Registered No 4770944

Separation Technologies UK Limited

Report and Financial Statements

31 December 2008

Registered No: 4770944

Directors
M C B Williamson
J P Borders
K H Prince-Wright (resigned 30 April 2008)

Secretary
Rollits Company Secretaries Limited

Auditors
Ernst & Young LLP
PO Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

Bankers
Bank of America
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HU9 5PR

Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The loss for the year, after taxation, amounted to £(933,180) (2007 – profit £77,303). The directors recommend no dividend for the year.

Principal activity and review of the business

The principal activity of the company is the processing and sale of ash.

The board has assessed that the key performance indicators that are the most effective indicators of achieving company objectives include:

Gross return on sales	- gross profit as a percentage of turnover
Net return on sales	- net profit after tax as a percentage of turnover.

The company's key performance indicators performance during the year were as follows:

	2008	*2007*	*Change*
	£	£	%
Gross profit	520,410	541,384	(3.9%)
Gross return on sales	50.8%	48.1%	5.6%
Profit/(loss) after taxation before exceptional item	66,819	77,303	(13.6%)
Net return on sales before exceptional item	6.5%	6.9%	(5.8%)

The company has continued to develop its business following the set up of the company in 2004. The directors are satisfied with the result for the year and the company's financial position at the year end date and anticipate further growth in the future.

Future developments

The directors aim to maintain the management policies which have resulted in the recent year's stability and profits. Management expect the global economic slowdown to be challenging, but believe the company is suitably equipped to trade through the downturn.

Directors

The directors who served during the year were:

M C B Williamson
J P Borders
K H Prince-Wright (resigned 30 April 2008)

Principal risks and uncertainties

The company has carried out a formal exercise to identify and assess the impact on its business. The more significant risks and uncertainties faced by the company, in line with the rest of the industry were identified as customer retention, margins and profitability, and competition.

Directors' report

Financial risk management (continued)

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

The policies set by the board are implemented by the company's management.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity price risk as it holds no listed or other equity instruments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for operations. The company also has access to longer term funding from its parent and ultimate parent undertaking.

Interest rate cash flow risk

The company has interest bearing assets, which include only cash balances earning interest at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 24 April 2009 and signed on its behalf

M. Williamson

M C B Williamson
Director

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Separation Technologies UK Limited

We have audited the financial statements of Separation Technologies UK Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Separation Technologies UK Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Hull

24 April 2009

Profit and loss account

for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2,3	1,024,059	1,125,658
Cost of sales		(503,649)	(584,274)
Gross profit		520,410	541,384
Selling and distribution costs		(78,080)	(83,973)
Administrative expenses		(392,444)	(403,525)
Operating profit	4	49,886	53,886
Interest receivable		23,293	13,908
Profit on ordinary activities before taxation and exceptional charges		73,179	67,794
Impairment of tangible fixed assets		(1,000,000)	-
(Loss)/profit on ordinary activities before taxation		(926,821)	67,794
Tax on profit on ordinary activities	7	(6,359)	9,509
(Loss)/profit on ordinary activities after taxation	16	(933,180)	77,303

All the activities of the company are classed as continuing.

Statement of total recognised gains and losses

There were no recognised gains or losses other than the loss attributable to shareholders of the company of £933,180 in the year ended 31 December 2008 and the profit of £77,303 in the year ended 31 December 2007.

