

GRAVEL AND SAND PITS BULGARIA EAD

ANNUAL SEPARATE FINANCIAL STATEMENTS

31 December 2010

GRAVEL AND SAND PITS BULGARIA EAD

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GRAVEL AND SAND PITS BULGARIA EAD

General Information

Directors

Alexander Nakov Chakmakov
Mihalis Sigalas
Konstantinos Derdemezis
Fokion Tasoulas

Registered office

6, Poruchik Nedelcho Bonchev Str.
Sofia

Solicitors

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

Bankers

Eurobank EFG Bulgaria AD - Sofia

Auditors

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

GRAVEL AND SAND PITS BULGARIA EAD
DIRECTORS' REPORT
For the year ended 31 December 2010

DIRECTORS' REPORT

The Directors present the report and the financial statements of Gravel and Sand Pits – Bulgaria EAD prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union, for the year ended 31 December 2010. These financial statements have been audited by Ernst and Young Audit OOD.

GENERAL INFORMATION AND BUSINESS DESCRIPTION

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

BUSINESS DESCRIPTION

Current year results

As a result of long and heavy administrative procedures, on December 22, 2009 the first concession was obtained for exploitation of a limestone quarry in Sofia region for 25 years with possibility for extension of the period. Currently in progress is environmental impact assessment procedure and after its completion, as well as after acquisition of the land within the concession area, the quarry will be prepared for operation.

Procedure is started for obtaining concession by right for "Roberto" pit, after the geological reserves have been already approved and registered by the Ministry of environment. In progress is also a procedure for obtaining concession by right for "Ilijna mogila" pit.

The green-field aggregates operation in Rousse is advancing at a good pace. Construction permit is obtained for the production site, while administrative procedures for mining permit in the Danube river are still ongoing. Design works for port site reconstruction are already started.

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

Share capital structure

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

Investments

As of 31 December 2010, Gravel and Sand Pits – Bulgaria EAD holds interests in the following subsidiaries and associates:

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

In 2010, Holcim Karierni Materiali Sofia AD acquired control over Vris OOD. As a result of the transaction, Gravel and Sand Pits – Bulgaria EAD has an influence with interest in Vris OOD.

GRAVEL AND SAND PITS BULGARIA EAD
DIRECTORS' REPORT
For the year ended 31 December 2010

OBJECTIVES OF THE COMPANY FOR 2011

The Directors set to achieve the following objectives in year 2011:

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

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

CORPORATE GOVERNANCE

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

As at 31 December 2010, the Board of Directors consists of:

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

Alexander Nakov Chakmakov is the Company's Executive Director.


Directors' responsibilities

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

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



Alexander Chakmakov
Executive Director

Gravel and Sand Pits – Bulgaria EAD
Sofia
31 January 2011



Independent auditors' report

To the sole shareholder of

Gravel and Sand Pits Bulgaria EAD

Report on the separate financial statements

We have audited the accompanying separate financial statements of Gravel and Sand Pits Bulgaria EAD, which comprise the separate balance sheet as of 31 December 2010, and the separate statement of comprehensive income, separate statement of changes in equity and separate 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 separate financial statements

Management is responsible for the preparation and presentation of separate 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 separate 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 separate 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 separate financial statements are free from material misstatement.

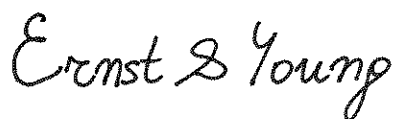
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of separate 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 separate 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 separate financial statements give a true and fair view of the financial position of Gravel and Sand Pits Bulgaria EAD 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

A handwritten signature in cursive script that reads 'Ernst & Young'.

18 February 2011

Sofia, Bulgaria

GRAVEL AND SAND PITS BULGARIA EAD
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		€000	€000
Concession fees		(13)	-
Administrative expenses	5.1	(102)	(42)
Other expenses		(8)	(7)
Operating loss		(123)	(49)
Finance income	5.3	314	703
Profit before tax		191	654
Income tax income	6	1	3
Profit for the year		192	657
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		192	657

Chief Executive Officer
Alexander Chakmakov



The accompanying notes to the financial statements on pages 7 to 24 form an integral part of these financial statements.

**GRAVEL AND SAND PITS BULGARIA EAD
SEPARATE BALANCE SHEET**

As of 31 December 2010

	Notes	2010 €000	2009 €000
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,165	3,000
Investments in subsidiaries	8.1	1,951	1,951
Deferred tax asset	6	3	2
Other financial assets		2	-
		<u>5,121</u>	<u>4,953</u>
Current assets			
Other receivables	9	1	3
Receivables from related parties	12	1,031	1,003
Cash and cash equivalents	10	-	2
		<u>1,032</u>	<u>1,008</u>
TOTAL ASSETS		<u>6,153</u>	<u>5,961</u>
EQUITY AND LIABILITIES			
Equity			
Issued capital	11.1	69	69
Legal reserves	11.2	7	7
Retained earnings		6,077	5,885
Total equity		<u>6,153</u>	<u>5,961</u>
TOTAL EQUITY AND LIABILITIES		<u>6,153</u>	<u>5,961</u>

Chief Executive Officer
Alexandar Chakmakov



The accompanying notes to the financial statements on pages 7 to 24 form an integral part of these financial statements.

