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**BALKCEM LIMITED**  
REPORT AND FINANCIAL STATEMENTS  
31 December 2009

# **BALKCEM LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS** 31 December 2009

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# **BALKCEM LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:**

Michail Sigalas  
Arta Antoniou  
Spyroulla Papaeracleous  
Stelios Triantafillides

**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

## 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 those of an investment holding company, the provision of consultancy services to fellow group companies and the trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

### **Review of current position, future developments and significant risks**

The Company made a profit of €30,655,111 in 2009 compared to €53,054,054 in 2008. The decrease was mainly due to the lower dividend income received from the subsidiary. The net assets of the Company at 31 December 2009 were €23,173,413 compared to the net assets at 31 December 2008 of €23,638,302. Details of the movement in net assets is set on page 8 of the financial statements. The Board of Directors of the Company does not expect any significant changes in the activities of the Company for the foreseeable future.

The Company's principal risks and 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**

During the year the Board of Directors approved the payment of dividends of €31.120.000 for the years 2008 and 2009 (2008: €99,200,000 for the years 2005 to 2008)

### **Share capital**

There were no changes in the Company's share capital during the year.

### **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.

### **Post statement of financial position events**

There were no material post statement of financial position events, which have a bearing on the understanding of 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 Balkcem Limited**

#### **Report on the Financial Statements**

We have audited the financial statements of Balkcem Limited (the "Company") on pages 5 to 17, 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 Balkcem 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young Cyprus Limited', written in a cursive style.

**Ernst & Young Cyprus Limited**  
**Certified Public Accountants & Registered Auditors**

Nicosia, 8 April 2010

# BALKCEM LIMITED

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## INCOME STATEMENT

Year ended 31 December 2009

	Note	2009 €	2008 €
<b>Revenue</b>	5	<b>962,443</b>	2,300,535
Administration expenses			
<b>Operating profit</b>	6	<b><u>(176,467)</u></b>	<u>(198,018)</u>
		<b>785,976</b>	2,102,517
Net finance income	8	<b>1,124</b>	-
Net profit from investing activities	9	<b><u>30,007,962</u></b>	<u>51,239,868</u>
<b>Profit before tax</b>		<b>30,795,062</b>	53,342,385
Tax	10	<b><u>(139,951)</u></b>	<u>(288,331)</u>
<b>Net profit for the year</b>		<b><u>30,655,111</u></b>	<u>53,054,054</u>

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The notes on pages 10 to 17 form an integral part of these financial statements.

# BALKCEM LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009			2008		
	Before tax €	Tax €	After tax €	Before tax €	Tax €	After tax €
<b>Net profit for the year</b>	<b>30.655.111</b>	-	<b>30,655,111</b>	53.054.054	-	53,054,054
<b>Other comprehensi ve income</b>	-	-	-	-	-	-
<b>Total comprehensi ve income for the year</b>	<b><u>30,655,111</u></b>		<b><u>30,655,111</u></b>	<b><u>53,054,054</u></b>		<b><u>53,054,054</u></b>

The notes on pages 10 to 17 form an integral part of these financial statements.



# BALKCEM LIMITED

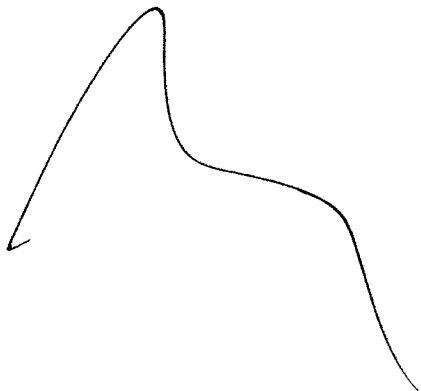
## STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 €	2008 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	12	<u>22,546,073</u>	<u>22,546,073</u>
		<b>22,546,073</b>	<b>22,546,073</b>
<b>Current assets</b>			
Trade and other receivables	13	<b>413,747</b>	290,189
Refundable taxes	17	<b>46,890</b>	-
Cash and cash equivalents	14	<u>247,145</u>	<u>815,911</u>
		<b>707,782</b>	<b>1,106,100</b>
<b>Total assets</b>		<u><b>23,253,855</b></u>	<u>23,652,173</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	15	<b>14,020</b>	14,020
Share premium		<b>12,257,031</b>	12,257,031
Retained earnings		<u>10,902,362</u>	<u>11,367,251</u>
<b>Total equity</b>		<u><b>23,173,413</b></u>	<u>23,638,302</u>
<b>Current liabilities</b>			
Trade and other payables	16	<b>6,911</b>	12,443
Current tax liabilities	17	<u>73,531</u>	<u>1,428</u>
		<b>80,442</b>	<b>13,871</b>
<b>Total equity and liabilities</b>		<u><b>23,253,855</b></u>	<u>23,652,173</u>

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

Stelios Triantafyllides  
Director



Arta Antoniou  
Director

The notes on pages 10 to 17 form an integral part of these financial statements.