Balance sheet
at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Intangible fixed assets	8	246,875	284,375
Tangible fixed assets	9	1,081,167	2,403,414
		1,328,042	2,687,789
Current assets			
Stocks	10	105,884	97,286
Debtors	11	377,230	371,255
Cash at bank		137,942	392,969
		621,056	861,510
Creditors: amounts falling due within one year	12	(2,181,065)	(2,688,900)
Net current liabilities		(1,560,009)	(1,827,390)
Total assets less current liabilities		(231,967)	860,399
Creditors: amounts falling due after more than one year	13	(865,234)	(1,020,201)
Provisions for liabilities			
Deferred tax	14	-	(4,219)
Net liabilities		(1,097,201)	(164,021)
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	(1,097,202)	(164,022)
Shareholders' deficit	17	(1,097,201)	(164,021)

The financial statements were approved and authorised for issue by the board and were signed on its behalf

M. Williamson

M C B Williamson
Director

24 April 2009

Notes to the financial statements

at 31 December 2008

1. Fundamental accounting concept

The accounts are prepared under the going concern concept on the understanding that the company will receive continued support from its parent company Titan Cement UK Limited and the Titan Cement Company S.A. Group.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Accounting convention

The financial statements have also been prepared on the basis that the company can continue to operate as a going concern. The directors believe this basis to be appropriate as the company's immediate parent undertaking, Titan Cement UK Limited, has indicated its intention to provide financial support to enable the company to trade for the foreseeable future and not to demand repayment of the amounts due to it, until the company is in a position to do so. The ultimate parent company, Titan Cement Company S.A., has also indicated its willingness to continue to support the company.

Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Intangible fixed assets and amortisation

Intangible fixed assets purchased are amortised by equal annual instalments over the period that economic benefits are expected to be derived from the asset.

Amortisation is provided at the following rates:

Franchise fee	-	10 years

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	10% reducing balance
Plant and machinery	-	10% reducing balance
Office equipment	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Notes to the financial statements
at 31 December 2008

2. Accounting policies (continued)

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Deferred income

The contribution received in relation to the capital expenditure on the company's processing operation has been credited to deferred income and is being released to the profit and loss account over the period that the related assets are depreciated over, being 10 years.

3. Turnover

The whole of the turnover is attributable to the processing and sale of ash.

All turnover arose within the United Kingdom from its continuing operations.

4. Operating profit

The operating profit is stated after charging/(crediting):

	2008	*2007*
	£	*£*
Amortisation – intangible fixed assets	37,500	37,500
Depreciation of tangible fixed assets		
- owned by the company	322,244	321,167
Difference on foreign exchange	12,796	(8,942)
Deferred income release	(154,967)	(154,967)

During the year, no director received any emoluments (2007 - £nil).

Notes to the financial statements

at 31 December 2008

5. Auditors' remuneration

	2008	*2007*
	£	*£*
Fees payable to the company's auditor for the audit of the company's annual accounts	10,500	10,500

6. Staff costs

	2008	*2007*
	£	*£*
Wages and salaries	279,035	350,236
Social security costs	26,796	34,230
Other pension costs	239	2,827
	306,070	387,293

The average monthly number of employees, including directors, during the year was as follows:

	2008	*2007*
	No.	*No.*
Administration	3	3
Operational	8	10
	11	13

7. Taxation

(a) Tax on profit on ordinary activities:

Analysis of tax (credit)/charge in the year:

	2008	*2007*
	£	*£*
Current tax (see note below):		
UK corporation tax on results for the period	6,639	-
Adjustments in respect of prior periods	3,939	-
Group taxation relief	-	(13,728)
Total current tax	10,578	(13,728)
Deferred tax:		
Origination and reversal of timing differences	(10,891)	4,219
Adjustments in respect of previous periods	6,672	-
Total deferred tax (see note 14)	(4,219)	4,219
Tax on profit on ordinary activities	6,359	(9,509)

Notes to the financial statements

at 31 December 2008

7. Taxation (continued)

(b) Factors affecting tax charge for the year:

The tax assessed on the profit on ordinary activities for the year is lower than (2007 – lower than) the standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are reconciled below:

	2008 £	*2007* £
Profit/(loss) on ordinary activities before tax	(926,821)	67,794
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5 % (2007 - 30%)	(264,144)	20,338
Effects of:		
Expenses not deductible for tax purposes	15,632	4,532
Depreciation of capital for year in excess of allowances	274,680	(38,598)
Adjustments to tax charge in respect of prior periods	3,939	-
Utilisation of brought forward tax losses	(19,529)	-
Current tax (credit)/charge for the year (see note above)	10,578	(13,728)

(c) Factors that may affect future tax charges:

No provision has been made for deferred tax assets on trading lósses and decelerated capital allowances carried forward totalling £856,000 (tax @ 28% of £240,000). These losses and allowances will only be available for use if the company has suitable profits against which they can be off-set.

