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**BALKAN CEMENT ENTERPRISES
LIMITED**
REPORT AND FINANCIAL STATEMENTS
31 December 2009

BALKAN CEMENT ENTERPRISES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2009

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BALKAN CEMENT ENTERPRISES LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Stelios Triantafyllides
Arta Antoniou
Spyroulla Papaeracleous

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

BALKAN CEMENT ENTERPRISES LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2009.

Principal activities

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

Review of current position, future developments and significant risks

The net profit for the Company for year ended 31 December 2009 was €10,832,585(2008: net loss €18,978) mainly because of the option revaluation of €2.890.000 in 2009 (2008: €NIL) and the interest income of €8.832.740 in 2009 (2008:€1.726). On 31 December 2009 the total assets of the Company were €38,461(2008: €41,803) and the net liabilities were the Company were €74,348 (2008: €78,480) mainly because of the option revaluation of €2.890.000 in 2009 (2008: €NIL) and the interest income of €8.832.740 in 2009 (2008:€1.726). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The Company's principal risks or uncertainties are stated in note 3.

Results and Dividends

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

Dividends

On 25 February 2009 and 5 June 2009 the Board of Directors approved the payment of an interim dividend of € 8,608,454 (2008: € NIL) mainly because of the option revaluation of €2.890.000 in 2009 (2008: €NIL) and the interest income of €8.832.740 in 2009 (2008:€1.726).

Share capital

During the year 2009 the Board of Directors of the Company decided to reduce the share premium by €2.220.000 and submitted an application to the Court.

Board of Directors

The members of the Company's the Board of Directors as at 31 December 2009 and at the date of this report are presented on page 1. All of them were members of the Board throughout the year ended 31 December 2009.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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

Events after the reporting period

Any material events after the reporting period, which have a bearing on the understanding of the financial statements, are shown in Note 18 to the financial statements.

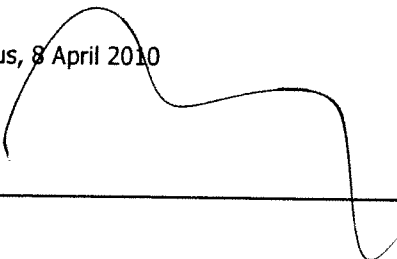
Independent Auditors

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Stelios Triantafyllides
Director

Nicosia, Cyprus, 8 April 2010



Independent Auditors' Report

To the Members of Balkan Cement Enterprises Limited

Report on the Financial Statements

We have audited the financial statements of Balkan Cement Enterprises Limited on pages 5 to 16, which comprise the statement of financial position as at 31 December 2009 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 (EU) 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 Balkan Cement Enterprises Limited as of 31 December 2009 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 EU 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 page 2 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 Cyprus Limited
Certified Public Accountants & Registered Auditors

Nicosia, 8 April 2010

BALKAN CEMENT ENTERPRISES LIMITED

INCOME STATEMENT

Year ended 31 December 2009

	Note	2009 €	2008 €
Revenue	5	2,890,000	-
Administration expenses		<u>(18,201)</u>	<u>(20,531)</u>
Operating profit / (loss)	6	2,871,799	(20,531)
Net finance income	7	8,832,740	-
Net (loss) from investing activities		<u>-</u>	<u>1,726</u>
Profit/ (loss) before tax		11,704,539	(18,805)
Tax	8	<u>(871,954)</u>	<u>(173)</u>
Net profit / (loss) for the year		<u>10,832,585</u>	<u>(18,978)</u>

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

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Before tax €	2009 Tax €	After tax €	Before tax €	2008 Tax €	After tax €
Net profit / (loss) for the year	10,832,585	-	10,832,585	(18,978)	-	(18,978)
Other comprehensi ve income	-	-	-	-	-	-
Total comprehensi ve income / (expense) for the year	<u>10,832,585</u>		<u>10,832,585</u>	<u>(18,978)</u>		<u>(18,978)</u>

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

BALKAN CEMENT ENTERPRISES LIMITED

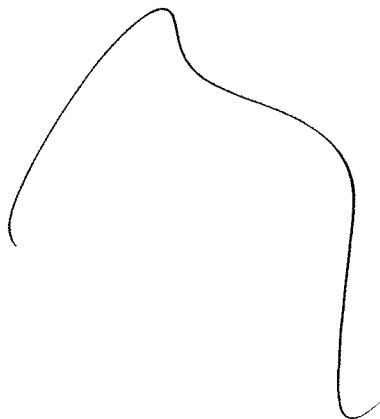
STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 €	2008 €
ASSETS			
Current assets			
Option	16	50,000	2,940,000
Less: Provision for non-recovery of option	16	(50,000)	(2,940,000)
Trade and other receivables	10	3,450	-
Refundable taxes	14	9,770	3,465
Cash at bank and in hand	11	25,241	38,338
		38,461	41,803
Total assets		38,461	41,803
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	12	294,000	294,000
Share premium		496,000	2,716,000
Accumulated losses		(864,348)	(3,088,480)
Total equity		(74,348)	(78,480)
Current liabilities			
Trade and other payables	13	112,809	120,283
		112,809	120,283
Total equity and liabilities		38,461	41,803

On 8 April 2010 the Board of Directors of Balkan Cement Enterprises Limited authorised these financial statements for issue.

