

Aemos Cement Limited

31 December 2007

Aemos Cement Limited

Report and financial statements 31 December 2007

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Aemos Cement Limited

Board of directors and other officers

Board of Directors

Arta Antoniou
Spyroulla Papaeracleous
Stelios Triantafyllides

Company Secretary

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1505 Nicosia
Cyprus

Registered office

2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1505 Nicosia
Cyprus

Aemos Cement Limited

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2007.

Principal activities

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

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

3 The Company made a profit for the year 2007 of €721,311 compared to the profit of €23,846,699 made in 2006. The decrease was due to higher dividend income in 2006. The net assets of the Company as at 31 December 2007 were €176,503,109 compared to €175,781,798 in 2006. The Board of Directors believes that the Company's profitability will improve in future and does not expect any significant changes in the activities of the Company in the foreseeable future.

Principal risks and uncertainties

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

Results

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

Share capital

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

Board of Directors

7 The members of the Board of Directors at 31 December 2007 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2007.

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

Aemos Cement Limited

Report of the Board of Directors (continued)

Board of Directors (continued)

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

Events after the balance sheet date

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

Branches

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

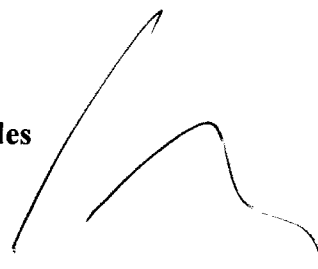
Auditors

12 The auditors of the Company, Messrs Ernst & Young have signified their willingness to continue in office. A resolution for reappointing them and authorising the Directors to set their remuneration will be proposed at the Annual General Meeting of the Company.

By Order of the Board

Stelios Triantafyllides
Director

Nicosia
28 February 2008



Independent Auditors' Report

To the Members of Aemos Cement Limited

Report on the Financial Statements

We have audited the financial statements of Aemos Cement Limited (the "Company") on pages 6 to 25, which comprise the balance sheet as at 31 December 2007, 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.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113. 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 auditor's 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 the Board of Directors, 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 Aemos Cement Limited as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

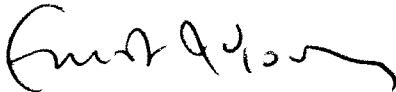
Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Ernst & Young
Chartered Accountants

Nicosia
28 February 2008

Aemos Cement Limited

Income statement for the year ended 31 December 2007

	Note	2007 €	2006 €
Dividend income	5	353,355	23,051,364
Net (losses) / gains on financial assets at fair value through profit or loss	6	(57,942)	496,236
Interest income	7	1,200,791	930,393
Amounts written off		477	-
Administrative expenses	10	(610,277)	(562,807)
Operating profit		886,404	23,915,186
Finance (costs) / income	8	(1,206)	2,009
Profit before tax		885,198	23,917,195
Tax	9	(163,887)	(70,496)
Profit for the year		721,311	23,846,699

The notes on pages 10 to 25 are an integral part of these financial statements.

Aemos Cement Limited

Balance sheet at 31 December 2007

	Note	2007 €	2006 €
Assets			
Non-current assets			
Investments in subsidiary undertakings	11	157,600,098	134,984,905
Current assets			
Trade and other receivables	12	10,725,618	9,918,981
Financial assets at fair value through profit or loss	13	2,298,802	1,700,991
Cash and cash equivalents	14	10,174,626	30,282,245
		<u>23,199,046</u>	<u>41,902,217</u>
Total assets		<u>180,799,144</u>	<u>176,887,122</u>
Equity and liabilities			
Capital and reserves			
Share capital	15	114,827	114,827
Share premium	15	113,054,397	113,054,397
Exchange difference translation reserve	16	90,984	90,984
Retained earnings		63,242,901	62,521,590
		<u>176,503,109</u>	<u>175,781,798</u>
Non-current liabilities			
Other payables	17	2,140,000	-
Current liabilities			
Other payables	17	2,149,268	1,080,251
Current tax liabilities		6,767	25,073
		<u>2,156,035</u>	<u>1,105,324</u>
Total equity and liabilities		<u>180,799,144</u>	<u>176,887,122</u>

On 28 February 2008 the Board of Directors of Aemos Cement Limited authorised these financial statements for issue.

Stelios Triantafyllides, Director

Arta Antoniou, Director

The notes on pages 10 to 25 are an integral part of these financial statements.

