TITAN
ZLATNA PANEGA BETON

ZLATNA PANEGA BETON EOOD

ANNUAL FINANCIAL STATEMENTS
31 December 2010

ZLATNA PANEGA BETON EOOD

Contents

Directors
Manousos Petrakakis – Executive Director
Biser Dosev - Procurator

Registered office
6, Poruchik Nedelcho Bonchev Str.
Sofia

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

Bankers
Societe General – Expressbank - Sofia

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

DIRECTORS' REPORT

The Directors present their report and the financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU) for the year ended 31 December 2010. These financial statements have been audited by Ernst and Young Audit OOD.

GENERAL INFORMATION AND BUSINESS DESCRIPTION

Zlatna Panega Beton EOOD is registered in Bulgaria. Its principal activities include:

- Production, transport, sales and distribution of cement, lime, and cement modifications;
- Construction and operation of sites for production of concrete;
- Research and other activities related to production and distribution of concrete.

BUSINESS DESCRIPTION

Current year results

The overall financial performance and position of the Company for the year ended 31 December 2010 was characterized by:

- Increasing the market position of the Company in the sector under increasing competition. As a result of this the Company has sold 170 thousand cubic meters concrete.
- Sales of concrete to big investment projects in Sofia.

Share capital structure

Shareholders	Percentage	Number of shares (thousands)	Nominal value (thousands)
Zlatna Panega Cement AD	100%	697	3,564

As at 31 December 2010 Zlatna Panega Beton EOOD has no subsidiaries and associates.

OBJECTIVES OF THE COMPANY FOR 2011

- Increase of the effectiveness of industrial performance.
- Keeping of the market share in the conditions of extremely decreased construction market.
- Expand in infrastructure projects around the country.
- Keeping of the cost optimization policy.

CORPORATE GOVERNANCE

The Company is a limited liability company and operates as one-tier system of corporate management in accordance with the commercial legislation in Bulgaria.

The management of the Company consists of:

Manousos Petrakakis - Executive Director
Biser Dosev - Procurator

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 then ended.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for year ended 31 December 2010.

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.

Manousos Petrakakis
Executive Director
Zlatna Panega Beton EOOD
Sofia
31 January 2011

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Independent auditors' report

To the sole owner of

Zlatna Panega Beton EOOD

Report on the financial statements

We have audited the accompanying financial statements of Zlatna Panega Beton EOOD, which comprise the balance sheet as of 31 December 2010, 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 information.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted for use in the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 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 of financial statements that give a true and fair view 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 Zlatna Panega Beton EOOD as of 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted for use in the European Union.

Ernst & Young Audit OOD

Ernst & Young

18 February 2011

Sofia, Bulgaria

ZLATNA PANEGA BETON EOOD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	2010	2009
		€000	**€000**
Sales of goods		5,879	4,842
Rendering of services		795	904
Revenue		**6,674**	**5,746**
Cost of sales	5.1	(6,520)	(5,811)
Gross profit/ (loss)		**154**	**(65)**
Other income	5.7	93	176
Selling and distribution costs	5.2	(166)	(164)
Administrative expenses	5.3	(372)	(473)
Other expenses	5.4	(120)	(132)
Operating loss		**(411)**	**(658)**
Finance costs	5.8	(206)	(292)
Loss before tax		**(617)**	**(950)**
Income tax	6	7	(33)
Loss for the year		**(610)**	**(983)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**(610)**	**(983)**

Manousos Petrakakis
Executive Director

ЗЛАТНА ПАНЕГА БЕТОН
ТИТАН
София

The accompanying notes to the financial statements on pages 7 to 35 form an integral part of these financial statements.

ZLATNA PANEGA BETON EOOD
BALANCE SHEET
As of 31 December 2010

	Notes	2010	2009
ASSETS		**€000**	**€000**
Non-current assets			
Property, plant and equipment	7	6,586	7,900
Intangible assets	8	35	13
Other financial assets	10	15	7
		6,636	**7,920**
Current assets			
Inventories	11	205	121
Trade and other receivables	12	2,276	1,108
Deferred expenses	9	124	18
Receivables from related parties	19	-	15
Advances paid		85	-
Income tax receivables		34	39
Cash and cash equivalents	13	98	9
		2,822	**1,310**
TOTAL ASSETS		**9,458**	**9,230**
EQUITY AND LIABILITIES			
Equity			
Issued capital	14	3,564	3,564
Accumulated losses		(2,009)	(1,399)
Total equity		**1,555**	**2,165**
Non-current liabilities			
Finance lease liabilities	20	222	-
Retirement benefit liability	15	45	35
Deferred tax liability	6	42	49
		309	**84**
Current liabilities			
Interest bearing loans	16	4,953	4,859
Finance lease liabilities	20	66	-
Trade and other payables	17	660	266
Advances received	18	70	527
Payables to related parties	19	1,845	1,329
		7,594	**6,981**
Total liabilities		**7,903**	**7,065**
TOTAL EQUITY AND LIABILITIES		**9,458**	**9,230**

Manousos Petrakakis
Executive Director

The accompanying notes to the financial statements on pages 7 to 35 form an integral part of these financial statements.

