GRAVEL AND SAND PITS BULGARIA EAD

ANNUAL FINANCIAL STATEMENTS

31 December 2009

GRAVEL AND SAND PITS BULGARIA EAD

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Directors

Alexander Nakov Chakmakov
Mihalis Sigalas
Konstantinos Derdemezis
Fokion Tasoulas

Registered office

6, Poruchik Nedelcho Bonchev Str.
Sofia

Solicitors

Futekova, Hristova, Tomeshkova EOOD
Penkov, Markov and Partners OOD

Bankers

Eurobank EFG Bulgaria AD - Sofia

Auditors

Ernst & Young Audit OOD
Business Park Sofia
Building 10, Floor 2
Mladost 4
1766 Sofia

DIRECTORS' REPORT

The Directors present the report and the separate financial statements of Gravel and Sand Pits Bulgaria EAD prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union, for the year ended 31 December 2009. These financial statements have been audited by Ernst and Young Audit OOD.

GENERAL INFORMATION AND BUSINESS DESCRIPTION

The Company was registered in the Republic of Bulgaria. Its main activity includes development and exploitation of aggregates quarries.

BUSINESS DESCRIPTION

Current year results

As a result of long and heavy administrative procedures, the first concession was obtained for exploitation of a limestone quarry in Sofia region for 25 years with possibility for extension. After completion of the environmental impact assessment procedures and acquisition of land within the concession area, the quarry will be prepared for operation.

Another sand and gravel pit is under preparation to start procedure for obtaining concession by right after geological reserves have been already approved and registered by the state authorities.

The green-field aggregates operation in Rousse is advancing at a good pace. Permitting procedures for the production site are close to completion, while administrative procedures for excavation activities in the Danube river are still ongoing.

All activities for developing potential quarries were financed by dividends from associated companies and temporary shortages were financed by the parent company Zlatna Panega Cement AD through loans. At present, the Company works mainly with third party consultants and specialists, as the scope of activity does not require hiring of own personnel yet.

Share capital structure

Shareholder	Percentage	Number of shares (thousands)	Nominal value (thousands)
Zlatna Panega Cement AD	100%	135	69

Investments

As of 31 December 2009, Gravel and Sand Pits Bulgaria EAD holds interests in the following subsidiaries and associates:

- fully-owned subsidiary, Double V Co EOOD, Rousse;
- associate Holcim Karierni Materiali Sofia AD with 48.77% participation;
- associate Holcim Karierni Materiali Plovdiv AD with 48.72% participation.

OBJECTIVES OF THE COMPANY FOR 2010

The Directors set to achieve the following objectives in year 2010:

- Complete preparation for opening aggregates operations in Rousse and Sofia;
- Continue with ongoing concession procedures.

We look optimistically at the future of Gravel and Sand Pits Bulgaria EAD and believe that if management exercises proper control over the business, this will lead to effective realization of the Company's objectives.

GRAVEL AND SAND PITS BULGARIA EAD
DIRECTORS' REPORT
For the year ended 31 December 2009

CORPORATE GOVERNANCE

The Company is constituted as a private company in compliance with the Commercial Law of the Republic of Bulgaria and has one-tier system of governance.

As at 31 December 2009, the Board of Directors consists of:

1. Alexander Nakov Chakmakov
2. Mihalis Sigalas
3. Konstantinos Derdemezis
4. Fokion Tasoulas

Alexander Nakov Chakmakov is the Company's Executive Director.

Directors' responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the company as at the year end and of the profit or loss and cash-flows for the year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 2009.

The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Alexander Chakmakov
Executive Director
Sofia
29 January 2010

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Independent Auditor's Report

To the sole shareholder

of Gravel and Sand Pits Bulgaria EAD

We have audited the accompanying financial statements of Gravel and Sand Pits EAD, which comprise the balance sheet as of 31 December 2009, and the 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union (EU). 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.

Auditor's 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.

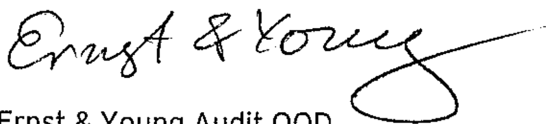
Ernst & Young

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 management, 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 Gravel and Sand Pits Bulgaria EAD 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 endorsed by the EU.



