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IAPETOS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 2009

IAPETOS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2009

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IAPETOS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Stelios Triantafyllides
Arta Antoniou
Spyroulla Papaeracleous

Company Secretary:

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
CY-1505 Nicosia
Cyprus

Registered office:

2-4 Arch. Makarios III Avenue
Capital Center, 9ος Όροφος
CY-1505 Nicosia
Cyprus

IAPETOS LIMITED

REPORT OF THE BOARD OF DIRECTORS

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

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits, loans, forwards, derivatives and other financial instruments. Also the Company markets, franchises and otherwise promotes certain beneficiation technology.

Review of current position, future developments and significant risks

As at 31 December 2009 the Company had a profit for the year of €39,958,066 in comparison to the profit for 2008 of €31,933,154. The main reason for this fluctuation was mainly the fair value loss on forward currency contracts of €414,792 compared to €2,896,758 gain in 2008 and the increase in the dividend income from €28,768,371 in 2008 to €39,131,747 in 2009. The financial position of the Company as presented in the financial statements is considered satisfactory. 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 note 3.

Results and Dividends

The Company's results for the year are set out on page 5. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company 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 events after the reporting period, 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 Iapetos Limited

Report on the Financial Statements

We have audited the financial statements of Iapetos Limited on pages 5 to 25, 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 Iapetos Limited as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Ernst & Young Cyprus Limited
Certified Public Accountants & Registered Auditors

Nicosia, 8 April 2010

IAPETOS LIMITED

INCOME STATEMENT

Year ended 31 December 2009

	Note	2009 €	2008 €
Other income	5	367,176	3,681,105
Administration expenses		(607,489)	(921,849)
Operating (loss) / profit	6	(240,313)	2,759,256
Net finance costs	8	(1,218)	(116,768)
Net profit from investing activities	9	40,202,050	29,402,848
Profit before tax		39,960,519	32,045,336
Tax	10	(2,453)	(112,182)
Net profit for the year		<u>39,958,066</u>	<u>31,933,154</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

IAPETOS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009			2008		
	Before tax €	Tax €	After tax €	Before tax €	Tax €	After tax €
Net profit for the year	39,958,066	-	39,958,066	31,933,154	-	31,933,154
Other comprehensive income						
Available-for-sale financial assets - Fair value losses	13 (51,272)	-	(51,272)	(178,775)	-	(178,775)
Other comprehensive income for the year, net of income tax	(51,272)	-	(51,272)	(178,775)	-	(178,775)
Total comprehensive income for the year	39,906,794	-	39,906,794	31,754,379	-	31,754,379


The notes on pages 10 to 25 form an integral part of these financial statements.

IAPETOS LIMITED

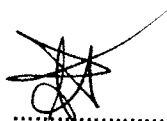
STATEMENT OF FINANCIAL POSITION 31 December 2009

ASSETS	Note	2009 €	2008 €
Non-current assets			
Intangible assets	11	1,925,750	2,128,461
Investments in subsidiaries and other affiliated companies	12	424,838,152	419,928,152
Available-for-sale financial assets	13	2,134,975	2,213,229
Non-current loans receivable	14	<u>42,193,760</u>	<u>105,852</u>
		<u>471,092,637</u>	<u>424,375,694</u>
Current assets			
Other receivables	15	2,075,748	3,584,014
Loans receivable	14	21,178,100	26,380,700
Refundable taxes		20,170	-
Cash and cash equivalents	16	<u>293,649</u>	<u>1,642,569</u>
		<u>23,567,667</u>	<u>31,607,283</u>
Total assets		<u>494,660,304</u>	<u>455,982,977</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	17	379,292	379,292
Share premium		422,426,996	422,426,996
Other reserves		1,838,815	1,890,087
Retained earnings		<u>67,246,567</u>	<u>27,288,500</u>
Total equity		<u>491,891,670</u>	<u>451,984,875</u>
Non-current liabilities			
Deferred Revenue	18	<u>1,590,120</u>	<u>2,289,552</u>
		<u>1,590,120</u>	<u>2,289,552</u>
Current liabilities			
Trade and other payables	19	479,082	1,003,083
Deferred Revenue	18	699,432	699,432
Current tax liabilities		-	6,035
		<u>1,178,514</u>	<u>1,708,550</u>
Total liabilities		<u>2,768,634</u>	<u>3,998,102</u>
Total equity and liabilities		<u>494,660,304</u>	<u>455,982,977</u>

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



 Director A. Antonina



 Director S. Papadimitriou

The notes on pages 10 to 25 form an integral part of these financial statements.