ZLATNA PANEGA BETON EOOD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Issued capital (note 14)	Accumulated losses	Total
	€000	€000	€000
At 1 January 2009	**3,564**	**(416)**	**3,148**
Total comprehensive income for the year	-	(983)	(983)
At 31 December 2009	**3,564**	**(1,399)**	**2,165**
At 1 January 2010	**3,564**	**(1,399)**	**2,165**
Total comprehensive income for the year	-	(610)	(610)
At 31 December 2010	**3,564**	**(2,009)**	**1,555**

Manousos Petrakakis
Executive Director

The accompanying notes to the financial statements on pages 7 to 35 form an integral part of these financial statements.

ZLATNA PANEGA BETON EOOD
STATEMENT OF CASH FLOWS
For the year ended 31 December 2010

	Notes	2010	2009
		€000	€000
OPERATING ACTIVITIES			
Loss before tax		**(617)**	**(950)**
Adjustments to reconcile loss before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	7	317	341
Amortisation of intangible assets	8	9	25
Gain on disposal of property, plant and equipment	5.7	(33)	(5)
Movement in doubtful debt allowance	12	24	47
Movement in retirement benefit liability	15	10	4
Finance cost	5.8	202	284
Working capital adjustments:			
(Increase)/Decrease in inventories		(84)	106
(Increase)/Decrease in trade and other receivables		(1,209)	1,972
Increase/(Decrease) in trade and other payables		1,804	(1,977)
Increase in advances paid		(85)	-
(Increase)/Decrease in deferred expenses		(106)	16
Net cash flows from/(used in) operating activities		**232**	**(137)**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		230	464
Purchase of property, plant and equipment		(174)	(26)
Purchase of intangible assets	8	(31)	-
Net cash flows from investing activities		**25**	**438**
FINANCING ACTIVITIES			
Proceeds from borrowings from banks		6,675	8,912
Repayment of borrowings to banks		(6,581)	(8,923)
Payment of finance lease liabilities		(60)	-
Interest paid		(202)	(284)
Net cash flows used in financing activities		**(168)**	**(295)**
Net increase in cash and cash equivalents		**89**	**6**
Cash and cash equivalents at 1 January		**9**	**3**
Cash and cash equivalents at 31 December	13	**98**	**9**

Manousos Petrakakis
Executive Director

The accompanying notes to the financial statements on pages 7 to 35 form an integral part of these financial statements.

1. Corporate information

The financial statements of Zlatna Panega Beton EOOD (the Company) for the year ended 31 December 2010 were authorized for issue by the Executive Director on 31 January 2011.

Zlatna Panega Beton EOOD is a limited liability company, The Company is incorporated and domiciled in Sofia, Bulgaria with a resolution of the Sofia City Court 17438/17 December 1997 and its financial year ends 31 December.

The principal activities of the Company include production and sale of concrete. The Company operates six concrete plants in Sofia, Plovdiv, Veliko Turnovo and Zlatna Panega.

As of 31 December 2010 the sole owner of the Company is Zlatna Panega Cement AD, incorporated and domiciled in Zlatna Panega, Bulgaria.

The ultimate parent company is Titan Cement Company 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 Zlatna Panega Beton EOOD have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU).

The preparation of these financial statements of the Company is required by the ultimate parent company for consolidation purposes.

Going concern

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

For the year ended 31 December 2010 the Company incurred net loss of EUR 610 thousand (2009: EUR 983 thousand) and its current liabilities exceed its current assets by EUR 4,772 thousand as of 31 December 2010 (2009: EUR 5,671 thousand). This may cast doubts as regards its ability to continue its activities as a going concern. The future viability of the Company depends upon the business environment as well as upon the continuing support of the sole owner and providers of finance as the major part (90%) of total current liabilities comprised of loans to banks and payables to related parties. The management analyzed the ability of Zlatna Panega Beton EOOD to continue operations in the near future and have taken measures to strengthen its position by obtaining financial support from the parent company and other related parties. For the year ended 31 December 2010 the Company has been provided with 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 management, 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. Summary of significant accounting policies

a) 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 these 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 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.

b) 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:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services
Revenue from transport services is recognized over the period during which the service is performed.

Rental income
Rental income arising from operating leases on fixed assets is accounted for on a straight line basis over the lease terms.