Aemos Cement Limited

Statement of changes in equity for the year ended 31 December 2007

	Share capital €	Share Premium (2) €	Exchange difference translation reserve €	Retained earnings (1) €	Total €
Balance 1 January 2006	114,827	113,054,397	90,984	38,674,891	151,935,099
Profit for the year	-	-	-	23,846,699	23,846,699
Balance at 31 December 2006/1 January 2007	114,827	113,054,397	90,984	62,521,590	175,781,798
Profit for the year	-	-	-	721,311	721,311
Balance at 31 December 2007	114,827	113,054,397	90,984	63,242,901	176,503,109

- (1) There is no withholding tax on payments of dividends by the Company to non-resident shareholders or shareholders that are companies resident in Cyprus. Payments of dividends to shareholders that are physical persons resident in Cyprus are subject to a 15% withholding tax. As from 1 January 2003, companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount of dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profit refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.
- (2) The share premium is not distributable by way of dividend. It can be used mainly for the issue of bonus shares to the shareholders.
- (3) Exchange difference translation reserve is explained in note 16 to the financial statements.

The notes on pages 10 to 25 are an integral part of these financial statements.

Aemos Cement Limited

Cash flow statement for the year ended 31 December 2007

	Note	2007 €	2006 €
Cash flows from operating activities			
Profit before tax		885,198	23,917,195
Adjustments for:			
Dividend income	5	(353,355)	(23,051,364)
Interest income	7	(1,200,791)	(930,393)
Interest expense	8	179	455
		<u>(668,769)</u>	<u>(64,107)</u>
Changes in working capital:			
Other receivables		649,885	(2,167,268)
Other payables		3,209,016	(3,231)
Financial assets at fair value through profit or loss		(597,811)	(301,367)
Cash used in operations		<u>2,592,321</u>	<u>(2,535,973)</u>
Tax paid		(187,088)	(45,315)
Net cash from / (used in) operating activities		<u>2,405,233</u>	<u>(2,581,288)</u>
Cash flows from investing activities			
Purchase/increase of investments in subsidiary undertakings	11	(22,615,193)	(1,071,739)
Account for the reduction of share premium in Themis		(1,451,626)	-
Dividends received		353,355	23,051,364
Interest received		1,200,791	930,393
Net cash (used in) / from investing activities		<u>(22,512,673)</u>	<u>22,910,018</u>
Cash flows from financing activities			
Interest paid		(179)	(455)
Net cash used in financing activities		<u>(179)</u>	<u>(455)</u>
Net (decrease) / increase in cash and bank balances		<u>(20,107,619)</u>	<u>20,328,275</u>
Cash and bank balances at beginning of year		30,282,245	9,953,970
Cash and bank balances at end of year	14	<u>10,174,626</u>	<u>30,282,245</u>

The notes on pages 10 to 25 are an integral part of these financial statements.

Aemos Cement Limited

Notes to the financial statements

1 General information

Country of incorporation

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

Principal activities

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

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

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

New Standards

As from 1 January 2007, the Company has adopted the following new and amended IFRS and IFRIC Interpretations:

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies

IFRIC 8, Scope of IFRS 2

IFRIC 9, Reassessment of Embedded Derivatives

IFRIC 10, Interim Financial Reporting and Impairment

Adoption of the above did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures. The principal effects of these changes are as follows:

IFRS 7 ‘Financial Instruments: Disclosures’ and a complementary amendment to IAS 1, ‘Presentation of Financial Statements – Capital Disclosures’

IFRS 7 requires additional disclosure of qualitative and quantitative information regarding exposure to risks arising from financial instruments. In particular, it specifies minimum disclosures about credit risk, liquidity risk and market risk. IFRS 7 replaces IAS 30 ‘Disclosures in the Financial Statements of Banks and Similar Financial Institutions’ and the disclosure requirements in IAS 32 ‘Financial Instruments: Disclosure and Presentation’.

The amendment to IAS 1 introduces disclosures relating to the level of the Group’s capital and the Group’s objectives, policies and processes for managing capital.

The new disclosures are included throughout the financial statements. Comparative information has been revised where needed.

