.A. It is repayable in full on 24 June 2007.

(2) Overdraft facility concluded with BNP Paribas with a limit of BGN 24,500 thousand (EUR 12,527 thousand). The facility is secured by a Letter of Comfort issued by Titan Cement S.A. and a promissory note issued by the Company.

(3) Long-term bullet loan with a maturity of 3 years concluded with Societe General - Expressbank for a total limit of BGN 24,000 thousand (EUR 12,271 thousand). The facility is secured by Corporate Guarantee issued by Titan Cement S.A. and a promissory note issued by the Company. It is repayable in full on 10 May 2009.

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14. Restoration provision

	<u>Restoration provision</u>
At 1 January 2006	561
Arising during the year	1,013
Utilised	(6)
Unused amounts reversed	<u>-</u>
At 31 December 2006	<u>1,568</u>

In accordance with the quarry concession agreement, the Company is obliged to restore the surface of the quarry upon the cessation of its use. The restoration provision is based on the management's best estimate of the expenses that will be incurred when the excavation from the quarry is ceased. The provision arising during the year reflects the additional amount that would be needed to restore the surface of the quarry that has been excavated during the year and the effect of change in estimate of the restoration amount that occurred due to update prices of services for restoration of the expected. The restoration provision has not been discounted as the management is unaware for how many more years the quarry would be used and it is believed that the current values presented are the best estimate available for the time being.

15. Retirement benefits

According to the Bulgarian labour legislation, the Company as an employer is obliged to pay five or nine gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the same employer for 10 years, the retirement benefit amounts to nine gross monthly salaries upon retirement (six gross monthly salaries as per Bulgarian labour legislation, plus three additional gross monthly salaries in accordance with the Company's Collective Labour Agreement), otherwise - five gross monthly salaries (two gross monthly salaries as per Bulgarian labour legislation, plus three additional gross monthly salaries in accordance with the Company's Collective Labour Agreement). The retirement benefits are unfunded.

The following tables summarise the components of net benefits expense recognized in the income statement and amounts recognised in the balance sheet for the retirement benefit plan:

Net benefit expense

	<u>2006</u>	<u>2005</u>
Current service cost	35	24
Interest cost	20	20
Net actuarial (gain)/loss recognised during the year	2	1
Past service cost	<u>21</u>	<u>20</u>
Net benefit expense recognised in the income statement	<u>78</u>	<u>65</u>

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15. Retirement benefits (continued)

Benefit liability

	<u>2006</u>	<u>2005</u>
Present value of retirement benefit obligation	281	295
Unrecognised actuarial (gains)/losses	-	(10)
Unrecognised past service costs	<u>(83)</u>	<u>(104)</u>
Benefit liability recognised in the balance sheet	<u>198</u>	<u>181</u>

Changes in the present value of the retirement benefit obligation are as follows:

	<u>Amount</u>
Retirement benefit obligation at 1 January 2005	298
Interest cost	20
Current service cost	24
Benefits paid	(33)
Actuarial (gains)/losses on obligation	<u>(14)</u>
Retirement benefit obligation at 31 December 2005	295
Interest cost	20
Current service cost	35
Benefits paid	(62)
Actuarial (gains)/losses on obligation	<u>(7)</u>
Retirement benefit obligation at 31 December 2006	<u>281</u>

The principal assumptions used in determining retirement benefit obligation are shown below:

	<u>2006</u>	<u>2005</u>
Discount rate	6 %	7 %
Future salary increases	6 %	6 %

Amounts for the current and previous four periods are as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Retirement benefit obligation	281	295	298	92	101
Experience adjustments on liabilities	7	14	(30)	7	-

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16. Trade and other payables

	2006	2005
Trade payables	6,694	2,605
Customer prepayments	137	57
Unused paid leave	237	146
Social security	89	127
Payroll taxes	34	31
Other taxes	30	40
Insurance premium payable	23	19
Other payables	180	146
	7,424	3,171

Terms and conditions of the financial liabilities, set out in the table above, are as follows:

- Trade payables are non-interest bearing and are normally settled on 1-90 day terms;
- Tax payables are non-interest bearing and are settled according to the legal deadlines.
- Other payables are non-interest bearing and have an average term of 15 days.

17. Related party disclosures

The ultimate parent

The ultimate parent of the Company is Titan Cement Company SA, incorporated in Greece.