Interest income
Interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

c) 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.

2.2. Summary of significant accounting policies (continued)

c) Taxes (continued)

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 goodwill or 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.

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.

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 in 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 taxes relating to items recognised outside the profit or loss are recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

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.

2.2. Summary of significant accounting policies (continued)

d) Financial instruments – initial recognition and subsequent measurement

- **Financial assets**

Initial recognition and measurement

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

All 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables.

Subsequent measurement

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in other expenses.

Derecognition

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

2.2. Summary of significant accounting policies (continued)

d) Financial instruments – initial recognition and subsequent measurement (continued)

- **Financial assets (continued)**

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy/announce over-indebtedness or undertake other financial reorganisation or where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Finacial assets carried at amortised cost
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 recognized are not included in a collective assessment of impairment.

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

- **Financial liabilities**

Initial recognition and measurement

Financial liabilities 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, and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and interest bearing loans.

2.2. Summary of significant accounting policies (continued)

d) Financial instruments – initial recognition and subsequent measurement (continued)

- **Financial liabilities (continued)**

Subsequent measurement

The subsequent valuation of financial assets 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 recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method amortization process.

Derecognition of financial liabilities

A financial liability is derecognized 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 derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

e) 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

f) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 22.

g) Property, plant and equipment

Property, plant and equipment is 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 recognized 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 recognized in profit or loss as incurred.

2.2. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

Depreciation is calculated on a straight line basis over the useful life of the assets as follows:

Buildings	50 years
Plant and machinery	4 to 20 years
Vehicles	5 to 7 years
Furniture and fittings	7 years

An item of property, plant and equipment is derecognized 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 derecognized.

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

h) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

i) 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.

2.2. Summary of significant accounting policies (continued)

j) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and/ or any accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies and respective useful lives applied to the Company's intangible assets is as follows:

Licenses	3 to 15 years
Computer software	5 years

k) Inventories

Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	–	purchase cost on a weighted average basis;
Finished goods	–	cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l) 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 of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

2.2. Summary of significant accounting policies (continued)

l) Impairment of non-financial assets (continued)

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in profit or loss.

m) 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.

n) Retirement benefits

According to Bulgarian labor legislation an employer is obliged to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the same employer for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. The retirement benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of previous reporting period exceed 10% of the retirement benefit obligation. The gains and losses are recognized over the average remaining working lives of the employees.

The past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested, If the benefits are already vested immediately following the introduction of, or changes to, the retirement plan, past service cost is recognized immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service cost not yet recognized.

o) Issued capital

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

2.3 Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

- IFRS 2 *Share-based Payment: Group Cash-settled Share-based Payment Transactions* effective 1 January 2010
- IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended)* effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* effective 1 July 2009
- IFRIC 17 *Distributions of Non-cash Assets to Owners* effective 1 July 2009
- Improvements to IFRSs (May 2008 and April 2009)

The adoption of the standards or interpretations is described below:

IFRS 2 *Share-based Payment (Revised)*

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Company adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Company.

IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended)*

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a 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 by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

As the Company did not report any business combinations, nor any subsidiaries, the above revisions and amendments did not have an impact on its financial statements.

IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

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 has concluded that the amendment will have no impact on its financial position or performance, as it has not entered into any such hedges.

IFRIC 17 *Distribution of Non-cash Assets to Owners*

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position nor performance of the Company.

2.3 Changes in accounting policy and disclosures (continued)

Improvements to IFRSs

In May 2008 and April 2009, the 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. These amendments, as listed below, did not have any impact on the accounting policies, financial position or performance of the Company.

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IFRS 8 *Operating Segments*
- IAS 1 *Presentation of Financial Statements*
- IAS 7 *Statement of Cash Flows*
- IAS 17 *Leases*
- IAS 34 *Interim Financial Reporting*
- IAS 36 *Impairment of Assets*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

Reclassifications

Certain reclassifications of comparative information included in the balance sheet and statement of comprehensive income were made in order to ensure consistency with the presentation of current year's figures and improve understandability of financial information:

- In the statement of comprehensive income: the sale and purchases of electricity (other operating expenses and other operating income) were presented net to ensure consistency with the net presentation of the current financial year figures.
- In the balance sheet: separate presentation of deferred expenses was made as they were included within Other receivables as of 31 December 2009 and other deposits were reclassified from Other receivables to Other financial assets (non-current).

3. Significant accounting judgements, 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefits

The cost of retirement benefit plan is determined using actuarial valuation for the financial year 2010. The actuarial valuation involves making assumptions about discount rates, future salary increases, personnel turnover rates and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. The net employee liability at 31 December 2010 is EUR 45 thousand (31 December 2009: EUR 35 thousand). Further details are given in note 15 to the financial statements.