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

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

Issued by the IASB and adopted by the EU

IFRS 8, Operating Segments

IFRIC 11, IFRS 2-Group and Treasury Share Transactions

Issued by the IASB but not yet adopted by the EU

Amendment to IAS 23, Borrowing Costs

IFRIC 12, Service Concession Arrangements

IFRIC 13, Customer Loyalty Programmes

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

IFRIC14, IAS19- Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to IAS 1 Presentation of Financial Statements

The above are expected to have no impact on the Company's financial statements, other than certain changes to the presentation of its financial statements, as required by the Amendments to IAS 1 that are applicable in 2009.

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. The following specific recognition criteria must also be met before revenue is recognised

(a) Interest income

Interest income is recognised as the interest accrues (taking into account the effective yield on the asset).

(b) Dividend income

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

Foreign currency translation

(1) Functional and presentation currency

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

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

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

(2) Transactions and balances

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

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

Tax

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

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

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

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

Investments in subsidiary undertakings

Subsidiaries include all companies that are controlled by the company. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise.

Investments in subsidiaries are stated at cost less any impairment in value. The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment losses are recognised in the income statement.

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Investments

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

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

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

(b) Loans and receivables

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

(c) Held-to-maturity investments

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

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised directly in equity in the net unrealised gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognised in the income statement. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Investments (continued)

recognised in the income statement as “Dividends received” when the right of payment has been established.

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using appropriate valuation techniques.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Provisions

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.

Aemos Cement Limited

2 Summary of significant accounting policies (continued)

Receivables from related parties

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

Share capital

The share capital is recognised at its nominal value. The difference between the fair value received by the Company and the nominal value of the issued share capital is transferred to the share premium reserve.

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 purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Comparatives

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

3 Financial risk management

(a) Financial risk factors

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

(i) Interest rate risk

Interest rate is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company has interest-bearing assets and it borrows at fixed rates. Interest income earned on cash at bank is susceptible to changes in market interest rates. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Aemos Cement Limited

3 Financial risk management (continued)

(ii) Market price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

The table below summarises the maturity profile of the Company's financial liabilities as at the year end.

	On demand €	Less than 3 months €	6 to 12 months €	2007		Total €
				1 to 5 years €	> 5 years €	
Borrowings	-	-	-	-	-	-
Other non current liabilities	-	-	-	2,140,000	-	2,140,000
Trade and other payables	-	16,035	2,140,000	-	-	2,156,035
	<u>-</u>	<u>16,035</u>	<u>2,140,000</u>	<u>2,140,000</u>	<u>-</u>	<u>4,296,035</u>
	On demand €	Less than 3 months €	6 to 12 months €	2006		Total €
Borrowings	-	-	-	-	-	-
Other non current liabilities	-	-	1,070,000	-	-	1,070,000
Trade and other payables	-	35,324	-	-	-	35,324
	<u>-</u>	<u>35,324</u>	<u>1,070,000</u>	<u>-</u>	<u>-</u>	<u>1,105,324</u>

Aemos Cement Limited

3 Financial risk management (continued)

(v) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. As at 31 December 2006 the Company had financial assets at fair value through profit or loss of €964,702 (2006:€753,490) denominated in US Dollar and Australian Dollar.

The foreign exchange gain charged to the income statement amounts to €1,027 (2006: loss of €2,464) and relates to financing activities (Note 8).

(b) Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder wealth.

To meet its objectives the Company monitors economic conditions and finances its business by internally generated funds, adjusting dividend payments and return of capital to its shareholder accordingly or issue new shares. In the event of temporary financing needs, the Company is financed by its shareholder and fellow Group Companies.

This policy ensures an optimal capital structure with reduced cost of capital. For the purposes of calculating the cost of capital, capital is considered to be the weighted sum of the Company's equity and debt.

No changes were made in the objectives, policies and processes during the years ended 31 December 2007 and 31 December 2006.

(c) Fair value estimation

The fair values of financial assets and liabilities are not materially different from their carrying values at the balance sheet date.

	Carrying amount		Fair value	
	2007	2006	2007	2006
	€	€	€	€
Financial assets				
Financial assets at fair value through profit or loss	2,298,802	1,700,991	2,298,802	1,700,991
Receivables and prepayments	10,725,618	9,918,981	10,725,618	9,918,981
Cash and cash equivalents	10,174,626	30,282,245	10,174,626	30,282,245
Financial liabilities				
Other non current liabilities	2,140,000	-	2,140,000	-
Trade and other payables	2,156,035	1,091,971	2,156,035	1,091,971

Aemos Cement Limited

4 Critical accounting estimates and assumptions

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

(a) Critical accounting estimates and assumptions

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

(i) Income taxes

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

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

The Company met the tax filing in Cyprus. To the best of Management's knowledge, no breaches of tax law have occurred. Thus, the Company has not recorded any provision for potential impact of any such breaches as at 31 December 2007 or as at 31 December 2006.