Ernst & Young Audit OOD

Sofia, Bulgaria

01 February 2010

GRAVEL AND SAND PITS BULGARIA EAD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Notes	2009	2008
		€000	**€000**
Administrative expenses	3.1	(49)	(140)
Operating loss		**(49)**	**(140)**
Finance revenue	3.3	703	3,115
Finance costs	3.4	-	(112)
Profit before tax		**654**	**2,863**
Income tax income/(expense)	4	3	(1)
Profit for the year		**657**	**2,862**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**657**	**2,862**

Chief Executive Officer
Alexandar Chakmakov

The accompanying notes to the financial statements on pages 7 to 29 form an integral part of these financial statements.

GRAVEL AND SAND PITS BULGARIA EAD
BALANCE SHEET
As of 31 December 2009

	Notes	2009	2008
ASSETS		**€000**	**€000**
Non-current assets			
Property, plant and equipment	5	3,000	2,988
Investments in subsidiaries	6.1	1,951	1,951
Deferred tax asset	4	2	-
		4,953	**4,939**
Current assets			
Other receivables	7	3	18
Receivables from related parties	10	1,003	344
Cash and cash equivalents	8	2	4
		1,008	**366**
TOTAL ASSETS		**5,961**	**5,305**
EQUITY AND LIABILITIES			
Equity			
Issued capital	9.1	69	69
Legal reserves	9.2	7	7
Retained earnings		5,885	5,228
Total equity		**5,961**	**5,304**
Non-current liabilities			
Deferred tax liability	4	-	1
		-	**1**
Total liabilities		**-**	**1**
TOTAL EQUITY AND LIABILITIES		**5,961**	**5,305**

Chief Executive Officer
Alexandar Chakmakov

The accompanying notes to the financial statements on pages 7 to 29 form an integral part of these financial statements.

GRAVEL AND SAND PITS BULGARIA EAD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

	Issued capital (Note 9.1)	Legal reserves (Note 9.2)	Retained earnings	Total
	€000	€000	€000	€000
At 1 January 2008	**69**	-	**2,373**	**2,442**
Total comprehensive income for the year	-	-	2,862	2,862
Transfer to reserves	-	7	(7)	-
At 31 December 2008	**69**	**7**	**5,228**	**5,304**
At 1 January 2009	**69**	**7**	**5,228**	**5,304**
Total comprehensive income for the year	-	-	657	657
At 31 December 2009	**69**	**7**	**5,885**	**5,961**

Chief Executive Officer
Alexandar Chakmakov

The accompanying notes to the financial statements on pages 7 to 29 form an integral part of these financial statements.

GRAVEL AND SAND PITS BULGARIA EAD
CASH FLOW STATEMENT
For the year ended 31 December 2009

	Notes	2009	2008
		€000	€000
OPERATING ACTIVITIES			
Profit before tax		**654**	**2,863**
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	5	19	14
Dividend income	3.3	(671)	(3,042)
Other finance revenue	3.3	-	(70)
Interest income	3.3	(32)	(3)
Interest expense	3.4	-	112
Working capital adjustments:			
Decrease in other receivables		15	320
Net cash flows (used in)/from operating activities		**(15)**	**194**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(31)	(1,314)
Loans granted to related parties	10	(665)	(342)
Proceeds from sale of investment in subsidiary	6.1	-	875
Dividends received from associates	10	671	3,042
Interest received		26	1
Net cash flows from investing activities		**1**	**2,262**
FINANCING ACTIVITIES			
Repayment of loans to related parties		-	(3,883)
Proceeds from loans from related parties		12	1,603
Interest paid		-	(177)
Net cash flows from/(used in) financing activities		**12**	**(2,457)**
Net decrease in cash and cash equivalents		**(2)**	**(1)**
Cash and cash equivalents at 1 January		**4**	**5**
Cash and cash equivalents at 31 December	8	**2**	**4**

Chief Executive Officer
Alexandar Chakmakov

The accompanying notes to the financial statements on pages 7 to 29 form an integral part of these financial statements.

1. Corporate information

The financial statements of Gravel and Sand Pits Bulgaria EAD (the Company) for the year ended 31 December 2009 were authorized for issue in accordance with a resolution of the Board of Directors on 29 January 2010.

Gravel and Sand Pits Bulgaria EAD is a joint stock company. The Company has been incorporated and is domiciled in Sofia, Bulgaria with resolution of Lovech District Court 433/1998 and its financial year end is 31 December.

The principal activities of the Company include research quarries and sales of aggregates.