GRAVEL AND SAND PITS BULGARIA EAD
SEPARATE STATEMENT OF CHANGES IN EQUITY
 For the year ended 31 December 2010

	Issued capital (Note 11.1)	Legal reserves (Note 11.2)	Retained earnings	Total
	€000	€000	€000	€000
At 1 January 2009	69	7	5,228	5,304
Total comprehensive income for the year	-	-	657	657
At 31 December 2009	69	7	5,885	5,961
At 1 January 2010	69	7	5,885	5,961
Total comprehensive income for the year	-	-	192	192
At 31 December 2010	69	7	6,077	6,153

Chief Executive Officer
 Alexander Chakmakov



The accompanying notes to the financial statements on pages 7 to 24 form an integral part of these financial statements.

GRAVEL AND SAND PITS BULGARIA EAD
SEPARATE CASH FLOW STATEMENT
For the year ended 31 December 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		€000	€000
OPERATING ACTIVITIES			
Profit before tax		191	654
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	7	19	19
Dividend income	5.3	(231)	(671)
Interest income	5.3	(83)	(32)
Working capital adjustments:			
Increase in other financial assets		(2)	-
Decrease in other receivables		2	15
Net cash flows used in operating activities		(104)	(15)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(184)	(31)
Loans granted to related parties	12	(276)	(665)
Dividends received from associates	12	231	671
Interest received		86	26
Net cash flows (used in)/from investing activities		(143)	1
FINANCING ACTIVITIES			
Proceeds from loans granted to related parties		245	12
Net cash flows from financing activities		245	12
Net decrease in cash and cash equivalents		(2)	(2)
Cash and cash equivalents at 1 January		2	4
Cash and cash equivalents at 31 December	10	-	2

Chief Executive Officer
Alexandar Chakmakov



The accompanying notes to the financial statements on pages 7 to 24 form an integral part of these financial statements.

GRAVEL AND SAND PITS BULGARIA EAD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
As of 31 December 2010

1. Corporate information

The financial statements of Gravel and Sand Pits Bulgaria EAD (the Company) for the year ended 31 December 2010 were authorized for issue in accordance with a resolution of the Board of Directors on 31 January 2011.

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

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

As of 31 December 2010 the Company's share capital was held by:

- Zlatna Panega Cement AD 100%

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

2.1 Basis of preparation

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

Statement of compliance

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

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

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

Going concern

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

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

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

2.2 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 the financial statements.

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

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated 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:

Dividends

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

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.

Other income

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

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.

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.

2.2 Summary of significant accounting policies (continued)

c) Taxes (continued)

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

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

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

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

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

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

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

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.

d) Financial instruments – initial recognition and subsequent measurement

- **Financial assets**

Initial recognition and measurement

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

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

2.2 Summary of significant accounting policies (continued)

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

- **Financial assets (continued)**

Initial recognition and measurement(continued)

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, loan receivables, other receivables and other financial assets and , unquoted investments.

Subsequent measurement

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

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost (according to IAS 27 Consolidated and separate financial statements) in these separate financial statements. Further details are given in Note 2.1 above and Note 8.

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.

Financial 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.

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 recognised amounts and there is an intention to settle on a net basis, or to realise 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 15.

2.2 Summary of significant accounting policies (continued)

g) Issued capital

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

h) Property, plant and equipment

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

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

Plant and machinery	10 to 25 years
---------------------	----------------

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

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

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.

j) Impairment of non-financial assets

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

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

2.2 Summary of significant accounting policies (continued)

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

k) 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.

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.

2.3 Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations (continued)

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, 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.

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*

3. Significant accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property plant and equipment

Accounting for property, plant and equipment involves the use of estimates for determining the expected useful lives of these assets and their residual values. The determination of the useful lives of the assets is based on management's judgment. Further details are provided in Note 2.2h.

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.

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.

2.5. Standards issued but not yet effective (continued)

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.