3. Significant accounting judgements, estimates and assumptions (continued)

Useful lives of property plant and equipment, and intangible assets

Accounting for property, plant and equipment, and intangible assets 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 2.2 g) and note 2.2 j).

Impairment of receivables

Management maintains an allowance for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for doubtful receivables, management bases its estimates on the aging of accounts receivable, balances and historical write-off experience, customer credit worthiness and changes in customer payment terms. If the financial condition of customers were to deteriorate, actual write-offs might be higher than expected. At 31 December 2010 the best estimate of the provision for impairment of receivables is EUR 82 thousand (2009: EUR 58 thousand). Further details are provided in note 12.

4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IAS 12 *Income Taxes (Amendment)*

The amendment provides a practical solution to the problem of determining whether assets measured using the fair value model in IAS 40 Investment Property are recovered through use or through sale. The amendment is effective for annual periods beginning on or after 1 July 2011. The Company does not expect any impact on its financial position or performance. The amendment has not been endorsed by EU yet.

IAS 24 *Related Party Disclosures (Amendment)*

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Company does not expect any impact on its financial position or performance.

IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues (Amendment)*

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Company after initial application.

IFRS 7 *Financial Instruments: Disclosures (Amendments)*

The amendments improve the disclosure requirements in relation to transferred financial assets. They are effective for annual periods beginning on or after 1 July 2011. The amendments are deemed to have no impact on the financial statements of the Company. They have not been endorsed by EU yet.

4. Standards issued but not yet effective (continued)

IFRS 9 ***Financial Instruments: Classification and Measurement***

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The Company is in the process of assessing the impact of IFRS 9 on its financial position or performance. The Standard has not been endorsed by EU yet.

IFRIC 14 ***Prepayments of a minimum funding requirement (Amendment)***

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Company.

IFRIC 19 ***Extinguishing Financial Liabilities with Equity Instruments***

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

Improvements to IFRSs (issued in May 2010)

The IASB issued *Improvements to IFRSs*, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The Company expects no impact from the adoption of the amendments on its financial position or performance. The improvements have not been endorsed by EU yet.

5. Expenses and other revenues

5.1. Cost of sales

	2010	2009
	€000	€000
Variable costs		
Cement	(2,623)	(2,462)
Aggregates	(1,760)	(1,314)
Freight	(467)	(550)
Additives	(322)	(199)
Fuel and oil	(134)	(85)
Front loader services	(123)	(105)
Electricity	(36)	(36)
Repair and maintenance	(15)	(20)
Other variable costs	(15)	(5)
Fixed costs		
Plant salaries, wages and related expenses	(374)	(384)
Depreciation	(302)	(317)
Security	(103)	(130)
Concrete pumps rent	(65)	(7)
Insurance and taxes	(26)	(37)
Operating expenses for mobile plants (Note 8)	(20)	-
Contract labour	(18)	(17)
Plant utilities	(15)	(18)
Repair and maintenance cost	(15)	(22)
Fuel	(14)	(12)
Amortisation	(9)	(25)
Other fixed costs	(64)	(66)
	(6,520)	**(5,811)**

5.2. Selling and distribution costs

	2010	2009
	€000	€000
Salaries and related expenses	(97)	(100)
Fuel	(19)	(14)
Litigation charges	(16)	(26)
Travel - entertainment	(6)	(2)
Advertising and promotion	(6)	(3)
Transport vehicle rent	(5)	(5)
Other distribution costs	(17)	(14)
	(166)	**(164)**

5. Expenses and other revenues (continued)

5.3. Administrative expenses

	2010	2009
	€000	€000
Salaries and related expenses	(147)	(248)
Car expenses	(64)	(40)
Insurance and taxes	(36)	(42)
Depreciation	(15)	(24)
Travel - entertainment	(17)	(10)
Consultancy fees	(17)	(31)
Telecommunications	(16)	(13)
Audit fees	(7)	(4)
Repairs and maintenance	(10)	(7)
Supplies	(4)	(4)
Other	(39)	(50)
	(372)	**(473)**

5.4. Other expenses

	2010	2009
	€000	€000
Impairment of trade receivables (note 12)	(24)	(51)
Staff leaving indemnities	(19)	-
Shortage and scrap of assets	(18)	(5)
Retirement benefit charge (note 15)	(10)	(4)
Expenses pertaining to disposal of fixed assets	(1)	(16)
Cost of goods, materials and scrap sold	-	(38)
Other	(48)	(18)
	(120)	**(132)**