# BALKCEM LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Note	Share capital €	Share premium €	Retained earnings €	Total €
<b>Balance - 1 January 2008</b>		<u>13,975</u>	<u>12,257,031</u>	<u>57,513,242</u>	<u>69,784,248</u>
Total comprehensive income for the year		-	-	53,054,054	53,054,054
Conversion of share capital from Cyp to Euro	15	45	-	(45)	-
Dividends for 2005, 2006, 2007 and 2008	11	-	-	(99,200,000)	(99,200,000)
		<u>45</u>	<u>-</u>	<u>(46,145,991)</u>	<u>(46,145,946)</u>
<b>At 31 December 2008/ 1 January 2009</b>		<u>14,020</u>	<u>12,257,031</u>	<u>11,367,251</u>	<u>23,638,302</u>
Total comprehensive income for the year		-	-	30,655,111	30,655,111
Dividends for 2008 and 2009	11	-	-	(31,120,000)	(31,120,000)
		<u>-</u>	<u>-</u>	<u>(464,889)</u>	<u>(464,889)</u>
<b>At 31 December 2009</b>		<u>14,020</u>	<u>12,257,031</u>	<u>10,902,362</u>	<u>23,173,413</u>

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.

The notes on pages 10 to 17 form an integral part of these financial statements.

# BALKCEM LIMITED

## STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Note	2009 €	2008 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>30,795,062</b>	53,342,385
Adjustments for:			
Unrealised exchange (profit)		(37)	(23)
Profit from the sale of investments in subsidiaries		-	(14,889,320)
Dividend income	9	(29,991,867)	(35,830,000)
Interest income	98	(17,233)	(520,525)
		<u>785,925</u>	<u>2,102,517</u>
<b>Cash flows from operations before working capital changes</b>		<b>785,925</b>	2,102,517
Increase in trade and other receivables		(123,558)	(223,739)
(Decrease) / increase in trade and other payables		(5,532)	4,427
<b>Cash flows from operations</b>		<b>656,835</b>	1,883,205
Tax paid		(114,738)	(247,003)
<b>Net cash flows from operating activities</b>		<b>542,097</b>	<u>1,636,202</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments in subsidiary undertakings		-	19,333,000
Interest received		17,233	520,525
Dividends received		29,991,867	35,830,000
<b>Net cash flows from investing activities</b>		<b>30,009,100</b>	<u>55,683,525</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised exchange profit		37	23
Dividends paid		(31,120,000)	(99,200,000)
<b>Net cash flows used in financing activities</b>		<b>(31,119,963)</b>	<u>(99,199,977)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(568,766)</b>	(41,880,250)
Cash and cash equivalents:			
At beginning of the year	14	815,911	42,696,161
<b>At end of the year</b>	14	<b>247,145</b>	<u>815,911</u>

The notes on pages 10 to 17 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Balkcem Limited (the "Company") was incorporated in Cyprus on 7 March 1998 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 those of an investment holding company, the provision of consultancy services to fellow group companies and the trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

### 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.

#### Consolidated financial statements

These financial statements are separate parent financial statements of the Company. Consolidated financial statements, which would include the financial statements of the Company and its subsidiary undertakings have not been prepared because the Company is a wholly owned subsidiary itself and it does not need to prepare consolidated financial statements as these were prepared by its ultimate parent company Titan Cement S.A., a company incorporated in Greece. This exemption is permitted by International Accounting Standard IAS27 "Consolidated and Separate Financial Statements" and by the Cyprus Companies Law, Cap. 113. Consolidated financial statements can be obtained from Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 2. Accounting policies (continued)

#### Subsidiary companies

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.

#### Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 2. Accounting policies (continued)

#### 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.

#### Receivables from/payables to related parties

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

#### Comparatives

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

### 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. The Company has no significant concentrations of credit risk as most of its receivables are with related parties.

##### 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.

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2009

**3. Financial risk management (continued)**

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	3 months or less
	€	€
Trade and other payables	<u>6,911</u>	<u>6,911</u>
	<u>6,911</u>	<u>6,911</u>

31 December 2008	Carrying amounts	3 months or less
	€	€
Trade and other payables	<u>12,443</u>	<u>12,443</u>
	<u>12,443</u>	<u>12,443</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. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**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.

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.

# BALKCEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 4. Critical accounting estimates and judgements (continued)

#### • Impairment of non-financial assets

The Company periodically evaluates the recoverability of non-financial assets such as investments in subsidiaries, whenever indicators of impairment are present. Indicators of impairment include such items as declines in market values, revenues, earnings, cash flows or net asset value which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that non-financial assets may be impaired, the estimated future discounted cash flows associated with these assets would be compared to their carrying amounts to determine if a write-down to the income statement is necessary.