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5. Expenses and revenues

5.1 Administrative expenses

	<u>2010</u>	<u>2009</u>
	<u>€000</u>	<u>€000</u>
Consultancy fees	(26)	-
Local taxes	(22)	(23)
Depreciation (Note 7)	(19)	(19)
Membership fees	(5)	-
Other professional services	(30)	-
	<u>(102)</u>	<u>(42)</u>

5.2 Expenses by nature

	<u>2010</u>	<u>2009</u>
	<u>€000</u>	<u>€000</u>
Hired services	(96)	(23)
Depreciation (Note 7)	(19)	(19)
Other expenses	(8)	(7)
	<u>(123)</u>	<u>(49)</u>

5.3 Finance income

	<u>2010</u>	<u>2009</u>
	<u>€000</u>	<u>€000</u>
Loans owed from related parties (Note 12)	83	32
Dividends received from associates (Note 8.2)	231	671
	<u>314</u>	<u>703</u>

6. Income tax

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

	<u>2010</u>	<u>2009</u>
	<u>€000</u>	<u>€000</u>
Deferred income tax income	1	3
Income tax income reported in the statement of comprehensive income	<u>1</u>	<u>3</u>

In 2010 the nominal statutory tax rate is 10% (2009: 10%). For 2011 the nominal statutory tax rate is 10%.

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6. Income tax (continued)

Reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
	<u>€000</u>	<u>€000</u>
Accounting profit before income tax	191	654
Income tax expense at statutory tax rate of 10% for 2010 (2009: 10%)	(19)	(65)
Expenses not deductible for tax purposes	(1)	-
Revenue not subject to tax	23	67
Tax losses for which no deferred tax asset was recognised	(2)	(1)
Other	-	2
Income tax income	<u>1</u>	<u>3</u>

Deferred income tax at 31 December relates to the following:

	Balance Sheet		Statement of comprehensive income	
	31 December 2010	31 December 2009	2010	2009
	€000	€000	€000	€000
<i>Deferred tax liability</i>				
Accelerated depreciation for tax purposes	-	-	-	1
	-	-		
<i>Deferred tax asset</i>				
Property, plant and equipment	3	2	1	2
	3	2		
Deferred tax income			<u>1</u>	<u>3</u>
Deferred tax asset	<u>3</u>	<u>2</u>		

The Company has incurred tax losses as follows:

<u>Tax period</u>	<u>Period of availability for tax relief</u>	<u>2010</u>	<u>2009</u>
		<u>€000</u>	<u>€000</u>
2010	2011 through 2015	21	-
2009	2010 through 2014	6	6
2008	2009 through 2013	60	60
2007	2008 through 2012	147	147
2006	2007 through 2011	120	120
2005	2006 through 2010	-	43
Total tax losses carried forward		354	376
Effective income tax rate		10%	10%
Deferred income tax asset not recognized		35	38

These losses can be carried forward as relief against future taxable profits. However, since the amounts and timing of future taxable income cannot be estimated reliably due to the uncertainties of the economic environment of the Company, no deferred tax asset has been recognised for the tax losses carried forward as of 31 December 2010 and 2009.

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7. Property, plant and equipment

	Land	Plant and Machinery	Assets under Construction	Total
	€000	€000	€000	€000
Cost:				
At 1 January 2009	2,789	200	13	3,002
Additions	-	-	31	31
At 31 December 2009	2,789	200	44	3,033
Additions	184	-	-	184
At 31 December 2010	2,973	200	44	3,217
Depreciation:				
At 1 January 2009	-	14	-	14
Depreciation charge for the year	-	19	-	19
At 31 December 2009	-	33	-	33
Depreciation charge for the year	-	19	-	19
At 31 December 2010	-	52	-	52
Net book value:				
At 01 January 2009	2,789	186	13	2,988
At 31 December 2009	2,789	167	44	3,000
At 31 December 2010	2,973	148	44	3,165

Impairment of property, plant and equipment

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

Assets under construction

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

8. Equity investments

8.1 Investments in subsidiaries

	Country of incorporation	% equity interest	
		2010	2009
Double V Co	Bulgaria	100%	100%

The investment in subsidiary is measured at cost as follows:

	2010	2009
	€000	€000
Double V Co	1,951	1,951
	1,951	1,951

During 2007 the Company acquired 100% interest in Double V Co EOOD Bulgaria for a total consideration of EUR 1,951 thousand. The shares in the wholly-owned subsidiary do not have a quoted market price in an active market and their fair value cannot be reliably measured.

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8. Equity investments (continued)

8.2 Investments in associates

	Country of incorporation	% equity interest	
		2010	2009
Holcim Karierni Materiali Plovdiv AD	Bulgaria	48.72%	48.72%
Holcim Karierni Materiali AD	Bulgaria	48.77%	48.77%

The investments in associates are measured at cost including the purchase price consideration paid less dividends received from the pre-acquisition earnings of associates. The cost of investments in associates as of 31 December 2010 is nil (2009: nil).