IAPETOS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Share capital €	Share premium €	Fair value reserve available-for-sale financial assets €	Translation reserve €	Retained earnings €	Total €
Balance - 1 January 2008	107,462	105,698,031	(171,949)	2,240,811	(4,643,860)	103,230,495
Total comprehensive income for the year	-	-	(178,775)	-	31,933,154	31,754,379
Issue of share capital	271,036	316,728,965	-	-	-	317,000,001
Conversion of share capital from CYP to Eur	794	-	-	-	(794)	-
	<u>271,830</u>	<u>316,728,965</u>	<u>(178,775)</u>	<u>-</u>	<u>31,932,360</u>	<u>348,754,380</u>
At 31 December 2008/ 1 January 2009	379,292	422,426,996	(350,724)	2,240,811	27,288,500	451,984,875
Total comprehensive income for the year	-	-	(51,272)	-	39,958,067	39,906,795
At 31 December 2009	379,292	422,426,996	(401,996)	2,240,811	67,246,567	491,891,670

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders. For the tax year 2007, there is no special contribution for the defence on deemed distribution.

Translation reserve is explained in Note 2 to the financial statements.

The notes on pages 10 to 25 form an integral part of these financial statements.

IAPETOS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Note	2009 €	2008 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		39,960,519	32,045,336
Adjustments for:			
Unrealised exchange loss		214,996	219,568
Amortisation of marketing rights	11	202,711	202,711
Profit from the sale of available-for-sale financial assets		(42,101)	-
Dividend income	9	(39,131,747)	(28,768,371)
Interest income	9	(24,529)	(459,763)
Interest expense	8	1,218	-
Cash flows from operations before working capital changes		1,181,067	3,239,481
Increase/ Decrease in trade and other receivables		1,508,266	1,113,844
Decrease/ (Increase) in financial assets at fair value through profit or loss		-	(1,880,969)
Decrease in trade and other payables		(523,999)	(10,610,888)
Decrease in deferred income		(699,432)	(699,432)
Cash flows from / (used in) operations		1,465,902	(8,837,964)
Tax paid		(28,659)	(85,922)
Net cash flows from / (used in) operating activities		1,437,243	(8,923,886)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale financial assets		(159,800)	(180,000)
Payment for purchase of investments in subsidiaries	12	(4,910,000)	(309,255,455)
Loans granted		(36,885,308)	(26,486,552)
Proceeds from sale of available-for-sale financial assets		228,883	107,118
Interest received		24,529	459,763
Dividends received		39,131,747	28,768,371
Net cash flows used in investing activities		(2,569,949)	(306,586,755)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	317,000,000
Unrealised exchange (loss)		(214,996)	(219,568)
Interest paid		(1,218)	-
Net cash flows (used in) / from financing activities		(216,214)	316,780,432
Net (decrease) / increase in cash and cash equivalents		(1,348,920)	1,269,791
Cash and cash equivalents:			
At beginning of the year	16	1,642,569	372,778
At end of the year	16	293,649	1,642,569

The notes on pages 10 to 25 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 Iapetos Limited was incorporated in Cyprus on 9 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 and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits, loans, forwards, derivatives and other financial instruments. Also the Company markets, franchises and otherwise promotes certain beneficiation technology.

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.

These financial statements are the 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.

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.

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 and other affiliated companies are stated at cost less any impairment in value. The carrying values of investments in subsidiaries and other affiliated companies are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Interests in joint ventures

Investments in Joint Ventures are stated at cost less any impairment in value. The carrying values of investments in Joint Ventures are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in the income statement.

Intangible assets: Licences

Licences are shown at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives which is 15 years.

Intangibles are tested annually for impairment losses.

Revenue recognition

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

- **Franchise income**

Franchise income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **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.

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. Translation differences on available-for-sale financial assets are included in the fair value reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

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 on investments in subsidiaries and joint ventures does not arise, as the profit on sale of securities is not taxable.

