

Balkcem Limited

31 December 2007

Balkcem Limited

Report and financial statements 31 December 2007

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Balkcem Limited

Board of Directors and other officers

Board of Directors

Michail Sigalas
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

Balkcem 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, the provision of consultancy services to fellow group companies and the 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 at the Company's business

3 The Company made a profit of €33,042,681 in 2007 compared to €5,493,851 in 2006. The increase was mainly due to the higher dividend income received from the subsidiary and the higher interest income received. The net assets of the Company at 31 December 2007 were €69,784,245 compared to the net assets at 31 December 2006 of €37,051,565. Details of the movement in net assets is set on page 8 of the financial statements. The Board of Directors of the Company does not expect any significant changes in the activities of the Company for the foreseeable future.

Principal risks and uncertainties

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

Results

5 The Company's results for the year are set out on page 6. The Board of Directors recommends the payment of a dividend as detailed below and the remaining profit for the year is retained.

Dividend

6 On the 28 December 2007 an interim dividend of €310,000 was approved and paid for the year 2005.

Share capital

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

Balkcem Limited

Report of the Board of Directors (continued)

Board of Directors

8 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.

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

Branches

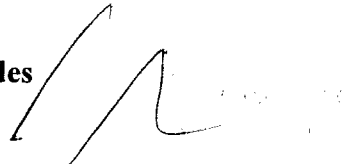
10 The Company did not operate through any branches during the year.

Auditors

11 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 Balkcem Limited

Report on the Financial Statements

We have audited the financial statements of Balkcem Limited (the "Company") on pages 6 to 21, 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 Balkcem 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.

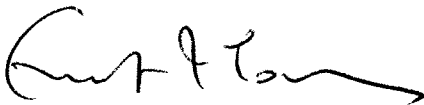
Report on Other Legal Requirements

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

Balkcem Limited

Income statement for the year ended 31 December 2007

	Note	2007 €	2006 €
Dividend income	5	31,000,000	4,062,471
Consultancy fee income	15(a)	2,122,085	2,113,435
Interest income	6	683,917	235,101
Administrative expenses	8	(495,209)	(274,462)
Operating profit		33,310,793	6,136,545
Finance costs	7	(3,075)	(17,295)
Profit before tax		33,307,718	6,119,250
Tax	9	(265,037)	(625,399)
Profit for the year		33,042,681	5,493,851

The notes on pages 10 to 21 are an integral part of these financial statements.

Balkcem Limited

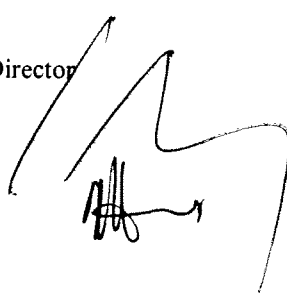
Balance sheet at 31 December 2007

	Note	2007 €	2006 €
Assets			
Non-current assets			
Investment in subsidiary undertakings	10	26,989,753	26,989,753
Current assets			
Trade & other receivables	11	66,450	310,503
Taxation receivable		39,903	12,810
Cash and cash equivalents	12	42,696,160	9,749,103
		<u>42,802,513</u>	<u>10,072,416</u>
Total assets		<u>69,792,266</u>	<u>37,062,169</u>
Equity and liabilities			
Capital and reserves			
Share capital	13	13,975	13,975
Share premium	13	12,257,031	12,257,031
Retained earnings		57,513,240	24,780,559
		<u>69,784,246</u>	<u>37,051,565</u>
Current liabilities			
Other payables	14	8,020	10,604
Total equity and liabilities		<u>69,792,266</u>	<u>37,062,169</u>

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

Stelios Triantafyllides, Director

Arta Antoniou, Director



The notes on pages 10 to 21 are an integral part of these financial statements.

Balkcem Limited

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

	Note	Share capital €	Share Premium(1) €	Retained earnings (2) €	Total €
Balance at 1 January 2006		13,975	12,257,031	39,286,708	51,557,714
Profit for the year		-	-	5,493,851	5,493,851
Dividend relating to 2004	16	-	-	(7,000,000)	(7,000,000)
Dividends relating to 2005	16			(13,000,000)	(13,000,000)
Balance at 31 December 2006		13,975	12,257,031	24,780,559	37,051,565
Profit for the year		-	-	33,042,681	33,042,681
Dividends relating to 2005	16			(310,000)	(310,000)
Balance at 31 December 2007		13,975	12,257,031	57,513,240	69,784,246

- (1) The share premium is not distributable by way of dividend. It can be used mainly for the issue of bonus shares to the shareholders.
- (2) 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. From 1 January 2003 onwards, companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable for the account of the shareholders. For the tax year 2005, there is no special contribution for the defence on deemed distribution.