As of 31 December 2009 the Company's share capital was held by:
- Zlatna Panega Cement AD 100%

The ultimate parent company is Titan Cement S.A., Greece.

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. They are presented in euros (EUR) and all values are rounded to the nearest thousand (EUR thousand) except when otherwise indicated.

Statement of compliance

The financial statements of Gravel and Sand Pits Bulgaria EAD have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU).

The preparation of these annual financial statements of the Company is required by the ultimate parent company for its consolidation. Therefore, these financial statements are the separate financial statements of Gravel and Sand Pits Bulgaria EAD where the investments in subsidiaries and associates are accounted for at cost. The Company meets the exemption criteria under IAS 27 Consolidated and Separate Financial Statements, for not presenting consolidated financial statements, as follows:

- The Company is itself a wholly-owned subsidiary of the ultimate parent Titan Cement S.A., Greece;
- The Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- The Company did not file, nor is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- The ultimate parent company, Titan Cement S.A., Greece, prepares and presents consolidated financial statements available for public use that comply with IFRS. These consolidated financial statements are obtainable on internet address http://www.titan.gr/en/financial/year.htm. The address of the registered office of Titan Cement S.A. is 22 A Halkidikos Str., 111 43 Athens, Greece.

Going concern

The Company's financial statements have been prepared on a going concern basis.

The Company did not generate any operating income. The future viability of the Company depends upon the business environment as well as upon the continuing support of the sole shareholders and other related parties. The directors have analyzed the ability of Gravel and Sand Pits Bulgaria EAD to continue operations in the future and have taken measures to strengthen its position by obtaining financial support from the parent company. The Company has been provided with a binding letter of support from the parent company, stating that adequate funds and full support would be provided to enable the Company to continue operations at least until the next twelve-month period.

The directors, in light of their assessment of expected future cash flows and continued financial support from the parent entity believe that the Company will continue its operations and settle its obligations in the ordinary course of business, without substantial dispositions of assets, externally forced revisions of its operations or similar actions.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations effective for reporting periods ended 31 December 2009

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 International Financial Reporting Interpretations Committee ("IFRIC") interpretations as of 1 January 2009:

- IFRS 1 *First-time Adoption (Amended)*
- IFRS *2 Share-based Payments – Vesting Conditions and Cancellations (Amendment)*
- IFRS *7 Financial Instruments: Disclosures (Amendment)*
- IFRS 8 *Operating Segments*
- IAS 1 *Presentation of Financial Statements (Revised)*
- IAS 23 *Borrowing Costs (Revised)*
- IAS 27 *Consolidated and Separate Financial Statements (Amended)*
- IAS 32 *Financial Instruments: Presentation and* IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation*
- IFRIC 9 *Reassessment of Embedded Derivatives and* IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 12 *Service Concession Arrangements*
- IFRIC 13 *Customer Loyalty Programmes* effective for annual periods beginning on or after 1 July 2008
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 1*6 Hedges of a Net Investment in a Foreign Operation*
- IFRIC 1*8 Transfers of Assets from Customers*
- *Improvements to IFRSs (issued in 2008 and 2009)*

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

IFRS 1 *First-time Adoption (Amended) – Cost of investments in subsidiaries, jointly controlled entities or associates*
The amendments to IFRS 1 allow the cost of investments in subsidiaries, jointly controlled entities or associates (in the opening IFRS financial statements) to be determined as either cost in accordance with IAS 27 or deemed cost. As the Company is not first time adopter of IFRS, these amendments did not have an impact on its financial statements.

IFRS 2 *Share-based Payments – Vesting Conditions and Cancellations (Amendment)*
The standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. As the Company does not have share-based payment schemes, the amendment did not have impact on it.

IFRS 7 *Financial Instruments: Disclosures (Amendment)*
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 13. The fair value measurement and liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 13 and 12, respectively.

2.2. Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations effective for reporting periods ended 31 December 2009 (continued)

IFRS 8 *Operating Segments*
IFRS 8 replaced IAS 14 Segment Reporting. IFRS 8 adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and statement of comprehensive income and entities will need to provide explanations and reconciliations of the differences. As the Company does not report any operating segment, this standard did not have impact on it.

IAS 1 *Presentation of Financial Statements (Revised)*
The 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 as 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 one single statement.

