Registered No 2209994

# Titan Cement UK Limited

## Report and Financial Statements

31 December 2008

Registered No: 2209994

### Directors
N Vlassopoulos
M Williamson
A Gkousiakis
D Hadjicostantis

### Secretary
Rollits Company Secretaries Limited

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

### Bankers
Bank of America
PO Box 407
5 Canada Square
London
E14 5AQ

### Solicitors
Rollits
Wilberforce Court
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Hull
HU1 1YJ

### Registered Office
No 12 Shed
King George Dock
Hull
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 £803,399 (2007: profit - £47,431). The directors recommend no dividend for the year.

## Principal activity and review of the business

The principal activity of the company is the importing and distribution of cement.

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 |
| Free cash flow | - cash generated from operations less tax |

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

| | *2008* | *2007* | *Change* |
|---|---|---|---|
| | *£* | *£* | *%* |
| Gross profit | 1,419,972 | 1,348,848 | 5.3% |
| Gross return on sales | 17.5% | 16.1% | 9.0% |
| Loss/(profit) after taxation before exceptional item | 196,548 | 47,431 | 314.4% |
| Net return on sales before exceptional item | 2.4% | 0.6% | 300% |

Management feels that the company has had a reasonable year considering market conditions.

## 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:

N Vlassopoulos
M Williamson
A Gkousiakis
D Hajicostantis

## 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditors' report

## to the members of Titan Cement UK Limited

We have audited the financial statements of Titan Cement 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 Titan Cement 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*** | 1,2 | 8,092,679 | 8,354,541 |
| Cost of sales | | (6,672,707) | (7,005,693) |
| ***Gross profit*** | | 1,419,972 | 1,348,848 |
| Selling and distribution costs | | (861,023) | (1,016,062) |
| Administrative expenses, including exceptional items | 4 | (1,339,600) | (258,068) |
| ***Operating (loss)/profit*** | 3 | (780,651) | 74,718 |
| Interest receivable | | 29,759 | 38,704 |
| ***(Loss)profit on ordinary activities before taxation*** | | (750,892) | 113,422 |
| Tax on profit/(loss) on ordinary activities | 7 | (52,507) | (65,991) |
| ***Profit/(loss) on ordinary activities after taxation*** | 15 | (803,399) | 47,431 |

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 £803,399 in the year ended 31 December 2008 and profit of £47,431 in the year ended 31 December 2007.

# Balance sheet

**at 31 December 2008**

| | Notes | 2008 £ | 2007 £ |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible fixed assets | 8 | 230,430 | 229,113 |
| Fixed asset investments | 9 | 2 | 2 |
| | | 230,432 | 229,115 |
| ***Current assets*** | | | |
| Stocks | 10 | 1,410,518 | 981,761 |
| Debtors | 11 | 1,847,766 | 3,672,581 |
| Cash at bank | | 181,716 | 642,535 |
| | | 3,440,000 | 5,296,877 |
| ***Creditors**: amounts falling due within one year* | 12 | (1,890,665) | (2,941,675) |
| ***Net current assets*** | | 1,549,335 | 2,355,202 |
| ***Total assets less current liabilities*** | | 1,779,767 | 2,584,317 |
| ***Provisions for liabilities*** | | | |
| Deferred tax | 13 | (38,692) | (39,843) |
| ***Net assets*** | | 1,741,075 | 2,544,474 |
| ***Capital and reserves*** | | | |
| Called up share capital | 14 | 2,200,000 | 2,200,000 |
| Profit and loss account | 15 | (458,925) | 344,474 |
| ***Shareholders' funds*** | 16 | 1,741,075 | 2,544,474 |

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

M. Williamson

M Williamson
Director

24 April 2009

# Notes to the financial statements

**at 31 December 2008**

## 1. 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.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

***Turnover***

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

***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:

| | | |
|---|---|---|
| Plant and machinery | - | 5-15 years |
| Computer equipment | - | 4 years |

***Investments***

Investments in subsidiaries are valued at cost less provision for impairment.

***Operating leases***

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

***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.

***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.

***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 FRS1.

# Notes to the financial statements

**at 31 December 2008**

## 1. Accounting policies (continued)

***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.

## 2. Turnover

The whole of the turnover is attributable to the importing and distribution of cement.

All turnover arose within the United Kingdom, from continuous operations.

## 3. Operating (loss)/profit

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

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Depreciation of tangible fixed assets | | |
| - owned by the company | 35,370 | 33,041 |
| Auditors' remuneration | | |
| - audit fees | 16,000 | 16,000 |
| - non-audit fees | 11,400 | 9,900 |
| Operating lease rentals | | |
| - plant and machinery | - | - |
| - other operating leases | 198,200 | 129,033 |
| Difference on foreign exchange | 270 | (6,333) |

## 4. Exceptional item

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Included in operating profit: | | |
| Provision against amounts owed by subsidiary undertaking | 1,000,000 | - |

Tax relating to the exceptional item is £nil.