The notes on pages 10 to 21 are an integral part of these financial statements.

Balkcem Limited

Cash flow statement for the year ended 31 December 2007

	Note	2007 €	2006 €
Cash flows from operating activities			
Profit before tax		33,307,718	6,119,250
Adjustments for:			
Interest income		(683,917)	(235,101)
		<u>32,623,801</u>	<u>5,884,149</u>
Changes in working capital:			
Other receivables		40,970	2,459,825
Other payables		(2,588)	863
Cash generated from operations		<u>32,662,183</u>	<u>8,344,837</u>
Tax paid		(89,043)	(841,292)
Net cash from operating activities		<u>32,573,140</u>	<u>7,503,545</u>
Cash flows from investing activities			
Purchase of subsidiary undertaking	10	-	(5,201)
Net cash used in investing activities		<u>-</u>	<u>(5,201)</u>
Cash flows from financing activities			
Dividends paid to Company's shareholders	16	(310,000)	(20,000,000)
Interest received		683,917	235,101
Net cash used in financing activities		<u>373,917</u>	<u>(19,764,899)</u>
Net increase/ (decrease) in cash and bank balances		<u>32,947,057</u>	<u>(12,266,555)</u>
Cash and bank balances at beginning of year		<u>9,749,103</u>	<u>22,015,658</u>
Cash and bank balances at end of year	12	<u>42,696,160</u>	<u>9,749,103</u>

The notes on pages 10 to 21 are an integral part of these financial statements.

Balkcem Limited

Notes to the financial statements

1 General information

Country of incorporation

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

Principal activities

The principal activities of the Company are those of an investment holding company, the provision of consultancy services to fellow group companies 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

Balkcem 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

Balkcem 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 IAS1 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

(a) 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 €.

Balkcem Limited

2 Summary of significant accounting policies (continued)

(b) Transactions and balances

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

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

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which they are approved by the Company's shareholders.

Investment 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.

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2 Summary of significant accounting policies (continued)

Share capital

The share capital is recognized 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.

Receivables from related parties

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

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 the presentation in the current year.

3 Financial risk management

(a) Financial risk factors

The Company's activities exposed it to interest rate 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 these risks 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.

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3 Financial risk management (continued)

(ii) Credit risk

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

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company functional currency. At the year-end the Company had no significant balances in foreign currencies. The Company's policy is not to enter into any currency hedging transactions.

The foreign exchange difference charged to the income statement amounts to €3.075 (2006:€17.295) and relates to financing activities (Note 7).

(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	-	-	-	-	-	-
Trade and other payables	-	8,020	-	-	-	8,020
	<u>-</u>	<u>8,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,020</u>

Balkcem Limited

3 Financial risk management (continued)

(iv) Liquidity risk (continued)

	On demand €	Less than 3 months €	6 to 12 months €	2006		Total €
				1 to 5 years €	> 5 years €	
Borrowings	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Trade and other payables	-	10,604	-	-	-	10,604
	-	10,604	-	-	-	10,604

(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				
Receivables and prepayments	106,353	323,313	106,353	323,313
Cash and cash equivalents	42,696,160	9,749,103	42,696,160	9,749,103
Financial liabilities				
Trade and other payables	8,020	10,604	8,020	10,604

Balkcem Limited

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(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.

5 Dividend income

During the year, the Company's subsidiary Titan Cement Netherlands B.V. declared and paid to the Company dividend of €31,000,000.