Entity with controlling interest in the Company

The Company is controlled by REA Cement Limited, a company incorporated in Cyprus, holding 99.99% of the Company's shares. The remaining 0.01% of the shares is held by individuals and the State of Bulgaria.

Subsidiaries

Zlatna Panega Beton EOOD and Gravel and Sand Pits – Bulgaria EAD (GSPB EAD) are wholly-owned subsidiaries of the Company. The Company also has control over Rudmak Ltd FYROM, which is 100% owned by GSPB EAD.

Associate

Zlatna Panega Cement AD has a significant influence over Holcim Inertni Materiali AD with an interest of 48.77% and in Karieri AD with a 48.72% interest through its wholly-owned subsidiary, Gravel and Sand Pits Bulgaria EAD.

Other related parties

Granitoid AD, Cementarnica Usje AD, Cementarnica Kosjerich and Zlatna Panega Cement AD are related parties because they are under the common control of Titan Cement Company SA (the ultimate parent company).

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17. Related party disclosures (continued)

The following table provides the total amount of transactions, which have been entered into and the outstanding balances with related parties:

		<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed from related parties</u>	<u>Amounts owed to related parties</u>
Sales / purchases from related party					
<i>Ultimate parent company</i>					
Titan Cement Company S.A.	2006	-	396	-	36
Titan Cement Company S.A.	2005	-	1	-	-
<i>Entity with controlling interest in the Company</i>					
REA Cement Ltd. (dividends)	2006	-	-	-	3,743
REA Cement Ltd.	2005	-	-	-	-
<i>Subsidiaries</i>					
Zlatna Panega Beton EOOD	2006	3,897	427	573	24
Zlatna Panega Beton EOOD	2005	3,215	41	678	10
Gravel and Sand Pits EAD	2006	-	-	-	-
Gravel and Sand Pits EAD	2005	-	-	43	-
<i>Associate</i>					
Granitoid AD	2006	-	-	-	-
Granitoid AD	2005	-	3,237	-	-
<i>Other related parties</i>					
Cementarnica Usje AD	2006	59	6,201	10	1,117
Cementarnica Usje AD	2005	6	5,361	6	561
Stoycem OOD	2006	-	-	-	-
Stoycem OOD	2005	-	6	-	-
Cementarnica Kosjerich	2006	-	2,741	-	410
Cementarnica Kosjerich	2005	-	846	-	211
	2006			<u>583</u>	<u>5,330</u>
	2005			<u>727</u>	<u>782</u>

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17. Related party disclosures (continued)

		Interest received	Interest paid	Amounts owed from related parties	Amounts owed to related parties
Loans from / to related party					
<i>Subsidiaries</i>					
Zlatna Panega Beton EOOD	2006	13	-	559	-
Zlatna Panega Beton EOOD	2005	4	-	-	-
Gravel and Sand Pits EAD	2006	83	-	479	-
Gravel and Sand Pits EAD	2005	-	-	-	-
<i>Associate</i>					
Granitoid AD	2006	1	-	77	-
Granitoid AD	2005	-	-	-	-
<i>Other related parties</i>					
Key management personnel	2006	-	-	-	-
Key management personnel	2005	-	-	-	-
	2006			<u>1,115</u>	<u>-</u>
	2005			<u>-</u>	<u>-</u>

Terms and conditions of transactions with related parties

The sales and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured, interest free (except for loans) and settlement occurs in cash. Except as disclosed below, there have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2006, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2005: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Loans to related parties

Zlatna Panega Beton EOOD

During the year, the Company granted a loan to its wholly-owned subsidiary Zlatna Panega Beton EOOD in the amount of EUR 559 thousand (2005: EUR Nil). It is intended to finance the capital expenditure requirements of the subsidiary. The loan is unsecured and is repayable in 2007. Interest is charged at the Bulgarian prime rate plus spread of 2.5%.

Gravel and Sand Pits – Bulgaria EAD

During the year, the Company granted a loan to its wholly-owned subsidiary Gravel and Sand Pits – Bulgaria EAD amounting to EUR 479 thousand (2005: EUR Nil). It is intended to finance the investment in its subsidiary Rudmak Ltd, FYROM. The loan is unsecured and is repayable in 2007. Interest is charged at the Bulgarian prime rate plus spread of 2.5%.

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17. Related party disclosures (continued)

Guarantees to related parties

Zlatna Panega Cement AD has guaranteed promissory notes issued by Gravel and Sand Pits – Bulgaria EAD amounting to EUR 3 thousand. These notes secure bank guarantees for good performance issued by the Bulgarian Post Bank in favour of the Ministry of the Environment and Water Affairs.