5.5. Expenses by nature

	2010	2009
	€000	€000
Materials used and recognized as an expenses	(5,007)	(4,231)
Hired services	(983)	(1,026)
Depreciation (note 7)	(317)	(341)
Amortisation (note 8)	(9)	(25)
Employee benefits expense (note 5.6)	(628)	(736)
Other	(234)	(221)
Total cost of sales, selling and distribution, administrative and other expenses	**(7,178)**	**(6,580)**

5. Expenses and other revenues (continued)

5.6. Employee benefits expense

	2010	2009
	€000	€000
Wages and salaries	(516)	(615)
Social security costs	(86)	(100)
Retirement benefits (note 15)	(10)	(4)
Other related expenses	(16)	(17)
	(628)	**(736)**

5.7. Other income

	2010	2009
	€000	€000
Profit from sales of tangible assets	33	9
Rental income	20	57
Net movement in unused paid leave (note 17)	12	33
Reversal of doubtful debt allowance (note 12)	-	4
Income from sales of scrap and materials	4	34
Other	24	39
	93	**176**

5.8. Finance costs

	2010	2009
	€000	€000
Interest on bank loans and overdrafts	(201)	(284)
Interest under finance leases	(1)	-
Fee expenses	(4)	(8)
	(206)	**(292)**

6. Income tax

The major components of income tax benefit/ (expense) for the year ended 31 December 2010 and 2009 are:

	2010	2009
	€000	€000
Current income tax charge	-	-
Deferred tax benefit/(expense)	7	(33)
Income tax benefit/(expense) reported in the statement of comprehensive income	7	(33)

6. Income tax (continued)

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

Reconciliation between income tax benefit/(expense) and the result of accounting loss multiplied by the statutory tax rate for the year ended 31 December 2010 and 2009 is as follows:

	2010	2009
	€000	€000
Accounting loss before income tax	(617)	(950)
Income tax benefit at statutory tax rate of 10 % for 2010 (2009: 10%)	62	95
Expenses not deductible for tax purposes	(3)	(2)
Tax losses for which no deferred income tax asset was recognized	(52)	(134)
Other	-	8
Income tax benefit/(expense)	7	(33)

Deferred income tax at 31 December relates to the following:

	Balance sheet		Statement of comprehensive income	
	2010	2009	2010	2009
	€000	€000	€000	€000
Deferred tax liability				
Accelerated depreciation for tax purposes	(57)	(62)	5	(35)
Deferred tax asset				
Unused leave allowance	2	3	(1)	(4)
Retirement benefits	5	4	1	1
Provision for impairment of receivables	8	6	2	5
	15	13		
Deferred tax benefit/(expense)			7	(33)
Deferred tax liability, net	(42)	(49)		

The Company has incurred tax losses as follows,

Tax period	Period for utilization of tax losses carried forward	2010	2009
		€000	€000
2010	2011 through 2015	519	-
2009	2010 through 2014	1,342	1,342
2008	2009 through 2013	460	460
2007	2008 through 2012	25	25
		2,346	1,827
Applicable tax rate		10%	10%
Unrecognized deferred tax asset		235	183

Tax losses incurred are available for offset against future taxable profits within five-year period, as mentioned above. Since the amounts and timing of future taxable income cannot be estimated reliably due to uncertainties in the Company's economic environment, no deferred tax asset has been recognized for the tax losses carried forward as at 31 December 2010.

7. Property, plant and equipment

	Land and buildings	Plant and machinery	Vehicles	Furniture and fittings	Assets under construction	Total
	€000	€000	€000	€000	€000	€000
Cost:						
At 1 January 2009	3,829	4,379	3,161	249	1,010	12,628
Additions	1	5	-	8	12	26
Transfers	27	381	-	-	(408)	-
Disposals	(133)	(368)	(86)	(6)	(92)	(685)
At 31 December 2009	**3,724**	**4,397**	**3,075**	**251**	**522**	**11,969**
At 1 January 2010	3,724	4,397	3,075	251	522	11,969
Additions	23	105	367	22	28	545
Disposals	(1,308)	-	(367)	(5)	(38)	(1,718)
At 31 December 2010	**2,439**	**4,502**	**3,075**	**268**	**512**	**10,796**
Depreciation and Impairment:						
At 1 January 2009	452	1,436	1,832	101	-	3,821
Depreciation charge for the year	34	198	87	22	-	341
Disposals	(7)	-	(85)	(1)	-	(93)
At 31 December 2009	**479**	**1,634**	**1,834**	**122**	-	**4,069**
At 1 January 2010	479	1,634	1,834	122	-	4,069
Depreciation charge for the year	31	184	81	21	-	317
Disposals	-	-	(171)	(5)	-	(176)
At 31 December 2010	**510**	**1,818**	**1,744**	**138**	-	**4,210**
Net book value:						
At 1 January 2009	**3,377**	**2,943**	**1,329**	**148**	**1,010**	**8,807**
At 31 December 2009	**3,245**	**2,763**	**1,241**	**129**	**522**	**7,900**
At 31 December 2010	**1,929**	**2,684**	**1,331**	**130**	**512**	**6,586**

Finance leases and assets under construction

The carrying value of vehicles held under finance lease as at 31 December 2010 was EUR 346 thousand (2009: nil).