(ii) Impairment of non-financial assets

The Company periodically evaluates the recoverability of non-financial assets such as investments in subsidiaries, whenever indicators of impairment are present. Indicators of impairment include such items as declines in market values, revenues, earnings, cash flows or net asset value which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that non-financial assets may be impaired, the estimated future discounted cash flows associated with these assets would be compared to their carrying amounts to determine if a write-down to the income statement is necessary.

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5 Dividend income

Dividend income of €310,000 (2006:€23,000,000) was received from the subsidiary undertakings. Other dividend income of €43,355 (2006: €51,364) was received from financial assets at fair value through profit or loss.

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

	2007 €	2006 €
Fair value (losses)/gains	(224,214)	248,879
Profit on sale	166,272	247,357
	<u>(57,942)</u>	<u>496,236</u>

7 Interest income

	2007 €	2006 €
Interest income from:		
Bank balances	937,102	399,146
Loans from fellow group companies (Note 19)	263,689	531,247
	<u>1,200,791</u>	<u>930,393</u>

8 Finance (costs)/ income - net

	2007 €	2006 €
Interest expense:		
Bank overdraft	(179)	(455)
Net foreign exchange transaction (losses) / gains	(1,027)	2,464
	<u>(1,206)</u>	<u>2,009</u>

9 Tax

	2007 €	2006 €
Current tax:		
Corporation tax	62,120	19,191
Defence contribution	98,001	43,300
Withholding tax	3,766	8,005
	<u>163,887</u>	<u>70,496</u>

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

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9 Tax (continued)

	2007 €	2006 €
Profit before tax	885,198	23,917,195
Tax calculated at the applicable tax rates	88,520	2,391,719
Tax effect of expenses not deductible for tax purposes	73,114	20,071
Tax effect of allowances and income not subject to tax	(99,514)	(2,380,933)
Withholding tax	3,766	8,005
Defence contribution	98,001	42,910
Defence contribution-prior years	-	390
Losses brought forward, utilised	-	(11,666)
Taxation charge	163,887	70,496

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

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

10 Expenses by nature

	2007 €	2006 €
Accountancy and administrative	29,109	10,635
Audit fees	7,664	7,781
Legal fees	1,833	1,952
Sundry expenses	12,972	19,611
Custody fees	5,775	5,490
Salaries and related costs	45,000	316,228
Stamp duties	6,956	-
Brokerage fees	968	1,110
Other administration and intermediary services	500,000	200,000
Total administrative expenses	610,277	562,807

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11 Investments in subsidiary undertakings

At cost:-

	% share holding	Country of incorporation	Activities	2007 €	2006 €
Tithys Limited	100%	Cyprus	Holding Company	42,273,830	42,273,830
Balkcem Limited (1)	100%	Cyprus	Holding Company	27,033,905	22,753,905
Themis Holdings Limited	51%	Cyprus	Holding Company	3,453,705	3,453,705
On account for share premium reduction in Themis (2)				(1,451,626)	-
Rea Cement Limited	100%	Cyprus	Holding Company	66,501,726	66,501,726
Alvacim Limited (3)	100%	Cyprus	Holding Company	19,580,619	1,739
Feronia Limited (4)	100%	Cyprus	Holding Company	205,200	-
Kocem Limited (5)	100%	Cyprus	Holding Company	1,000	-
Titan Cement Cyprus Ltd(6)	100%	Cyprus	Holding Company	1,739	-
				<u>157,600,098</u>	<u>134,984,905</u>

(1) Investment in Balkcem Limited

During the period the cost of the investment in Balkcem Limited increased by €4.280.000 which represents a provision for the additional consideration that will be paid in accordance to the purchase agreement (Note 17).

(2) Investment in Themis Limited

In January 2008, Themis Limited submitted an application to the court an application for share premium reduction. The amount to be refunded to the Company is €1.451.626. The investment in subsidiary was credited and the amount payable to the subsidiary was debited with this amount.

(3) Investment in Alvacim Limited

During 2007, Alvacim Limited increased its share capital to €19,580,619.

(4) Investment in Feronia Limited

During 2007, the Company incorporated Feronia Limited and subscribed for 100% of its shareholding at a cost of €205,200.