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6 Interest income

	2007 €	2006 €
Bank balances	683,917	235,101
	<u>683,917</u>	<u>235,101</u>

7 Finance costs

	2007 €	2006 €
Net foreign exchange transaction losses	3,075	17,295
	<u>3,075</u>	<u>17,295</u>

8 Expenses by nature

	2007 €	2006 €
Staff costs (including bonus)	254,832	250,175
Accounting and administrative expenses	11,264	10,989
Auditors remuneration	6,921	7,782
Legal fees	2,629	2,927
Sundry expenses	19,563	2,589
Marketing and research	200,000	-
Total administrative expenses	<u>495,209</u>	<u>274,462</u>

9 Tax

	2007 €	2006 €
Current tax:		
Corporation tax	196,645	195,641
Defence contribution	68,392	23,511
Withholding tax	-	406,247
	<u>265,037</u>	<u>625,399</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	33,307,718	6,119,250
Tax calculated at the applicable tax rates	3,330,773	611,925
Tax effect of expenses not deductible for tax purposes	308	1,718
Tax effect of allowances and income not subject to tax	(3,134,436)	(418,002)
Defence tax	68,392	23,511
Withholding tax	-	406,247
Taxation charge	265,037	625,399

The Company is subject to corporation tax on 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 Investment in subsidiary undertakings

	%	Country of shareholding incorporation	2007 €	2006 €
A.D. Cementarnica USJE – at cost (1)	94,84	Fyrom	-	26,984,552
Titan Cement Netherlands B.V. (2) – at cost	100,00	Netherlands	26,989,753	5,201
			26,989,753	26,989,753

(1) The principal activities of A.D. Cementarnica USJE is the production of cement. As from 10 January 2007, the Company owns indirectly 94,84% of shares of A.D. Cementarnica USJE, through its 100% subsidiary, Titan Cement Netherlands B.V.

(2) On 6 December 2006, the Company entered into a share purchase agreement and acquired a wholly owned subsidiary, Titan Cement Netherlands S.A., at a cost of €5,201. The principal activity of Titan Cement Netherlands B.V. is that of investments holding. On 10 January 2007, the Company contributed 534,667 shares held in Cementarnica USJE, being 94,84%, as payment in kind, to acquire 1 share with par value €10 in Titan Cement Netherlands B.V at a premium of €26,984,542.

11 Trade & other receivables

	2007 €	2006 €
Receivables from related parties (Note 15 (b))	66,450	104,790
Other receivables	-	2,630
Withholding tax refundable	-	203,083
	66,450	310,503

Balkcem Limited

12 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2007 €	2006 €
Bank balances	<u>42,696,160</u>	<u>9,749,103</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and US\$ and carry annual interest from 1.0% to 1.5% and from 3% to 3.62%, respectively.

13 Share capital and share premium

		2007		
	Number of shares	Share capital CY£	Share capital €	Share premium €
At 1 January and 31 December 2007	<u>8,199</u>	<u>8,199</u>	<u>13,975</u>	<u>12,257,031</u>
	Number of shares	2006		
	Number of shares	Share capital CY£	Share capital €	Share premium €
At 1 January and 31 December 2006	<u>8,199</u>	<u>8,199</u>	<u>13,975</u>	<u>12,257,031</u>

The total authorized number of ordinary shares is 20,000 shares with a par value of CY£1 per share. All issued shares are fully paid.

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

14 Other payables

	2007 €	2006 €
Other payables and accrued expenses	3,065	5,234
Accrued expenses	4,955	5,370
	<u>8,020</u>	<u>10,604</u>

Balkcem Limited

15 Related party transactions

The Company is controlled by Aemos Cement Limited incorporated in Cyprus which owns 100% of the Company's shares. The ultimate controlling party is Titan Cement S.A. incorporated in Greece.

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 such include all companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

(a) Sales of services

	2007 €	2006 €
Provision of consultancy services:		
Subsidiary undertaking	-	2,113,435
Sub-subsidiary undertaking	2,122,085	-
	<u>2,122,085</u>	<u>2,113,435</u>

(b) Year-end balances arising from sales of services/financing

	2007 €	2006 €
	Nature of transactions	
Receivable from sub-subsidiary undertaking	Consultancy services	
	66,450	104,790
	<u>66,450</u>	<u>104,790</u>

16 Dividends

During 2007 interim dividend of €310,000 were approved and paid for the year 2005 respectively (€37,81 per share). During 2006, interim dividends of €7,000,000 (€853,76 per share) and €13,000,000 (€1.585,56 per share) were approved and paid for the years 2004 and 2005 respectively.

17 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.

18 Commitments and Contingencies

There were no significant commitments and contingencies at the balance sheet date (2006 nil).