Assets under construction include mainly uncompleted ready-mix plants in Pazardjik and Stara Zagora. Due to the adverse effect of the financial crisis on the industry, the management decided to postpone their completion to 2012, following the instructions from the ultimate parent company.

Impairment of property, plant and equipment

The management has performed an impairment review of property, plant and equipment and considered that there were no indications that the assets' carrying amounts might exceed their recoverable amounts.

8. Intangible assets

	Licenses	Computer software	Total
Cost:	**€000**	**€000**	**€000**
At 1 January 2009	25	70	95
At 31 December 2009	**25**	**70**	**95**
At 1 January 2010	25	70	95
Additions	31	-	31
At 31 December 2010	**56**	**70**	**126**
Amortisation and impairment:			
At 1 January 2009	20	37	57
Amortisation charge for the year	1	24	25
At 31 December 2009	**21**	**61**	**82**
At 1 January 2010	21	61	82
Amortisation charge for the year	-	9	9
At 31 December 2010	**21**	**70**	**91**
Net book value:			
At 1 January 2009	**5**	**33**	**38**
At 31 December 2009	**4**	**9**	**13**
At 31 December 2010	**35**	**-**	**35**

Impairment of intangible assets

The management has performed an impairment review of intangible assets and considered that there were no indications that the assets' carrying amounts might exceed their recoverable amounts.

9. Deferred expenses

	2010	2009
	€000	**€000**
Operating expenses for mobile plants	102	-
Other deferred expenses	22	18
	124	**18**

During 2010 the Company has incurred expenses at the total amount of EUR 122 thousand in relation to the installation of mobile concrete plants at the site of new construction projects. The expenses were deferred and will be recognized until the end term of the contract with the respective contractor. During the current year EUR 20 thousand of installation expenses were recognized (note 5.1).

10. Other financial assets

	2010	2009
	€000	€000
Operating lease and other deposits – non-current portion	15	7
	15	**7**

Operating lease and other deposits are non-interest bearing and are refundable upon termination of the respective arrangements.

11. Inventories

	2010	2009
	€000	€000
Raw materials (at cost)	205	121
	205	**121**

12. Trade and other receivables

	2010	2009
	€000	€000
Trade receivables	1,952	1,025
Receivables under court procedure	311	137
Less: Doubtful debt allowance	(82)	(58)
Trade receivables, net	2,181	1,104
VAT receivables	93	-
Deposits	2	4
Trade and other receivables, net	**2,276**	**1,108**

Trade receivables are non-interest bearing and are generally on 0 - 60 days' terms.

As at 31 December 2010, trade receivables at nominal value of EUR 136 thousand (31 December 2009: EUR 60 thousand) were provided for impairment following receivable collectability analysis performed by the Company's management. Movements in the allowance for impairment of receivables were as follows:

	Allowance for individually impaired receivables
	€000
At 1 January 2009	**11**
Charge for the year (note 5.4)	51
Reversed (note 5.7)	(4)
At 31 December 2009	**58**
At 1 January 2010	**58**
Charge for the year (note 5.4)	24
31 December 2010	**82**

12. Trade and other receivables (continued)

The aging analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	60-90 days	90-120 days	>120 days
	€000	€000	€000	€000	€000	€000	€000
2010	2,181	1,405	204	158	103	74	237
2009	1,104	336	200	224	179	13	152

13. Cash and cash equivalents

	2010	2009
	€000	€000
Cash in hand	2	2
Cash at bank	21	7
Restricted cash	75	-
	98	**9**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Restricted cash

Restricted cash serves as collateral on issued bank guarantee as disclosed in note 20.

14. Issued capital

	2010	2009
	€000	€000
Shares of EUR 5 each, as per court registration	3,564	3,564
	3,564	**3,564**

	Number of shares (thousands)	Authorized capital
		€000
At 1 January 2009	697	3,564
At 1 January 2010	697	3,564
At 31 December 2010	**697**	**3,564**

All shares issued were fully paid.

15. Retirement benefits

According to Bulgarian labour legislation, and Company's collective labour agreement, Zlatna Panega Beton EOOD, as an employer is obliged to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the same employer for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. The retirement benefits are unfunded.