# Notes to the financial statements
**at 31 December 2008**

## 5. Staff costs

| | 2008 £ | 2007 £ |
|---|---|---|
| Wages and salaries | 323,170 | 278,977 |
| Social security costs | 36,407 | 32,175 |
| Other pension costs | 23,392 | 19,680 |
| | 382,969 | 330,832 |

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

| | 2008 No. | 2007 No. |
|---|---|---|
| Administration | 3 | 3 |
| Operational | 6 | 5 |
| | 9 | 8 |

## 6. Directors' remuneration

| | 2008 £ | 2007 £ |
|---|---|---|
| Emoluments | 90,387 | 87,867 |
| Company pension contributions to money purchase pension schemes | 20,678 | 19,680 |

During the year retirement benefits were accruing to 1 director (2007 – 1) in respect of money purchase pension schemes.

# Notes to the financial statements
**at 31 December 2008**

## 7. Taxation

(a) Tax on profit/(loss) on ordinary activities:

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

| | *2008* | *2007* |
|---|---|---|
| | £ | £ |
| Current tax (see note below): | | |
| UK corporation tax charge/(credit) on profit/(loss) for the year | 69,540 | 18,233 |
| Adjustments in respect of prior periods | (15,882) | - |
| Group taxation relief | - | 13,728 |
| Total current tax | 53,658 | 31,961 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (1,053) | 34,337 |
| Adjustments in respect of previous periods | (98) | (307) |
| Total deferred tax (see note 13) | (1,151) | 34,030 |
| Tax on profit/(loss) on ordinary activities | 52,507 | 65,991 |

(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* |
|---|---|---|
| | £ | £ |
| (Loss)/profit on ordinary activities before tax | (750,892) | 113,422 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 - 30%) | (214,004) | 34,027 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 282,472 | (3,653) |
| Depreciation for year in excess of capital allowances | 1,072 | 4,434 |
| Deferred tax rate changes | - | (2,847) |
| Adjustments to tax charge in respect of prior periods | (15,882) | - |
| Current tax charge/(credit) for the year (see note above) | 53,658 | 31,961 |

(c) Factors that may affect future tax charges:

There were no factors that may affect future tax charges.

# Notes to the financial statements
**at 31 December 2008**

## 9. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2008 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

| | *Aggregate of share capital and reserves* | *Profit/ (loss)* |
|---|---|---|
| | *£* | *£* |
| Separation Technologies UK Limited | (1,097,202) | (933,181) |

The company holds an investment in one ordinary share in fellow group undertaking, Titan Global Finance PLC. The investment equates to 1/2.5m of Titan Global Finance PLC's issued share capital, so Titan Global Finance PLC is not considered to be a subsidiary of the company.

## 10. Stocks

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Consumables | 72,761 | 78,908 |
| Goods for resale | 1,337,757 | 902,853 |
| | 1,410,518 | 981,761 |

## 11. Debtors

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Trade debtors | 932,048 | 1,136,574 |
| Amounts owed by group undertakings | 860,459 | 2,447,667 |
| Prepayments and accrued income | 55,259 | 55,871 |
| Tax recoverable | - | 32,469 |
| | 1,847,766 | 3,672,581 |

## 12. Creditors: amounts falling due within one year

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Trade creditors | 127,090 | 198,859 |
| Amounts owed to group undertakings | 1,541,069 | 2,543,341 |
| Social security and other taxes | 119,286 | 162,029 |
| Other creditors and accruals | 69,811 | 37,446 |
| Corporation tax | 33,409 | - |
| | 1,890,665 | 2,941,675 |

# Notes to the financial statements
**at 31 December 2008**

## 13. Deferred taxation

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| At 1 January 2008 | 39,843 | 5,813 |
| Charge for/(released during) the year | (1,151) | 34,030 |
| At 31 December 2008 | 38,692 | 39,843 |

The provision for deferred taxation is made up as follows:

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Accelerated capital allowances | 38,692 | 39,843 |

## 14. Share capital

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Authorised: | | |
| 5,300,000 Ordinary shares of £1 each | 5,300,000 | 5,300,000 |
| Allotted, called up and fully paid: | | |
| 2,200,000 Ordinary share of £1 each | 2,200,000 | 2,200,000 |

## 15. Reserves

| | *Profit and loss account* |
|---|---|
| | *£* |
| At 1 January 2008 | 344,474 |
| Loss for the year | (803,399) |
| At 31 December 2008 | (458,925) |

## 16. Reconciliation of movements in shareholders' funds

| | *2008* | *2007* |
|---|---|---|
| | *£* | *£* |
| Opening shareholders' funds | 2,544,474 | 2,497,043 |
| Profit/(loss) for the year | (803,399) | 47,431 |
| Closing shareholders' funds | 1,741,075 | 2,544,474 |

# Notes to the financial statements
**at 31 December 2008**

## 17. 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 £23,392 (2007 - £19,680).

## 18. Operating lease commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

| | *Land and buildings* | | | *Other* |
|---|---|---|---|---|
| | *2008* | *2007* | *2008* | *2007* |
| | *£* | *£* | *£* | *£* |
| Expiry date: | | | | |
| Within one year | | - | - | - |
| Between two and five years | | - | 840 | 840 |
| After more than five years | 198,200 | 148,400 | - | - |
| | 198,200 | 148,400 | 840 | 840 |

## 19. Controlling party and related party transactions

The directors consider the company's ultimate parent undertaking and controlling party to be 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.