8. Intangible fixed assets

	Franchise £
Cost:	
At 1 January 2008 and 31 December 2008	375,000
Amortisation:	
At 1 January 2008	90,625
Charge for the year	37,500
At 31 December 2008	128,125
Net book value:	
At 31 December 2008	246,875
At 31 December 2007	284,375

Notes to the financial statements

at 31 December 2008

9. Tangible fixed assets

	Freehold property £	*Plant and machinery* £	*Furniture, fittings and equipment* £	*Total* £
Cost:				
At 1 January 2008	1,682,451	1,453,862	25,262	3,161,575
At 31 December 2008	1,682,451	1,453,862	25,262	3,161,575
Depreciation:				
At 1 January 2008	406,592	337,172	14,397	758,161
Charge for the year	168,247	147,255	6,745	322,247
Impairment	536,442	463,558		1,000,000
At 31 December 2008	1,111,281	947,985	21,142	2,080,408
Net book value				
At 31 December 2008	571,170	505,877	4,120	1,081,167
At 31 December 2007	1,275,859	1,116,690	10,865	2,403,414

An impairment charge has been made against the company's tangible assets at an operating unit level during the year. This was due to a review in the change to external circumstances which effect the economic environment in which the company operates. The tax credit relating to the exceptional charge is £40,216.

10. Stocks

	2008 £	*2007* £
Consumables	105,884	97,286

11. Debtors

	2008 £	*2007* £
Trade debtors	267,711	290,418
Amounts owed by group undertakings	-	17,413
Other debtors	-	138
Prepayments and accrued income	109,519	63,286
	377,230	371,255

Notes to the financial statements
at 31 December 2008

12. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	12,601	22,655
Amounts owed to group undertakings	1,944,433	2,480,350
Social security and other taxes	7,098	9,406
Other creditors and accruals	42,338	21,522
Deferred income	154,967	154,967
Corporation tax	6,639	-
VAT liability	12,989	-
	2,181,065	2,688,900

13. Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Deferred income	865,234	1,020,201

14. Deferred taxation

	2008	2007
	£	£
At 1 January 2008	4,219	-
Charge for/(released during) the year	(4,219)	4,219
At 31 December 2008	-	4,219

The provision for deferred taxation is made up as follows:

	2008	2007
	£	£
Accelerated capital allowances	-	67,953
Tax losses carried forward	-	(63,734)
	-	4,219

Notes to the financial statements

at 31 December 2008

15. Share capital

	2008	2007
	£	£
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
1 Ordinary share of £1 each	1	1

16. Reserves

	Profit and loss account
	£
At 1 January 2008	(164,022)
Loss for the year	(933,180)
At 31 December 2008	(1,097,202)

17. Reconciliation of movements in shareholders' deficit

	2008	2007
	£	£
Opening shareholders' deficit	(164,021)	(241,324)
Profit for the year	(933,180)	77,303
Closing shareholders' deficit	(1,097,201)	(164,021)

18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £239 (2007 - £2,827).

19. Controlling party and related party transactions

The company's immediate parent undertaking is Titan Cement UK Limited and its ultimate parent undertaking and controlling party is Titan Cement Company SA, incorporated in Greece.

The largest and smallest group in which the results of the company are consolidated is that headed by Titan Cement Company SA, incorporated in Greece. The consolidated accounts of this group may be obtained from Titan Cement Company SA, 22A Halkidos Street, Athens 111-43, Greece.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related Party Transactions" not to disclose any transactions between the company and fellow group companies.