IAS 23 *Borrowing Costs (Revised)*
The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IAS 27 Consolidated and Separate Financial Statements (Amended) – Cost of investments in subsidiaries, jointly controlled entities or associates
The amended IAS 27 requires all dividends from subsidiaries, jointly controlled entities or associates to be recognized in profit or loss in separate financial statements. The revision to IAS 27 will have to be applied prospectively. Further, it allows cost of an investment in a subsidiary, in limited reorganizations, to be based on the previous carrying amount of the subsidiary rather than its fair value. The amendments of IAS 27 did not have an impact on the financial statements of the Company.

IAS 32 *Financial Instruments: Presentation and* IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation*
The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified criteria. The amendments did not have any impact on the financial statements of the Company.

IFRIC 9 *Reassessment of Embedded Derivatives and* IAS 39 *Financial Instruments: Recognition and Measurement*
This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. The adoption of these amendments did not have any impact on the financial position or the performance of the Company.

2.2. Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations effective for reporting periods ended 31 December 2009 (continued)

IFRIC 12 *Service Concession Arrangements*
This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The interpretation did not have any impact on the financial statements of the Company.

IFRIC 13 *Customer Loyalty Programmes*
This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The adoption of this Interpretation did not have any impact on the financial statements of the Company as no such schemes currently exist.

IFRIC 15 *Agreements for the Construction of Real Estate*
The interpretation is to be applied retrospectively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue*. This interpretation did not have any impact on the Company's financial statements.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. This interpretation did not have any impact on the Company's financial statements.

IFRIC 18 *Transfers of Assets from Customers*
IFRIC 18 applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers and addresses the following issues: (a) Is the definition of an asset met?; (b) If the definition of an asset is met, how should the transferred item of property, plant and equipment be measured on initial recognition?; (c) If the item of property, plant and equipment is measured at fair value on initial recognition, how should the resulting credit be accounted for?; (d) How should the entity account for a transfer of cash from its customer ? This interpretation did not have any impact on the Company's financial position or performance.

Improvements to IFRSs (issued in 2008 and 2009)
In May 2008 and April 2009, the International Accounting Standards Board ("IASB") issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* When a subsidiary is held for sale, all of its assets and liabilities shall be classified as held for sale under IFRS 5, even when the entity will retain a non-controlling interest in the subsidiary after the sale. As the Company does not report a subsidiary held for sale, this amendment did not have any impact on the Company's financial statements.

- IAS 1 *Presentation of Financial Statements:* Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

2.2. Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations effective for reporting periods ended 31 December 2009 (continued)

Improvements to IFRSs (issued in 2008 and 2009) (continued)

- IAS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell".

- IAS *18 Revenue:* The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:
  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk

  The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

- IAS 20 *Accounting for Government Grants and Disclosures of Government Assistance:* Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates.

- IAS 23 *Borrowing Costs:* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

- IAS 36 *Impairment of Assets:* When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.

- IAS 38 *Intangible Assets:* Expenditure on advertising and promotional activities is recognised as an expense when the Company either has the right to access the goods or has received the service.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- IFRS 7 Financial Instruments: Disclosures
- IAS 8 Accounting Policies, Change in Accounting Estimates and Error
- IAS 10 Events after the Reporting Period
- IAS 19 Employee Benefits
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 29 Financial Reporting in Hyperinflationary Economics
- IAS 31 Interest in Joint Ventures
- IAS 34 Interim Financial Reporting
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Properties
- IAS 41 Agriculture

2.3 Significant accounting judgments, estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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.

Useful lives of property plant and equipment
Accounting for property, plant and equipment involves the use of estimates for determining the expected useful lives of these assets and their residual values. The determination of the useful lives of the assets is based on management's judgment. Further details are provided in Note 5.

2.4 Summary of significant accounting policies

Foreign currency translation

The financial statements are presented in euros while the functional currency of the Company is Bulgarian Lev (BGN). The Company uses Euro as a presentation currency due to the requirement of the ultimate parent company which is the main user of the financial statements.

As at the reporting date, the assets, liabilities, equity, revenue and expenses of the Company are translated into the presentation currency at the fixed rate of BGN/EUR of 1.95583 (or EUR/BGN of 0.51129) quoted by the Bulgarian National Bank. BGN is pegged to the EUR at the exchange rate of 1.95583 as from 1 January 2002 (BGN was pegged to the DEM as from 1 July 1997, with the introduction of the Currency Board in Bulgaria). In connection to the translation (from functional to presentation currency) no foreign exchange differences have arisen

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency on a monthly basis by applying the exchange rate published by the Bulgarian National Bank for the last working day of the respective month. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.4 Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessary takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Company capitalizes borrowing costs for all eligible assets where construction has been commenced on or after 1 January 2009. The Company continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2009.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Financial assets

Initial recognition
Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially, at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Company's financial assets include cash and short term deposits and loan and other receivables.