Financial instruments

Derivative financial instruments which include forward currency contracts are initially recognised in the statement of financial position at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates with similar maturities profiles. Derivatives are included within financial assets at fair value through profit or loss when fair value is positive and within financial liabilities at fair value through profit or loss when fair value is negative. Changes in the fair value of derivatives are recognised in the income statement. Realised gains and losses from forward currency contracts are credited/charged to the income statement in the year in which they are incurred.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held at fair value through profit and loss and those designated at fair value through profit or loss at inception. A financial asset is classified in the held at fair value through profit and loss category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held at fair value through profit and loss or are expected to be realised within twelve months from the statement of financial position date.

- Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the statement of financial position date, which are classified as current assets.

- Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

- Loans and receivables

Loans and receivablesLoans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets.

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand. 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.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Exchange difference retranslation reserve

Following the adoption of the Euro (€) across the participant member countries of the European Union as from 1 January 2002, the Company changed its reporting currency from Greek Drachmas (GRD) to Euro (€). Comparative figures in respect of monetary assets and liabilities, share capital and profit and loss items were restated from GRD to € at the exchange rate prevailing as at 31 December 2001, GRD 340,75/€.

Non-monetary assets which represent investments in subsidiary undertakings were restated from Greek Drachmas (GRD) to Euro (€) at historic rates. The translation difference arising was credited to exchange difference translation reserve, in shareholders' equity.

In 2006 translation differences of €406,627 which were related to investments already disposed were transferred from the exchange difference translation reserve to retained earnings in the current year. The remaining balance of the exchange difference translation reserve relates to the restatement of the investment in the joint venture Lafarge Titan Egyptian Investments Limited from Greek drachmas (GRD) to Euro (€) at historic rates and will be transferred to retained earnings upon the disposal of the investment.

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 market risk, interest rate 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 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.3 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.

IAPETOS LIMITED

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	On demand	3 months or less	3-12 months	1-5 years
	€	€	€	€	€
Deferred revenue	1,590,120	-	-	-	1,590,120
Trade and other payables	<u>1,198,314</u>	<u>462,337</u>	<u>36,545</u>	<u>699,432</u>	<u>-</u>
	<u>2,788,434</u>	<u>462,337</u>	<u>36,545</u>	<u>699,432</u>	<u>1,590,120</u>

31 December 2008	Carrying amounts	On demand	3 months or less	3-12 months	1-5 years
	€	€	€	€	€
Deferred revenue	2,289,552	-	-	-	2,289,552
Trade and other payables	<u>1,708,551</u>	<u>957,042</u>	<u>52,077</u>	<u>699,432</u>	<u>-</u>
	<u>3,998,103</u>	<u>957,042</u>	<u>52,077</u>	<u>699,432</u>	<u>2,289,552</u>

3.4 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 recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. At the year end the Company had certain balances denominated in US Dollar of €3.017.713 (2008:€2.866.819) and British Pounds (GBP) of €1.268.973 (2008:€1.057.834). The Company trades in forward currency contracts, primarily with respect to Japanese Yen. At year end the fair value of these forward currency contracts was €644.977 asset (2008:€2.523.922 asset), see note 15.

3.5 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.

IAPETOS 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, joint ventures, available for sale, intangible assets 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.

• Deferred revenue

The Company recognises the amount received on the inception of licence agreements, which represents an upfront fee by the licensee for the right to develop and market the beneficiation technology licence, as deferred revenue. The Company recognises the income on a straight line basis over the period of the licence. If the timing of the commissioning by the third party of the third fly ash beneficiation technology differs from Management's estimates (i.e. the commissioning starts earlier) then a significant franchise income will be recognised in the income statement of the year the commissioning will start.