The following tables summarise the components of net benefits expense recognised in the statement of comprehensive income and amounts recognised in the balance sheet for the retirement benefit plan:

Net benefit expense

	2010	2009
	€000	€000
Current service cost	(7)	(4)
Net actuarial (loss)/gain recognized during the year	(1)	2
Interest cost	(2)	(2)
Net benefit expense recognised in the statement of comprehensive income (note 5.6)	**(10)**	**(4)**

Benefit liability

	2010	2009
	€000	€000
Present value of defined benefit obligation	38	29
Unrecognized actuarial gain	7	6
Benefit liability recognised in the balance sheet	**45**	**35**

Changes in the present value of the retirement benefit obligation are as follows:

	Amount
	€000
Retirement benefit obligation at 1 January 2009	**30**
Interest cost	2
Current service cost	4
Actuarial (gains)	(7)
Retirement benefit obligation at 31 December 2009	**29**
Interest cost	2
Current service cost	7
Actuarial losses	-
Retirement benefit obligation at 31 December 2010	**38**

The principal assumptions used in determining retirement benefit obligation are shown below:

	2010	2009
Discount rate	5.43%	6%
Future salary increases	4%	2.5%

15. Retirement benefits (continued)

Amounts for the current and previous four periods are as follows:

	2010	2009	2008	2007	2006
	€000	**€000**	**€000**	**€000**	**€000**
Retirement benefit obligation	45	35	31	25	22

16. Interest bearing loans

	Effective interest rate %	**Maturity**	**2010**	**2009**
Current			**€000**	**€000**
Overdraft facility with limit of BGN 10,000 thousand	1M Sofibor+1.75 %	31.12.2011	4,953	4,859
			4,953	**4,859**

Overdraft facility is concluded with Societe General Expressbank for a limit of BGN 10,000 thousand (EUR 5,113 thousand). The facility is secured by a Corporate Guarantee issued by Titan Cement S.A.

As at 31 December 2010, the Company has available EUR 160 thousand undrawn funds under the above overdraft facility. The nominal interest rate on the credit facility effective of 01.01.2011 is 1M Sofibor+2%.

17. Trade and other payables

	2010	**2009**
	€000	**€000**
Trade payables to domestic suppliers	569	164
Trade payables to foreign suppliers	19	-
Trade payables	588	164
Payables to employees	32	22
Unused paid leave	20	32
Social security	11	8
Payroll taxes	4	2
VAT payable	-	28
Other payables	5	10
	660	**226**

Terms and conditions of the financial liabilities, set out in the table above, are as follows:
- Trade payables are non-interest bearing and are normally settled on 10-60 day terms;
- Tax payables are non-interest bearing and are settled within the legal deadlines;
- Other payables are non-interest bearing and have an average term of 10 days.

18. Advances received

	2010	2009
	€000	€000
Advance received from clients	70	16
Advances received from related parties (note 19)	-	511
	70	527

19. Related party disclosures

The ultimate parent

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

Entity with controlling interest in the Company

The sole owner of the Company is Zlatna Panega Cement AD, Zlatna Panega Cement AD is controlled by REA Cement Limited, Cyprus, holding 99.99% of its shares. The ultimate parent of Zlatna Panega Cement AD is Titan Cement Company S.A. Greece.

Other related parties

Granitoid AD and Zlatna Panega Beton EOOD are related parties because they are under the common control of Titan Cement Company S.A. Greece.

Gravel and Sand Pits Bulgaria AD and Zlatna Panega Beton EOOD are related parties because they are both 100% subsidiaries of Zlatna Panega Cement AD.

Titan Beton and Aggregates Egypt LLC and Zlatna Panega Beton EOOD are related parties because they are under the common control of Titan Cement Company S.A. Greece.

Holcim karierni materiali Plovdiv AD and Holcim Karierni Materiali AD are related parties to Zlatna Panega Beton EOOD, because Gravel and Sand Pits Bulgaria AD, which is a 100% owned subsidiary of the parent company Zlatna Panega Cement AD, has participation of approximately 49% (significant influence) in both companies.

19. Related party disclosures (continued)

The following table provides the total amount of transactions, which have been entered into and the outstanding balances with related parties for the relevant financial year:

		Sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		€000	€000	€000	€000
In respect of sales/ purchases from related party					
Entity with controlling interest in the Company					
Zlatna Panega Cement AD	2010	1,859	2,719	-	1,728
Zlatna Panega Cement AD	2009	207	2,416	-	1,773
Other related parties					
Gravel and Sand Pits Bulgaria AD	2010	-	-	-	-
Gravel and Sand Pits Bulgaria AD	2009	2	-	-	-
Titan Beton and Aggregates Egypt LLC	2010	231	-	-	-
Titan Beton and Aggregates Egypt LLC	2009	15	-	15	-
Holcim karierni materiali AD	2010	-	360	-	115
Holcim karierni materiali AD	2009	-	276	-	64
Holcim karierni materiali Plovdiv AD	2010	-	39	-	2
Holcim karierni materiali Plovdiv AD	2009	-	60	-	3
	2010			**-**	**1,845**
	2009			**15**	**1,840**

As of 31 December 2009 included in the amount due to related parties is an advance received from the parent company Zlatna Panega Cement AD of EUR 511 thousand (note 18).