Stelios Triantafyllides
Director



Arta Antoniou
Director

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

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance - 1 January 2008		294,000	2,716,000	(3,069,502)	(59,502)
Total comprehensive income for the year		-	-	(18,978)	(18,978)
At 31 December 2008/ 1 January 2009		294,000	2,716,000	(3,088,480)	(78,480)
Total comprehensive income for the year		-	-	10,832,585	10,832,585
Decrease of share premium	12	-	(2,220,000)	-	(2,220,000)
Dividends for the year 2009	9	-	-	(8,608,454)	(8,608,454)
		-	(2,220,000)	2,224,131	4,131
At 31 December 2009		294,000	496,000	(864,348)	(74,348)

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 by the Company for the account of the shareholders. For tax year 2007 there is no special defence contribution on deemed distribution.

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

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	2009	2008
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	11,704,539	(18,805)
Adjustments for:		
Interest income	7 <u>(12,236)</u>	<u>(1,726)</u>
Cash flows from / (used in) operations before working capital changes	11,692,303	(20,531)
Decrease in trade and other receivables	15	56,282
Decrease in trade and other payables	<u>(7,473)</u>	<u>(3,465)</u>
Cash flows from operations	11,684,845	32,286
Tax paid	<u>(881,724)</u>	<u>(173)</u>
Net cash flows from operating activities	<u>10,803,121</u>	<u>32,113</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>12,236</u>	1,726
Net cash flows from investing activities	<u>12,236</u>	<u>1,726</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(8,608,454)	-
Reduction of share premium	<u>(2,220,000)</u>	-
Net cash flows used in financing activities	<u>(10,828,454)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(13,097)	33,839
Cash and cash equivalents:		
At beginning of the year	11 <u>38,338</u>	4,499
At end of the year	11 <u>25,241</u>	<u>38,338</u>

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

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. Incorporation and principal activities

Country of incorporation

The Company Balkan Cement Enterprises Limited was incorporated in Cyprus on 25 April 2000 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makarios III Avenue, Capital Center, 9th Floor, CY-1505 Nicosia, Cyprus.

Principal activities

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

2. 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. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

IAS 1 Presentation of Financial Statements effective 1 January 2009

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two separate statements.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Foreign currency translation

- (1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.
- (2) 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

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets 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 statement of financial position 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. Currently enacted tax rates are used in the determination of deferred tax.

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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Interim dividends are recognised in equity in the year in which they are paid. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

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.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects 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.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

3. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 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. At balance sheet date, the Company's option prepayment (Note 16) is exposed to such risk. Management of the Company monitors on a continuous basis the level of the credit risk in respect of the option prepayment and makes accordingly the necessary provision for non-recovery.

3.2 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 and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2009

	Carrying amounts	Contractual cash flows	3 months or less
	€	€	€
Trade and other payables	112,809	106,426	6,383
	<u>112,809</u>	<u>106,426</u>	<u>6,383</u>

31 December 2008

	Carrying amounts	Contractual cash flows	3 months or less
	€	€	€
Trade and other payables	120,283	106,426	13,857
	<u>120,283</u>	<u>106,426</u>	<u>13,857</u>

3.3 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's measurement currency. At the year end the Company had no significant balances in foreign currencies.

3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the statement of financial position date.

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.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

4. Critical accounting estimates and judgements (continued)

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**

Significant judgement 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 2009 or as at 31 December 2008.

- **Recovery of option**

The company provided in full for the non-recovery of option costs (Note 16). In making this judgement, the Company evaluated prevailing conditions as at the report date. Should the prevailing condition cease to exist in 2009 then option costs may be partly or fully recoverable.

5. Revenue

	2009	2008
	€	€
Option revaluation (Note 16)	<u>2,890,000</u>	-
	<u>2,890,000</u>	-

6. Operating profit / (loss)

	2009	2008
	€	€
Operating profit / (loss) is stated after charging the following items:		
Auditors' remuneration - current year	6,325	6,557
Auditors' remuneration - prior years	-	(338)

7. Finance income

	2009	2008
	€	€
Interest income:		
Interest from Banks	12,236	-
Interest from Option (Note 16)	<u>8,820,504</u>	-
Finance income	<u>8,832,740</u>	-
Finance costs	-	-
Net finance income	<u>8,832,740</u>	-

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

8. Tax

	2009	2008
	€	€
Corporation tax - current year	870,730	-
Defence contribution - current year	1,224	173
Charge for the year	<u>871,954</u>	<u>173</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:

	2009	2008
	€	€
Profit/ (loss) before tax	<u>11,704,539</u>	<u>(18,805)</u>
Tax calculated at the applicable tax rates	1,170,454	(1,881)
Tax effect of allowances and income not subject to tax	(290,224)	1,881
Tax effect of tax losses brought forward	(9,500)	-
Defence contribution current year	1,224	173
Tax charge	<u>871,954</u>	<u>173</u>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 10%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

9. Dividends

	2009	2008
	€	€
Interim dividend paid	<u>8,608,454</u>	-
	<u>8,608,454</u>	-

On 25 February 2009 and 5 June 2009 the Board of Directors approved the payment of an interim dividend of € 8,608,454 (2008: € NIL) or €29.28 per share.