5. Other income

	2009	2008
	€	€
Other income-signing fee	699,432	699,432
Other income-franchise fee	82,536	84,915
Fair value (losses) / gains on forward currency contracts	(414,792)	2,896,758
	<u>367,176</u>	<u>3,681,105</u>

6. Operating (loss) / profit

	2009	2008
	€	€
Operating (loss) / profit is stated after charging the following items:		
Amortisation of goodwill (included in "Administration expenses") (Note 11)	202,711	202,711
Staff costs (Note 7)	111,691	154,609
Auditors' remuneration - current year	6,600	7,000
Auditors' remuneration - prior years	-	(298)
	<u>-</u>	<u>(298)</u>

7. Staff costs

	2009	2008
	€	€
Wages and salaries (including bonus)	111,691	154,609
	<u>111,691</u>	<u>154,609</u>

8. Finance costs

	2009	2008
	€	€
Interest expense	1,218	116,768
	<u>1,218</u>	<u>116,768</u>

IAPETOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

9. Profit from investing activities

	2009	2008
	€	€
Profit from sale of available-for-sale financial assets (Note 13)	42,101	-
Loan interest commitment fee	36,912	-
Interest income - Loan balances (Note 20.3)	1,068,359	380,875
Interest income - Bank balances	24,529	459,763
Exchange loss	(101,598)	(206,161)
Dividend income	39,131,747	28,768,371
	<u>40,202,050</u>	<u>29,402,848</u>

10. Tax

	2009	2008
	€	€
Withholding tax	-	40,000
Defence contribution - current year	2,453	72,182
Charge for the year	<u>2,453</u>	<u>112,182</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>39,960,519</u>	<u>32,045,336</u>
Tax calculated at the applicable tax rates	3,996,052	3,204,534
Tax effect of expenses not deductible for tax purposes	188,016	-
Tax effect of allowances and income not subject to tax	(3,919,838)	(3,204,534)
Tax effect of tax losses brought forward	(264,230)	-
Defence contribution current year	2,453	72,182
Overseas tax in excess of credit claim used during the year	-	40,000
Tax charge	<u>2,453</u>	<u>112,182</u>

The corporation tax rate is 10%.

As at 31 December 2009, the Company had no tax liability for income tax due to tax losses suffered. At 31 December 2009 the Company had tax losses carried forward to €21,275,160 (2008: €23,920,216) which can be carried forward and be utilized against future taxable profits with no time limitation.

No deferred tax asset has been recognised in the financial statements of the Company, in respect of the tax losses carried forward.

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%.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

11. Intangible assets: Licences

	Marketing rights €
Cost	
Balance - 1 January 2008	3,040,660
At 31 December 2008/ 1 January 2009	<u>3,040,660</u>
At 31 December 2009	<u>3,040,660</u>
Amortisation	
Balance - 1 January 2008	709,488
Amortisation for the year (Note 6)	<u>202,711</u>
At 31 December 2008/ 1 January 2009	912,199
Amortisation for the year (Note 6)	<u>202,711</u>
At 31 December 2009	<u>1,114,910</u>
Net book amount	
At 31 December 2009	<u>1,925,750</u>
At 31 December 2008	<u>2,128,461</u>

In 2004, the Company incurred €3,040,660 of costs to acquire the exclusive licence to franchise, commercialise and otherwise promote certain fly ash beneficiation technology in all nations outside of the United States of America and its territories. Licence acquisition costs are amortised using the straight line method over its estimated useful life which is 15 years.

IAPETOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

12. Investments in subsidiaries and other affiliated companies

	2009	2008
	€	€
On 1 January	419,928,152	110,672,697
Additions	4,910,000	309,255,455
At 31 December	424,838,152	419,928,152

The details of the subsidiaries and other affiliated companies are as follows:

Name	Country of incorporation	Principal activities	2009 Holding %	2008 Holding %	2009 €	2008 €
Subsidiaries						
Separation Technologies Canada Limited	Canada	Fly Ash Technology	100	100	1,565,730	1,565,730
Beni Suef Cement Company (2)	Egypt	Production of cement	0.001	0.001	3,659	3,659
Titan Egyptian Investments Limited (1)	Egypt	Investment Holding Company	100	100	422,964,453	418,054,453
Other companies						
Alexandria Portland Cement Co (3)	Egypt	Production of cement	0.89	0.89	304,310	304,310
					424,838,152	419,928,152

(1) During the year the Company acquired additional issued share capital of Titan Egyptian Investments Limited for a total consideration of €4.910.000 maintaining the 100% shareholding.

(2) The remaining shareholding in Alexandria Portland Cement Co and Beni Suef Cement Company is held by Titan Egyptian and Alexandria Portland.

(3) 4,83% of Alexandria Portland is held by Beni Suef and 3,98% by East Cement Trade Ltd.