Terms and conditions of transactions with related parties

The sales and purchases from related parties are made at contracted prices. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

	2010	2009
	€000	€000
Short-term employee benefits	90	157
	90	**157**

20. Commitments and contingencies

Capital commitments

As of 31 December 2010, the Company has entered into a contract to purchase a concrete batching plant from Axiontek LTD at the total amount of EUR 150 thousand, of which EUR 75 thousand has already been paid as at the year-end as an advance payment. The Company had no capital commitments as of 31 December 2009.

Guarantees

As of 31 December 2010 the Company has provided a bank guarantee to Axiontek LTD at the amount of EUR 75 thousand in relation to the purchase of a concrete plant. The validity term of the bank guarantee is 31.01.2011.

Finance lease commitments – Company as a lessee

In 2010, the Company has entered into finance lease contract for a transport vehicle – concrete pump.

The future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

		2010		2009
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	€000	€000	€000	€000
Within one year	84	66	-	-
After one year but not more than five years	245	222	-	-
Total minimum lease payments	329	288	-	-
Less amounts representing finance charges	(41)	-	-	-
Present value of minimum lease payments	**288**	**288**	**-**	**-**

Operating lease commitments – Company as a lessee

The Company has entered into operating leases with regard to certain motor vehicles. These leases have an average life of between 3 and 5 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of 31 December are as follows:

	2010	2009
	€000	€000
Within one year	59	15
After one year but not more than five years	124	10
	183	**25**

Legal claims

According to the management of the Company there are no significant legal claims against the entity.

20. Commitments and contingencies (continued)

Other

The Company was last audited by the tax authorities for compliance with the following tax laws:
- Corporate income tax – until 31 December 2001;
- VAT – until 31 December 2003;
- Personal income tax – until 31 December 2001;
- Social security contributions – until 31 March 2001;
- Local taxes and fees – until 31 December 2001.

The directors do not believe that, as of 31 December 2010, any material matters exist relating to the evolving fiscal and regulatory environment in the country, which would require adjustment to the accompanying financial statements.

21. Financial risk management objectives and policies

The Company's principal financial liabilities comprise bank loans and trade and other payables. The main purpose of these financial instruments is to raise finance for the Company's operations and capital commitment activities. The Company has various financial assets such as trade receivables and cash, which arise directly from its operations.

The main risks arising from 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 with floating interest rates. This interest rate risk is managed at the 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 loss 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 loss before tax**
		€000
2010		
Loans in BGN	+200	(97)
Loans in BGN	-100	48
2009		
Loans in BGN	+200	(96)
Loans in BGN	-100	48

21. 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 sole owner through disbursement of loans and extended credit terms of cement purchases.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2010 and 31 December 2009 based on contractual undiscounted payments.

As at 31 December 2010

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest bearing loans	-	-	4,953	-	-	4,953
Finance lease liabilities	-	21	63	245	-	329
Payables to related parties	514	1,331	-	-	-	1,845
Trade and other payables	89	551	20	-	-	660
	603	**1,903**	**5,036**	**245**	**-**	**7,787**

Liquidity risk (continued)

As at 31 December 2009

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest bearing loans to banks	-	4,859	-	-	-	4,859
Payables to related parties	815	514	-	-	-	1,329
Trade and other payables	50	189	27	-	-	266
	865	**5,562**	**27**	**-**	**-**	**6,454**

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

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 12. As of 31 December 2010 53% of the total trade receivables (gross) of the Company are concentrated in two key customers. The credit risk is managed through regular contact with clients and ongoing monitoring of the overdue receivables.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and other financial assets, 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.

21. Financial risk management objectives and policies (continued)

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 as a going concern and to maximize 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 the sole owner, return capital to the sole owner or issue new shares, following sole owner's approval. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 2009.

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

	2010	2009
	€000	€000
EBITDA	(85)	(292)

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.

22. Financial instruments

Fair values

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. When the management uses available market information to determine the financial instruments' fair value, the market information might not completely reflect the value at which these instruments may be actually realized.

The management of Zlatna Panega Beton EOOD believes that the fair value of financial instruments comprising cash items, trade and other receivables, trade and other payables, interest bearing loans to banks, payables to and receivables from 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.

23. Events after the reporting period

No significant events have been identified after the reporting date that may influence the financial statements.