2.4 Summary of significant accounting policies (continued)

Financial assets (continued)

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured at cost (according to IAS 27 Consolidated and separate financial statements) in these separate financial statements. Further details are given in Note 2.1 above and Note 6.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Initial recognition
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially, at fair value plus, and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include interest bearing loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortised cost of financial instruments
Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Issued capital

Issued capital represents the par value of shares issued and paid by the shareholders. Any proceeds in excess of par value are recorded in share premium.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.4 Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial assets (continued)
Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at banks and at hand and short term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

General
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Dividends
Revenue is recognised when the Company's right to receive the payment is established. The Company recognises income from investments only to the extent that it receives distributions from the accumulated profits of the investee arising after that date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

2.4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest income
Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other income
Other revenue is recognised when the significant risks and rewards have passed to the buyer.

Taxes

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

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.4 Summary of significant accounting policies (continued)

Taxes (continued)

Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.5. Future changes in accounting policies

Standards, interpretations and amendments issued but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods but which the Company has not early adopted, as follows:

IFRS 1 *Additional Exemptions for First-time Adopters (Amendments)*
The amendments to IFRS 1 were issued in July 2009 and become effective for annual periods beginning on or after 1 January 2010. These amendments provide for additional exemptions from full retrospective application of IFRS for the measurement of oil and gas assets and the assessment of leasing contracts in accordance with IFRIC 4. The Company does not expect these amendments to impact its financial statements. These amendments have not yet been endorsed by the EU.

IFRS 2 *Group Cash-settled Share-based Payment Transactions (Amendments)*
These amendments to IFRS 2 were issued in June 2009 and become effective for annual periods beginning on or after 1 January 2010. These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions. The Company does not expect these amendments to impact its financial position or performance. These amendments have not yet been endorsed by the EU.

IFRS 3 *Business Combinations (Revised) and* IAS 27 *Consolidated and Separate Financial Statements (Revised)*
The revised standards were issued in January 2008 and become effective for annual periods beginning on or after 1 July 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The revised IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give raise to gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised IFRS 3 and the revised IAS 27 must be applied prospectively and will affect future acquisitions or loss of control and transactions with minority interests.

IFRS 9 *Financial Instruments*
The first phase of IFRS 9 *Financial Instruments* was issued in November 2009 and becomes effective from 1 January 2013. The main focus of the first phase is the classification and measurement of financial assets. The impact from the first phase of the new IFRS 9 is expected to be analysed by the Company. This standard has not yet been endorsed by the EU.

2.5. Future changes in accounting policies (continued)

Standards, interpretations and amendments issued but not yet effective (continued)

IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
These amendments to IAS 39 were issued in August 2008 and become effective for annual periods beginning on or after 1 July 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company does not expect these amendments to impact its financial statements.

IAS 24 *Related Party Disclosures (Revised)*
The amendments to IAS 24 were issued in November 2009 and become effective for annual periods beginning 1 January 2011. The revised version of IAS 24 clarifies and simplifies the definition of a related party. The Company does not expect these amendments to impact its financial statements. The revised standard has not yet been endorsed by the EU.

IFRIC 14 *Prepayment of a Minimum Funding Requirement (Amendment)*
This amendment was issued in November 2009 and is effective for annual periods beginning 1 January 2011. This amendment will allow these entities to recognise a prepayment of pension contributions as an asset rather than an expense. The Company does not expect the amendment to impact its financial statements. This amendment has not yet been endorsed by the EU.

IFRIC 17 *Distributions of Non-cash Assets to Owners*
IFRIC 17 was issued on 27 November 2008 and is effective for annual periods beginning on or after 1 July 2009 and must be applied prospectively. IFRIC 17 applies to all non-reciprocal distributions of non-current assets to owners. It provides guidance when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability and consequences of doing so. The Company is in the process of assessing the impact of IFRIC 17 on its financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
IFRIC 19 was issued in November 2009 and is effective for annual periods 1 July 2010. The IFRIC clarifies the measurement of equity instruments issued to a creditor to extinguish a financial liability as well as the treatment of the difference between the fair value of the equity instruments issued and the carrying amount of the financial liability that is extinguished. The Company is in the process of assessing the impact of IFRIC 17 on its financial statements. This Interpretation has not yet been endorsed by the EU.