13. Available-for-sale financial assets

	2009	2008
	€	€
On 1 January	2,213,229	2,319,121
Additions	159,800	180,000
Disposals	(186,782)	(107,117)
Fair value change through equity	(51,272)	(178,775)
At 31 December	2,134,975	2,213,229

(1) In 2006, the Company entered into an agreement for the participation in Global Emerging Property Fund Limited Partnership, a Jersey limited partnership. The Company is required to contribute to the fund the amount €3,000,000 for the acquisition of 2% interest in the Fund. As at 31 December 2009 the Company had invested €2,469,284 (2008: €2,309,484).

(2) During 2006, the Company acquired 1.61% partnership interest in Black Sea Fund LP from Titan Cement SA, at a cost of US\$640,000 (€485,696).

IAPETOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

13 Available-for-sale financial assets (continued)

The following are included in the income statement with respect to available-for-sale financial assets:

	2009	2008
	€	€
Profit from sale of available-for-sale financial assets	<u>42,101</u>	-
Net profit on available-for-sale investments	<u>42,101</u>	-

14. Loans receivable

	2009	2008
	€	€
Loans to related Company- current (Note 20.3)	<u>63,371,860</u>	26,486,552
Less current portion	<u>(21,178,100)</u>	(26,380,700)
Non-current portion	<u>42,193,760</u>	105,852

The fair values of non-current receivables approximate to their carrying amounts as presented above.

15. Trade and other receivables

	2009	2008
	€	€
Fair value of open forward currency contracts	644,977	2,523,922
Receivables from related companies (Note 20)	6,718	4,537
Other receivables (1)	1,419,296	1,051,869
Refundable VAT	4,757	3,686
	<u>2,075,748</u>	<u>3,584,014</u>

(1) Other receivable include receivables of €1,188,413 (2008: €1,049,869) from the licence to a third party of the use of fly ashbeneficiation technology (Note 18). Based on the license agreement the amount of GBP1,000,000 (31 December 2009: €1,125,999, 31 December 2008 €1,049,869) are receivable by the Company on 31 March 2010 or upon the commissioning by the third party of the third fly ash beneficiation separator (whichever shall occur sooner). The receivable is classified as current in view of the uncertainty of the timing concerning the commissioning separator.

16. Cash and cash equivalents

	2009	2008
	€	€
Cash at bank and in hand	<u>293,649</u>	1,642,569
	<u>293,649</u>	<u>1,642,569</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro, British Pounds and USD and carry annual interest in the area of 4% and 3% per annum, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

17. Share capital

	2009 Number of shares	2009 €	2008 Number of shares	2008 €
Authorised				
Ordinary shares of €1,71 each	<u>222,000</u>	<u>379,620</u>	222,000	379,620
Issued and fully paid				
On 1 January	221,808	379,292	63,308	107,462
Conversion of share capital from CYP to Euro	-	-	-	795
Issue of shares	-	-	158,500	271,035
At 31 December	<u>221,808</u>	<u>379,292</u>	<u>221,808</u>	<u>379,292</u>

18. Deferred revenue

	2009 €	2008 €
Current	699,432	699,432
Non-current	<u>1,590,120</u>	<u>2,289,552</u>
	<u>2,289,552</u>	<u>2,988,984</u>

Licence A

The Company licensed to a third party the use of the fly ash beneficiation technology (Note 11). The total consideration for the licence was GBP2,250,000 of which GBP1,250,000 was paid to the Company on inception of the licence and the remaining GBP1,000,000 (€1,225,999) when certain conditions are met. The amount paid on inception of the licence agreement represents an upfront fee by the licensee for the right to develop and market the beneficiation technology licence and is recognised on a straight line basis over the primary period of the licence that is from inception date to 31 March 2010.

The remaining €1,225,999 is regarded as income from services to be provided by the Company in respect of:

- technical training concerning the use of the separator
- sales and marketing support

These services will be provided by no later than 31 March 2010 and the income will be recognised on a basis dependent on the stage of completion of the services as the costs are incurred.