### 5. Revenue

	2009	2008
	€	€
Consultancy fee income (Note 18)	<u>962,443</u>	<u>2,300,535</u>
	<u>962,443</u>	<u>2,300,535</u>

### 6. Operating profit

	2009	2008
	€	€
Operating profit is stated after charging the following items:		
Staff costs (Note 7)		
Auditors' remuneration - current year	154,992	176,658
Auditors' remuneration - prior years	6,600	6,050
	<u>-</u>	<u>(298)</u>

### 7. Staff costs

	2009	2008
	€	€
Wages and salaries	<u>154,992</u>	<u>176,658</u>
	<u>154,992</u>	<u>176,658</u>

### 8. Finance income / cost

	2009	2008
	€	€
Interest income		
<b>Finance income</b>	<u>1,175</u>	<u>-</u>
	<u>1,175</u>	<u>-</u>
Net foreign exchange transaction gains		
<b>Finance costs</b>	<u>(51)</u>	<u>-</u>
	<u>(51)</u>	<u>-</u>
<b>Net finance income</b>	<u>1,124</u>	<u>-</u>

### 9. Profit from investing activities

	2009	2008
	€	€
Profit from sale of investments in subsidiaries	-	14,889,320
Interest income	16,058	520,525
Exchange profit	37	23
Dividend income	<u>29,991,867</u>	<u>35,830,000</u>
	<u>30,007,962</u>	<u>51,239,868</u>



# BALKCEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 10. Tax

	2009	2008
	€	€
Corporation tax - current year	93,439	236,280
Corporation tax - prior years	44,906	-
Defence contribution - current year	1,606	52,051
Charge for the year	<u>139,951</u>	<u>288,331</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 before tax	<u>30,795,062</u>	<u>53,342,385</u>
Tax calculated at the applicable tax rates	3,079,506	5,334,239
Tax effect of allowances and income not subject to tax	(2,986,067)	(5,097,959)
Defence contribution current year	1,606	52,051
Prior year tax	44,906	-
Tax charge	<u>139,951</u>	<u>288,331</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%.

### 11. Dividends

	2009	2008
	€	€
Interim dividend paid	<u>31,120,000</u>	<u>99,200,000</u>
	<u>31,120,000</u>	<u>99,200,000</u>

During the year the Board of Directors approved the payment of dividends of €31,120,000 for the years 2008 and 2009 (2008: €99,200,000 for the years 2005 to 2008)

# BALKCEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 12. Investments in subsidiaries

	<b>2009</b>	2008
	€	€
On 1 January	<b>22,546,073</b>	26,989,753
Disposals	-	(4,443,680)
<b>At 31 December</b>	<b><u>22,546,073</u></b>	<b><u>22,546,073</u></b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<b>2009</b> Holding %	2008 Holding %	<b>2009</b> €	2008 €
Titan Cement Netherlands B.V.	Netherlands	Production of cement	86.01	86.01	<b><u>22,546,073</u></b>	<u>22,546,073</u>
					<b><u>22,546,073</u></b>	<u>22,546,073</u>

In November 2008, the Company sold 13,993% of its shareholding in Titan Cement Netherlands B.V. to a related party realising a profit of €14,889,320.

During the year, the Company received dividends of €29,991,867 (2008: €35,830,000) from its subsidiary.

### 13. Trade and other receivables

	<b>2009</b>	2008
	€	€
Receivables from related companies (Note 18)	<b>408,467</b>	285,480
Other receivables	<b>3,000</b>	3,000
Refundable VAT	<b><u>2,280</u></b>	<u>1,709</u>
	<b><u>413,747</u></b>	<u>290,189</u>

### 14. Cash and cash equivalents

	<b>2009</b>	2008
	€	€
Cash at bank and in hand	<b><u>247,145</u></b>	<u>815,911</u>
	<b><u>247,145</u></b>	<u>815,911</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and US\$ and carry annual interest 4% per annum.

### 15. Share capital

	<b>2009</b> Number of shares	<b>2009</b> €	2008 Number of shares	2008 €
<b>Authorised</b>				
Ordinary shares of €1.71 each	<b><u>20,000</u></b>	<b><u>34,200</u></b>	<u>20,000</u>	<u>34,200</u>
<b>Issued and fully paid</b>				
On 1 January	<b>8,199</b>	<b>14,020</b>	8,199	13,975
Conversion from CYP to Euro	-	-	-	45
<b>At 31 December</b>	<b><u>8,199</u></b>	<b><u>14,020</u></b>	<u>8,199</u>	<u>14,020</u>

# BALKCEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 16. Trade and other payables

	2009	2008
	€	€
Accruals	4,898	5,299
Other creditors	2,013	7,144
	<u>6,911</u>	<u>12,443</u>

### 17. Current tax liabilities

	2009	2008
	€	€
Corporation tax refundable	(46,890)	1,424
Special contribution for defence	4	4
Withholding tax	40,800	-
Corporation tax payable	32,727	-
	<u>26,641</u>	<u>1,428</u>

### 18. Related party transactions

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

The following transactions were carried out with related parties:

#### 18.1 Sales of goods and services

	2009	2008
	€	€
Sub-subsidiary undertaking	962,443	2,300,535
	<u>962,443</u>	<u>2,300,535</u>

#### 18.2 Receivables from related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2009	2008
		€	€
Receivable from sub-subsidiary undertaking	Consultancy services	408,467	285,480
		<u>408,467</u>	<u>285,480</u>

### 19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2009.

### 20. Commitments

The Company had no capital or other commitments as at 31 December 2009.

### 21. Post statement of financial position events

There were no material post statement of financial position events, which have a bearing on the understanding of the financial statements.

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