Improvements to IFRSs (issued in 2008 and 2009)
Improvements to IFRSs were issued in 2008 and 2009 by the International Accounting Standards Board as its second omnibus of amendments to its standards. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The impacts of the first-time application of these amendments on the Company's financial statements are currently being reviewed. These amendments have not yet been endorsed by the EU.

3. Expenses and revenues

3.1 Administrative expenses

	2009	2008
	€000	€000
Local taxes	(23)	(20)
Depreciation (Note 5)	(19)	(14)
Other services	(7)	(23)
Consultancy fees	-	(48)
Other professional services	-	(35)
	(49)	**(140)**

3.2 Expenses by nature

	2009	2008
	€000	€000
Hired services	(30)	(126)
Depreciation (Note 5)	(19)	(14)
Total administrative expenses	**(49)**	**(140)**

3.3 Finance revenue

	2009	2008
	€000	€000
Interest income calculated using the effective interest method for financial assets carried at amortised cost:		
Bank accounts and deposits	32	3
Dividends received from associates (Note 6.2)	671	3,042
Gain from sale of investment in subsidiary (Note 6.1)	-	70
	703	**3,115**

3. Expenses and revenues (continued)

3.4 Finance costs

	2009	2008
	€000	€000
Interest expense calculated using the effective interest method for financial liabilities carried at amortised cost:		
Loans received from related parties	-	(112)
	-	**(112)**

4. Income tax

The major components of income tax expense for the year ended 31 December 2009 and 2008 are:

	2009	2008
	€000	€000
Deferred income tax income/(expense)	3	(1)
Income tax income/(expense) reported in the statement of comprehensive income	**3**	**(1)**

In 2009 the nominal statutory tax rate is 10% (2008: 10%). For 2010 the nominal statutory tax rate is 10%.

Reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2009 and 2008 is as follows:

	2009	2008
	€000	€000
Accounting profit before income tax	654	2,863
Income tax expense at statutory tax rate of 10% for 2009 (2008: 10%)	(65)	(286)
Expenses not deductible for tax purposes	-	(11)
Revenue not subject to tax	67	304
Tax losses for which no deferred tax asset was recognised	(1)	(6)
Other	2	(2)
Income tax income/(expense)	**3**	**(1)**

4. Income tax (continued)

Deferred income tax at 31 December relates to the following:

	Balance Sheet		Statement of comprehensive income	
	31 December 2009	31 December 2008	2009	2008
	€000	€000	€000	€000
Deferred tax liability				
Accelerated depreciation for tax purposes	-	1	1	(1)
	-	1		
Deferred tax asset				
PPE	2	-	2	-
	2	-		
Deferred tax income/(expense)			**3**	**(1)**
Deferred tax (asset)/liability, net	**(2)**	**1**		

The Company has incurred tax losses as follows,

Tax period	Period of availability for tax relief	2009	2008
		€000	€000
2009	2010 through 2014	6	-
2008	2009 through 2013	60	60
2007	2008 through 2012	147	147
2006	2007 through 2011	120	120
2005	2006 through 2010	43	43
2004	2005 through 2009	-	8
Total tax losses carried forward		376	378
Effective income tax rate		10%	10%
Deferred income tax asset not recognized		38	38

These losses can be carried forward as relief against future taxable profits. However, since the amounts and timing of future taxable income cannot be estimated reliably due to the uncertainties of the economic environment of the Company, no deferred tax asset has been recognised for the tax losses carried forward as of 31 December 2009 and 2008.

5. Property, plant and equipment

	Land	Plant and Machinery	Assets under Construction	Total
	€000	**€000**	**€000**	**€000**
Cost:				
At 1 January 2008	1,688	-	-	1,688
Additions	1,101	200	13	1,314
At 31 December 2008	2,789	200	13	3,002
Additions	-	-	31	31
At 31 December 2009	**2,789**	**200**	**44**	**3,033**
Depreciation:				
At 1 January 2008	-	-	-	-
Depreciation charge for the year	-	14	-	14
At 31 December 2008	-	14	-	14
Depreciation charge for the year	-	19	-	19
At 31 December 2009	**-**	**33**	**-**	**33**
Net book value:				
At 01 January 2008	**1,688**	**-**	**-**	**1,688**
At 31 December 2008	**2,789**	**186**	**13**	**2,988**
At 31 December 2009	**2,789**	**167**	**44**	**3,000**

Impairment of property, plant and equipment

Based on the impairment review performed the management considers that there are no indicators that the assets' carrying amounts might exceed their recoverable amounts.