Compensation of key management personnel

	<u>2006</u>	<u>2005</u>
Short-term employee benefits	325	337
Retirement benefits	-	19
Termination benefits	<u>17</u>	<u>33</u>
	<u>342</u>	<u>389</u>

18. Dividends paid

By virtue of a decision of the General Meeting of Shareholders, the Company distributed dividends of EUR 14,970 during 2006 (2005: Nil). The dividend per share is EUR 0.47 (2005: Nil). As at 31 December 2006 dividends paid amounted to EUR 11,227 thousand, while the outstanding balance of EUR 3,743 (included in payables to related parties) was paid in January 2007.

19. Commitments and contingencies

Capital commitments

As of 31 December 2006, the Company has commitments of EUR 6,118 thousand (2005: EUR 11,302 thousand) relating to capital expenditure projects as follows:

	<u>2006</u>	<u>2005</u>
Cement mill No 8	2,157	7,204
Clinker Silo	960	485
Packing plant	-	164
Palletizing Plant	160	360
Raw Mill & Kiln Line No 5	1,968	3,089
Electrical Substation	<u>873</u>	<u>-</u>
	<u>6,118</u>	<u>11,302</u>

Legal claims

No significant legal claims are foreseen by the management of the Company.

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19. Commitments and contingencies (continued)

Guarantees

The Company has provided the following guarantees as of 31 December 2006 in the form of promissory notes:

- it has guaranteed electricity supply to a maximum amount of EUR 299 thousand (2005: EUR 299 thousand);
- it has guaranteed the loan in SG to a maximum amount of EUR 12,271 thousand (2005: EUR Nil);
- it has guaranteed the loan in BNP to a maximum amount of EUR 12,527 thousand (2005: EUR Nil);

The Company issued a Bank Guarantee in favour of the Bulgarian Ministry of Civil Works for an amount of EUR 21 thousand in accordance with the concession contract.

Operating lease commitments – Company as a lessee

The Company has entered into operating leases with regard to certain motor vehicles. These leases have an average life of 3 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of 31 December are as follows:

	<u>2006</u>	<u>2005</u>
Within one year	30	-
After one year but not more than five years	36	-
More than five years	-	-
	<u>66</u>	<u>-</u>

Other

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

- Corporate income tax – until 31 December 2004;
- VAT – until 31 December 2004;
- Personal income tax – until 31 December 2004;
- Social security contributions – until 31 August 2005;
- Local taxes and fees – until 31 December 2004.

The directors do not believe that, as of 31 December 2006, any material matters exist relating to the evolving fiscal and regulatory environment in the country, which would require adjustment to the accompanying financial statements.

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20. Financial risk management objectives and policies

The Company's principal financial liabilities comprise bank loans and trade payables. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks inherent in the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term and long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts.

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.

Foreign exchange risk

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

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, available-for-sale financial investments and other financial assets (non-current), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

21. Financial instruments

Fair values

Fair value is the amount at which a financial instrument may be exchanged or settled in an arm's length transaction as best proof of its market value in an active market.

The estimated fair value of the financial instruments is determined by the Company on the basis of available market information, if any, or proper valuation models. When the management uses available market information to determine the financial instruments' fair value, the market information might not completely reflect the value at which these instruments may be actually realised.

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21. Financial instruments (continued)

Fair values (continued)

The management of Zlatna Panega Cement AD believes that the fair value of financial instruments comprising cash items, trade and other receivables, interest-bearing loans and borrowings, trade and other payables does not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk:

Year ended 31 December 2006

	Within 1 year	1 – 2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
<i>Fixed rate</i>							
Cash Assets	2,655	-	-	-	-	-	2,655
<i>Floating rate</i>							
Loans provided to subsidiaries	1,115	-	-	-	-	-	1,115
BGN 24,500 thousand working capital overdraft loan in BNP	8,202	-	-	-	-	-	8,202
BGN 24,000 thousand working capital and capital expenditure loan in SG - Expressbank	-	-	1,994	-	-	-	1,994

Year ended 31 December 2005

	Within 1 year	1 – 2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
<i>Fixed rate</i>							
Cash assets	5,576	-	-	-	-	-	5,576

Credit risk

There are no significant concentrations of credit risk within the Company.

22. Events after the balance sheet date

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