10. Trade and other receivables

	2009	2008
	€	€
Other receivables	<u>3,450</u>	<u>3,465</u>
	<u>3,450</u>	<u>3,465</u>

11. Cash and cash equivalents

	2009	2008
	€	€
Cash at bank and in hand	<u>25,241</u>	<u>38,338</u>
	<u>25,241</u>	<u>38,338</u>

Cash at bank represents current and fixed amounts denominated in Euro and carry interest in the area from 4.8% per annum.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

12. Share capital

	2009 Number of shares	2009 €	2008 Number of shares	2008 €
Authorised				
Ordinary shares of €1 each	<u>590,000</u>	<u>590,000</u>	590,000	590,000
Issued and fully paid				
On 1 January	<u>294,000</u>	<u>294,000</u>	294,000	294,000
At 31 December	<u>294,000</u>	<u>294,000</u>	294,000	294,000

During the year 2009 the Board of Directors of the Company decided to reduce the share premium by €2.220.000 and submitted an application to the court.

13. Trade and other payables

	2009 €	2008 €
Shareholders' current accounts - credit balances	-	106,426
Accruals	4,715	4,947
Other creditors	1,668	8,910
Payables to related companies (Note 15)	<u>106,426</u>	-
	<u>112,809</u>	<u>120,283</u>

14. (Refundable) taxes / current tax liabilities

	2009 €	2008 €
Corporation tax	<u>(9,770)</u>	-
	<u>(9,770)</u>	-

15. Related party transactions

The immediate parent of the Company is Themis Holdings Limited, a company incorporated in Cyprus, which owns 100% of the Company's shares. The Company's ultimate controlling party is Titan Cement S.A, in Greece, which owns 51% of Themis Holdings Limited.

For the purposes of these financial statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over 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:

15.1 Payables to related parties (Note 13)

Name	Nature of transactions	2009 €	2008 €
Payable to holding company	Finance	-	106,426
Payable to shareholder	Finance	<u>106,426</u>	-
		<u>106,426</u>	<u>106,426</u>

This amount represents advances of a financing nature by one of the Company's shareholder with no set date of repayment or interest accruing.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

16. Option and provision for non-recovery

	2009	2008
	€	€
Breitenburger Auslandsbeteiligungs GmbH (BAB) – Option (1)	50,000	2,940,000
Provision for non-recovery (2)	(50,000)	(2,940,000)
	-	-

(1) On 9 January 2003, the Company entered into an agreement to sell the investment acquired in 2002 and 98% of the loan receivable from Sharr Beiteiligungs GmbH for the carrying amounts of €2.940.000 and €16.543.748 respectively to BAB. On the same date the Company entered into an option agreement to acquire back from BAB the 98% of the share capital and the loan receivable from Sharr Beiteiligungs GmbH. The Company in 2003 transferred additional funds of €6.860.000 to Sharr Beiteiligungs GmbH. According to the option agreement any additional funds should be considered as increase in the option price. At 31 December 2003, the total consideration paid for the option was €26.343.748 and was unsecured though guaranteed to be returned in the event that the option is not exercised by the Company.

(2) The Board of Directors of the Company formed the view that a provision was necessary against non-recovery of the option attributed to risks associated with the operations of Sharr Beiteiligungs GmbH. In this respect, the Board of Directors up to 2004 provided for non-recovery of option a total of €17.088.322 of which €14.508.322 was made in the year 2004 and €2.580.000 in the year 2003. During the year 2005, Sharr Beiteiligungs GmbH returned to the Company funds of €11.360.000 and the option was revalued to €14.983.748. During the year 2006, Sharr Beiteiligungs GmbH returned to the Company funds of €8.000.000 reducing the option value to €6.983.748. During the year 2007, Sharr Beiteiligungs GmbH returned to the Company funds of €4.043.748 reducing the option value to €2.940.000. During the year 2009, Sharr Beiteiligungs GmbH returned to the Company funds of €2.890.000 reducing the option value to €50.000.

(3) During the year, the Company received an amount of €8.820.540 representing accrued interest on the amount, so transferred in prior years. This amount was paid ex-gratia to the Company as the option agreement stipulated that the option price would be non-interest bearing.

The Board of Directors will continue to monitor the impact of the risks associated with the operations of Sharr Beiteiligungs GmbH and accordingly increase or decrease the level of the provision against non-recovery of the option.

17. Commitments

The Company had no capital or other commitments as at 31 December 2009 (2008: NIL).

18. Events after the reporting period

The Company terminated the option agreement with BAB (Note 16) for the 98% of the share capital of Sharr Beiteiligungs GmbH and received approximately €8 million for this termination.

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