Useful lives

The land is a non-depreciable asset.

The useful lives of the assets are estimated as follows:

Plant and machinery	10 to 25 years

Assets under construction

Capital expenditure relates to the development of green-field aggregates operation in Rousse.

6. Equity investments

6.1 Investments in subsidiaries

	Country of incorporation	% equity interest	
		2009	2008
Double V Co	Bulgaria	100%	100%

The investment in subsidiary is measured at cost as follows,

	2009	2008
	€000	€000
Double V Co	1,951	1,951
	1,951	**1,951**

During 2007 the Company acquired 100% interest in Double V Co EOOD Bulgaria for a total consideration of EUR 1,951 thousand.

The shares in the wholly-owned subsidiary do not have a quoted market price in an active market.

During 2008 the Company sold its interest in Rudmak EOOD, FYROM (a wholly-owned subsidiary) to Cementarnica Usje, a subsidiary of Titan Cement SA. The transfer of shares was registered in the court on 2 January 2008. The Company recognized gain from the sale of its investment in Rudmak DOOEL of EUR 70 thousand (Note 3.3).

6.2 Investments in associates

	Country of incorporation	% equity interest	
		2009	2008
Holcim Karierni Materiali Plovdiv AD	Bulgaria	48.72%	48.72%
Holcim Karierni Materiali Sofia AD	Bulgaria	48.77%	48.77%

The investments in associates are measured at cost including the purchase price consideration paid less dividends received from the pre-acquisition earnings of associates. The cost of investments in associates as of 31 December 2009 is nil (2008: nil).

For 2009 the dividends received from post-acquisition earnings of associates in the amount of EUR 671 thousand are recognized as finance revenue in the statement of comprehensive income (2008: EUR 3,042).

The shares in the associates do not have a quoted market price in an active market.

7. Other receivables

	2009	2008
	€000	€000
Value added tax receivable	3	18
	3	**18**

Value added tax receivable is non-interest bearing and is fully settled within the legally prescribed terms.

8. Cash and cash equivalents

	2009	2008
	€000	€000
Cash at bank	2	4
	2	**4**

Cash at bank earns interest at floating rates based on daily bank deposit rates. As of 31 December 2009, the fair value of cash and cash equivalents was EUR 2 thousand (2008: EUR 4 thousand).

9. Issued capital and reserves

9.1 Issued capital

	2009	2008
	€000	€000
Ordinary shares of EUR 0.51 each, as per court registration	69	69
	69	**69**

	Number of ordinary shares (thousand)	Authorised and issued share capital
		€000
At 1 January 2008	135	69
At 31 December 2008	135	69
At 31 December 2009	**135**	**69**

All ordinary shares issued were fully paid.

9. Issued capital and reserves (continued)

9.2 Reserves

Legal reserve

Legal reserves are formed as per article 246 of the Bulgarian Commercial Act stipulating reserve requirements for joint stock companies such as Gravel and Sand Pits Bulgaria EAD. Legal reserves are required to equal one-tenth of the authorised capital. The source of the legal reserves comes from not less than one-tenth of earnings, premiums on share or debenture issues and other sources established by the articles of association of a company or the general meeting of its shareholders. The legal reserves can only be used to offset current year and prior year losses.

10. Related party disclosures

The ultimate parent
The ultimate parent of the Company is Titan Cement Company SA, incorporated in Greece.

Entity with controlling interest in the Company
The sole shareholder of the Company is Zlatna Panega Cement AD, Bulgaria.

Subsidiaries
Double V Co EOOD, registered in Rousse is a wholly-owned subsidiary of the Company. Effective 2 January 2008 the Company disposed its wholly-owned subsidiary of Rudmak EOOD, FYROM.

Associates
Gravel and Sand Pits Bulgaria EAD has significant interest of 48.77% in Holcim Karierni Materiali Sofia AD and 48.72% in Holcim Karierni Materiali Plovdiv AD.

Other related parties
Granitoid AD, Cementarnica Usje AD, Cementarnica Kosjeric, Zlatna Panega Beton EOOD and Gravel and Sand Pits Bulgaria EAD are related parties because they are under the common control of Titan Cement Company SA (the ultimate parent).