(5) Investment in Kocem Limited

On 3 October 2007, the Company incorporated Kocem Limited and subscribed for 100% of its shareholding at a cost of €1,000.

(6) Investment in Titan Cement Cyprus Limited

During 2007, the Company incorporated Titan Cement Cyprus Limited and subscribed for 100% of its shareholding at a cost of €1,739 (CY€1,000).

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12 Trade and other receivables

	2007 €	2006 €
Receivables from related parties (Note 19)	10,707,369	9,690,436
Other receivables and prepayments	18,249	215,192
	<u>10,725,618</u>	<u>9,905,628</u>

13 Financial assets at fair value through profit or loss

	2007 €	2006 €
Listed securities:		
Equity securities	2,298,802	1,700,991
	<u>2,298,802</u>	<u>1,700,991</u>

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

	2007 €	2006 €
Held for trading	2,298,802	1,700,991
	<u>2,298,802</u>	<u>1,700,991</u>

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

14 Cash and cash equivalents

	2007 €	2006 €
Cash at bank	10,174,626	30,282,245
	<u>10,174,626</u>	<u>30,282,245</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and carry interest from 3.5% to 4.5%.

15 Share capital and share premium

	Number of shares	2007		
		Share capital C£	Share capital €	Share premium €
At 1 January and 31 December	<u>67,093</u>	<u>67,093</u>	<u>114,827</u>	<u>113,054,397</u>
	Number of shares	2006		
		Share capital C£	Share capital €	Share premium €
At 1 January and 31 December	<u>67,093</u>	<u>67,093</u>	<u>114,827</u>	<u>113,054,397</u>

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15 Share capital and share premium (continued)

The total authorized number of ordinary shares is 70 000 shares with a par value of C£1 per share. All issued shares are fully paid.

The share capital of the Company will be converted from Cyprus pounds (C£) to Euro during 2008, due to the abolishment of the Cyprus pound and the introduction of the Euro.

16 Exchange difference translation reserve

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

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

17 Other payables

	2007 €	2006 €
Other payables and accrued expenses	9,268	10,251
Provision for additional cost of investment (1)	4,280,000	1,070,000
	<u>4,289,268</u>	<u>1,080,251</u>

(1) Amount represents a provision for additional consideration for the increase in the investment in Balkcem Limited (Note 11(1) and 18).

18 Commitments and Contingencies

During 2004, the Company acquired the 49% of the issued share capital of Balkcem Limited from Holcim Auslandsbeteiligungs GmbH (Note 11). The purchase agreement provided an additional price complement not to exceed €7,500,000 in seven annual payments, upon the condition that the yearly earnings before interest and tax, discounted back to 2003, of the Balkcem subsidiary, AD Cementarnica, does not fall below €15.870.000. The price complement for 2004, 2005 and 2006 of €1,070,000 for each year, were paid in 2005, 2006 and 2007 respectively, as the above condition was met. As the yearly earnings before interest and tax for the next four years discounted back to 2003 of

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18 Commitments and Contingencies (continued)

the Balkcem subsidiary, AD Cementarnica are not expected to fall below €15,870,000, the amount of €4,28 million of the total complement of €7,5 million is due by the Company for 2007 (Note 17(1)). A provision has been made in these financial statements in respect of this matter for the additional price to be paid for the remaining three years,.

There were no other significant commitments and contingent liabilities at the balance sheet date.

19 Related party transactions

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

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

The following transactions were carried out with related parties:

(a) Year-end balances arising from financing

	Nature of transactions	2007 €	2006 €
Receivables from subsidiary undertakings (1)	Financing	12,430	748,261
Receivables from subsidiary undertaking (2)	Share capital reduction	-	610,928
Receivables from fellow group company (3)	Financing	10,694,939	8,331,247
		<u>10,707,369</u>	<u>9,690,436</u>

(1) Amounts receivable from subsidiary undertakings represent advances of a financing nature which are interest free, unsecured and repayable on demand.

(2) Amounts receivable from subsidiary undertaking related to a share capital reduction of the subsidiary, effected in 2005. The receivable was unsecured, interest free and repayable on demand.

(3) The Company granted a loan facility of €26,000,000 and €3,300,000 to fellow group company out of which €19,400,000 were repaid. Both loans are unsecured, bear an interest rate of 3 % per annum (total interest €263,689, 2006:€531,247) and have no set repayment date.

20 Events after the balance sheet date

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