Licence B

On 28 February 2007, the Company licensed to a third party the use of fly ash beneficiation technology (Note 11). Based on the agreement with the third party, an amount of €1,000,000 was received on the inception of the licence agreement and €800,000 was received in 2008. The amount of €1,000,000 received on the inception of the licence represents an upfront fee by the licensee for the right to develop and market the beneficiation technology licence and is recognised on a straight line basis from the inception date to 31 March 2012. The second payment of €0,8m will be amortised, starting 2008 until 31 March 2012. In addition, the licensee has the right to extend the agreement for further period after 31 March 2012 at a fee of €1,500,000 upon the parties agreement. This fee will be recognised once the amount is received.

IAPETOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

19. Trade and other payables

	2009	2008
	€	€
Shareholders' current accounts - credit balances	-	11,125
Accruals	4,898	16,966
Other creditors	11,847	17,950
Payables to related companies (Note 20)	462,337	957,042
	<u>479,082</u>	<u>1,003,083</u>

20. Related party transactions

The Company is controlled by Titan Cement S.A., incorporated in Greece, which owns 100% of the Company's shares.

For the purposes of these financial statements parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions and as such include companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

20.1 Franchise income

	2009	2008
	€	€
Fellow group company	82,536	84,915
	<u>82,536</u>	<u>84,915</u>

20.2 Receivables from related parties (Note 15)

<u>Name</u>	<u>Nature of transactions</u>	2009	2008
		€	€
Fellow group company	Trade	239	4,537
Fellow group company	Finance	6,479	-
		<u>6,718</u>	<u>4,537</u>

IAPETOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

20. Related party transactions (continued)

20.3 Loans to related undertakings (Note 14)

	2009	2008
	€	€
Fellow group company -current	21,178,100	26,380,700
Fellow group company -non current	<u>42,193,760</u>	<u>105,852</u>
	<u>63,371,860</u>	<u>26,486,552</u>

(1) During 2008 the Company granted a loan facility of €16,000,000 to Titan Global Finance Plc. The loan is unsecured, bears an interest rate of Euribor plus 1,3% per annum and is repayable by July 2010. The interest income for the year was €388,611 (2008: €336,596)

(2) During 2008, the Company granted a loan facility up to €10,000,000 to Titan Global Finance Plc. The amounts drawn were €8,550,000 and US\$2,200,000 out of which €5,500,000 has been repaid. The loan is unsecured, bears an interest rate of two month Euribor plus 1,3 % per annum and is repayable by 12 November 2010. The interest income for the year was €197,281 (2008: €44,279).

(3) During 2009 the Company granted a loan facility up to €10,000,000 to Titan Global Finance Plc. The amounts drawn were €7,650,000. The loan is unsecured, bears an interest rate of one month Euribor plus 1,3 % per annum and is repayable by 24 March 2012. The interest income for the year was €82,396 out of which €70,024 has been repaid.

(4) During 2009 the Company granted a loan facility up to US\$10,000,000 to Titan Global Finance Plc. The amounts drawn were US\$5,400,000 out of which US\$2,600,000 has been repaid. The loan is unsecured, bears an interest rate of one month Euribor plus 1,3 % per annum and is repayable by 24 March 2012. The interest income for the year was US\$36,945 out of which US\$33,339 has been repaid.

(5) During 2009 the Company granted a loan facility up to €40,000,000 to Titan Global Finance Plc. The amounts drawn were €32,600,000. The loan is unsecured, bears an interest rate of one month Euribor plus 1,3 % per annum and is repayable by 24 May 2012. The interest income for the year was €373,967 out of which €321,248 has been repaid.

20.4 Payables to related parties (Note 19)

<u>Name</u>	<u>Nature of transactions</u>	2009	2008
		€	€
Fellow group company	Trade	<u>462,337</u>	<u>957,042</u>
		<u>462,337</u>	<u>957,042</u>

During 2004, the Company acquired certain technology and marketing rights from a fellow group company for the amount of €3,040,660 (US\$3,700,000). The balance due as at 31 December 2009 is €462,337 (2008:€957,042).The amount due to fellow company is unsecured and interest free.

21. Contingent liabilities

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

22. Commitments

On 22 June 2006, the Company entered into an agreement for the participation in Global Emerging Property Fund LP, a Jersey limited partnership. The Company is required to contribute to the Fund the amount of €3,000,000 for the acquisition of approximately 2% interest in the Fund. As of 31 December 2009 the amount of €2,469,284 (31 December 2008: €2,309,484) has been paid.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

23. Post statement of financial position events

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

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