The following tables provide the total amount of transactions, which have been entered into and the outstanding balances with related parties:

		Dividends received	Purchases from related parties	Amounts owed from related parties	Amounts owed to related parties
Dividends received / purchases from related parties		**€000**	**€000**	**€000**	**€000**
Associates					
Holcim Karierni Materiali Plovdiv AD	2009	671	-	-	-
Holcim Karierni Materiali Plovdiv AD	2008	705	-	-	-
Holcim Karierni Materiali Sofia AD	2009	-	-	-	-
Holcim Karierni Materiali Sofia AD	2008	2,337	-	-	-
Other					
Zlatna Panega Beton EOOD	2009	-	2	-	-
Zlatna Panega Beton EOOD	2008	-	-	-	-
	2009			-	-
	2008			-	-

10. Related party disclosures (continued)

In respect of loans from / to related party		Interest income €000	Interest expense €000	Amounts owed from related parties €000	Amounts owed to related parties €000
Entity with controlling interest in the Company					
Zlatna Panega Cement AD	2009	32	-	1,003	-
Zlatna Panega Cement AD	2008	-	112	344	-
	2009			**1,003**	-
	2008			**344**	-

Terms and conditions of transactions with related parties

Transactions with related parties are made at contracted prices. Outstanding balances at year end are unsecured, interest free (except for loans) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For year ended 31 December 2009, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2008: Nil). This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

Loans due from related parties

Zlatna Panega Cement AD

During 2009, Gravel and Sand Pits Bulgaria EAD granted a loan to its parent company Zlatna Panega Cement AD of EUR 665 thousand (2008: EUR 342 thousand). It is intended to finance the working capital needs of the parent company. The loan is unsecured and is repayable in 2010. Interest is charged at the Basic Interest Rate of UBB plus spread of 1.50% (2008: 1M Sofibor rate plus spread of 1.30%).

11. Commitments and contingencies

Capital commitments

There are no capital commitments valid as of 31 December 2009.

Legal claims

No significant legal claims are foreseen by the management of the Company.

Other

The Company has been last audited by the tax authorities for compliance with the following tax laws:

- Social security contributions – until 31 August 2005.
- VAT until – 31 March 2008;

For the other taxes no tax audits were performed.

The directors do not believe that, as of 31 December 2009, any material matters exist relating to the evolving fiscal and regulatory environment in the country, which would require adjustment to the accompanying financial statements.

12. Financial risk management objectives and policies

The Company's principal financial liabilities comprise payables to related parties. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company's main financial assets include equity investments, receivables from related parties and cash and cash equivalents.

The main risks inherent in the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term loans to/from related parties with floating interest rates. This interest rate risk is managed at parent company level.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on the floating rate borrowings). There is no impact on the Company's equity.

	Increase/ decrease in basis points	Effect on profit before tax
2009		
Loans in BGN	+200	6
Loans in BGN	-100	(3)
2008		
Loans in BGN	+200	(26)
Loans in BGN	-100	13

12. Financial risk management objectives and policies (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities. The liquidity risk is addressed by continuing support of the parent company through disbursement of loans.

Foreign exchange risk

The Company operates in Bulgaria and executes transactions in Bulgarian leva mainly. Therefore, it is not exposed to significant foreign exchange risks.

Credit risk

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents, equity investments and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to the sole shareholder or issue new shares, following sole shareholder's approval. No changes were made in the objectives, policies or processes during the years end 31 December 2009 and 31 December 2008.

The Company monitors its equity capital using earnings before interest, tax, depreciation and amortization (EBITDA) for the period.

	2009	2008
EBITDA	(30)	(126)

The Company is not subject to any externally imposed capital requirements. The structure and management of debt capital is determined by the parent company, Zlatna Panega Cement AD.

13. Fair values of financial instruments

Fair value is the amount at which a financial instrument may be exchanged or settled in an arm's length transaction as best proof of its market value in an active market.

The estimated fair value of the financial instruments is determined by the Company on the basis of available market information, if any, or proper valuation models. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

The management of Company believes that the fair value of financial instruments comprising cash items, and loans from/to related parties does not differ significantly from their current carrying amounts, especially when they are short-term in nature or their interest rates are changing in line with the change in the current market conditions.

14. Events after the balance sheet date

No other significant events have been identified after the balance sheet date that may influence the financial statements.