

Titan Cement Cyprus Limited

For the period from 31 May 2006 to 31 December 2007

Titan Cement Cyprus Limited

Report and financial statements for the period from 31 May 2006 (date of incorporation) to 31 December 2007

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Titan Cement Cyprus 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 Avenue III
Capital Center, 9th Floor
CY-1065 Nicosia
Cyprus

Registered office

2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1065 Nicosia
Cyprus

Titan Cement Cyprus Limited

Report of the Board of Directors

1 The Board of Directors presents its first report together with the audited financial statements of the Company for the period from 31 May 2006 (date of incorporation) to 31 December 2007.

Principal activities

2 The principal activities of the Company are those of an investment holding company.

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

3 The Company was incorporated on 31 May 2006 and the net loss for the period to 31 December 2007 was €14,557, which relates mainly to incorporation and administration expenses. . The continuation of the activities of the Company presumes that the shareholders of the Company will continue to provide financial support for the next 12 months from the date of this report. 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 risk or uncertainties are stated in Note 3.

Results

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

Share capital

6 On incorporation, the Company issued 1,000 ordinary shares of CY€1 each.

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 period to 31 December 2007.

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

Titan Cement Cyprus Limited

Report of the Board of Directors (continued)

Events after the balance sheet date

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

Branches

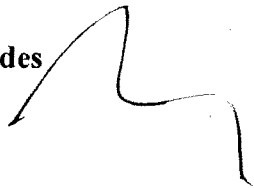
10 The Company did not operate through any branches during the year.

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 Titan Cement Cyprus Limited

Report on the Financial Statements

We have audited the financial statements of Titan Cement Cyprus Limited (the "Company") on pages 6 to 16, 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 period from 31 May 2006 to 31 December 2007, 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 Titan Cement Cyprus Limited as of 31 December 2007, and of its financial performance and its cash flows for the period 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.

(4)

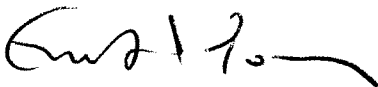
Report on Other Legal Requirements

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

Titan Cement Cyprus Limited

Income statement for the period from 31 May 2006 (date of incorporation) to 31 December 2007

	Note	Period from 31 May 2006 (date of Incorporation) to 31 December 2007 €
Administrative expenses	5	(14,557)
Operating loss		<u>(14,557)</u>
Finance costs		-
Loss before tax		<u>(14,557)</u>
Tax		-
Loss for the period		<u><u>(14,557)</u></u>

The notes on pages 10 to 16 are an integral part of these financial statements.

Titan Cement Cyprus Limited

Balance sheet at 31 December 2007

	Note	2007 €
Assets		
Current assets		
Trade and other receivables		-
Cash and cash equivalents		-
		<u>-</u>
Total assets		<u>-</u>
Equity and liabilities		
Capital and reserves		
Share capital	7	1,739
Accumulated losses		(14,557)
		<u>(12,818)</u>
Current liabilities		
Payable to related parties	9	6,923
Other payables	8	5,895
		<u>12,818</u>
Total liabilities		<u>12,818</u>
Total equity and liabilities		<u>-</u>

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

Stelios Triantafyllides, Director

Arta Antoniou, Director



The notes on pages 10 to 16 are an integral part of these financial statements.

Titan Cement Cyprus Limited

Statement of changes in equity for the period from 31 May 2006 (date of incorporation) to 31 December 2007

	Share capital €	Accumulated losses €	Total €
Balance at 31 May 2006 (date of Incorporation)	-	-	-
Issue of share capital	1,739	-	1,739
Loss for the period	-	(14,557)	(14,557)
Balance at 31 December 2007	<u>1,739</u>	<u>(14,557)</u>	<u>(12,818)</u>

The notes on pages 10 to 16 are an integral part of these financial statements.

Titan Cement Cyprus Limited

Cash flow statement for the period from 31 May 2006 (date of incorporation) to 31 December 2007

	Note	Period from 31 May 2006 (date of Incorporation) to 31 December 2007 €
Cash flows from operating activities		
Loss before tax		(14,557)
Changes in working capital:		
Trade and other receivables		-
Other payables		12,818
Cash generated from operating activities		<u>(1,739)</u>
Tax paid		-
Net cash from operating activities		<u>(1,739)</u>
Cash flows from financing activities		
Proceeds from issue of shares	7	1,739
Net cash from financing activities		<u>1,739</u>
Net increase in cash and bank balances		-
Cash and bank balances at the beginning of the period		-
Cash and bank balances at the end of the period		<u><u>-</u></u>

The notes on pages 10 to 16 are an integral part of these financial statements.

Titan Cement Cyprus 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, Nicosia, Cyprus.

Principal activities

The principal activities of the Company are those of an investment holding company.

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.

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

Titan Cement Cyprus 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).

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 €.

(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.

Titan Cement Cyprus Limited

2 Summary of accounting policies (continued)

Tax

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

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

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

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.

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.

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.

Titan Cement Cyprus Limited

2 Summary of accounting policies (continued)

Investment in subsidiary undertaking

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.

3 Financial risk management

(a) Financial risk factors

(i) Liquidity risk

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

	On demand €	Less than 3 months €	2006-2007			Total €
			6 to 12 months €	1 to 5 years €	> 5 years €	
Borrowings	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Trade and other payables	6,923	5,895	-	-	-	12,818
	<u>6,923</u>	<u>5,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,818</u>

(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.

Titan Cement Cyprus Limited

3 Financial risk management (continued)

(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 2007 €	Fair value 2007 €
Financial liabilities		
Trade and other payables	<u>12,818</u>	<u>12,818</u>

4 Critical accounting estimates and judgement

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

Income taxes

The Company 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.

Titan Cement Cyprus Limited

5 Expenses by nature

	Period from 31 May 2006 (date of Incorporation) to 31 December 2007 €
Accountancy and administrative	503
Audit fees	5,895
Sundry expenses	342
Legal fees	4,817
Formation expenses	3,000
Total administrative expenses	<u>14,557</u>

6 Tax

The Company is subject to corporation tax on its taxable profits at the rate of 10%. As at 31 December 2007 the Company had tax losses carried forward of CY£6,718 which can be carried forward and be utilized against future taxable profits with no time limitation.

No deferred tax asset has been recognised in the financial statements of the Company, in respect of the tax losses carried forward.

7 Share capital

	2007 Number of shares	Share capital CY£	Share capital €
At 31 December	<u>1,000</u>	<u>1,000</u>	<u>1,739</u>

On incorporation, the Company issued 1,000 ordinary shares of CY£1 each. The total authorized number of ordinary shares is 1,000 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 (CY£) to Euro during 2008, due to the abolishment of the Cyprus pound and the introduction of the Euro.

8 Other payables

	2007 €
Accrued expenses	5,895
	<u>5,895</u>

Titan Cement Cyprus Limited

9 Related party transactions

The Company is a subsidiary of Aemos Cement Limited, incorporated in Cyprus. The Company's ultimate controlling party is Titan Cement S.A.

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

The following transactions were carried out with related parties.

(a) Year end balances arising from financing:

	Nature of transactions	2007 €
Payables to related parties		
Shareholders (i)	Financing	<u>6,923</u>

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

10 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.

11 Commitments and Contingencies

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