For 2010 the dividends received from post-acquisition earnings of associates in the amount of EUR 231 thousand are recognized as finance income in the statement of comprehensive income (2009: EUR 671) (Note 5.3)

The shares in the associates do not have a quoted market price in an active market and their fair value cannot be reliably measured.

During 2010 Holcim Karierni Materiali AD acquired 100% of Vris OOD. As a result of the transaction, Gravel and Sand Pits Bulgaria EAD has a significant influence with interest of 48.77% in Vris OOD.

9. Other receivables

	2010	2009
	€000	€000
Value added tax receivable	1	3
	<u>1</u>	<u>3</u>

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

10. Cash and cash equivalents

	2010	2009
	€000	€000
Cash at bank	-	2
	<u>-</u>	<u>2</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. As of 31 December 2010, the fair value of cash and cash equivalents was EUR nil (2009: EUR 2 thousand).

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11. Issued capital and reserves

11.1 Issued capital

	<u>2010</u>	<u>2009</u>
	<u>€000</u>	<u>€000</u>
Ordinary shares of EUR 0.51 each, as per court registration	69	69
	<u>69</u>	<u>69</u>
	<u>Number of</u>	<u>Authorised and</u>
	<u>ordinary</u>	<u>issued share</u>
	<u>shares</u>	<u>capital</u>
	<u>(thousand)</u>	<u>€000</u>
At 1 January 2009	135	69
At 31 December 2009	<u>135</u>	<u>69</u>
At 31 December 2010	<u>135</u>	<u>69</u>

All ordinary shares issued were fully paid.

11.2 Reserves

Legal reserve

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

12. Related party disclosures

The ultimate parent

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

Entity with controlling interest in the Company

The sole shareholder of the Company is Zlatna Panega Cement AD, Bulgaria.

Subsidiaries

Double V Co EOOD, registered in Rousse is a wholly-owned subsidiary of the Company.

Associates

Gravel and Sand Pits Bulgaria EAD has significant interest of 48.77% in Holcim Karierni Materiali AD and 48.72% in Holcim Karierni Materiali Plovdiv AD. Effective 1 January 2010 it also has a significant influence over Vris OOD, with interest of 48.77% through its associate Holcim Karierni Materiali Sofia AD.

Other related parties

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

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12. Related party disclosures (continued)

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

		<u>Dividends received</u>	<u>Purchases from related parties</u>	<u>Amounts owed from related parties</u>	<u>Amounts owed to related parties</u>
		€000	€000	€000	€000
Dividends received/purchases from related party					
<i>Associates</i>					
Holcim Karierni Materiali Plovdiv AD	2010	231	-	-	-
Holcim Karierni Materiali Plovdiv AD	2009	671	-	-	-
<i>Other</i>					
Zlatna Panega Beton EOOD	2010	-	-	-	-
Zlatna Panega Beton EOOD	2009	-	2	-	-
	2010			<u>-</u>	<u>-</u>
	2009			<u>-</u>	<u>-</u>
		<u>Interest received</u>	<u>Interest paid</u>	<u>Amounts owed from related parties</u>	<u>Amounts owed to related parties</u>
		€000	€000	€000	€000
In respect of loans from / to related party					
<i>Entity with controlling interest in the Company</i>					
Zlatna Panega Cement AD	2010	83	-	1,031	-
Zlatna Panega Cement AD	2009	32	-	1,003	-
	2010			<u>1,031</u>	<u>-</u>
	2009			<u>1,003</u>	<u>-</u>

Terms and conditions of transactions with related parties

Transactions with related parties are made at contracted prices. Outstanding balances at year end are unsecured, interest free (except for loans) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For year ended 31 December 2010, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2009: Nil). This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

Loans owed from related parties

Zlatna Panega Cement AD

During 2010, Gravel and Sand Pits Bulgaria EAD borrowed from its parent company Zlatna Panega Cement AD an amount of EUR 276 thousand (2009: EUR 665 thousand). Zlatna Panega Cement AD repaid EUR 245 thousand (2009: EUR 12 thousand). The intercompany loan is intended to finance the working capital needs of the parent company. The loan is unsecured and is repayable in 2011. Interest is charged at 3M SOFIBOR plus spread of 2% (2009: the basic Interest Rate of UBB plus spread of 1.50%).

13. Commitments and contingencies

Capital commitments

There are no capital commitments valid as of 31 December 2010.

Legal claims

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

Other

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

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

For the other taxes no tax audits were performed.

The directors do not believe that, as of 31 December 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.

14. Financial risk management objectives and policies

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

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

Interest rate risk

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

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

	<u>Increase/ decrease in basis points</u>	<u>Effect on profit before tax</u>
2010		
Loans in BGN	+200	19
Loans in BGN	-100	(10)
2009		
Loans in BGN	+200	6
Loans in BGN	-100	(3)

Liquidity risk

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

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14. Financial risk management objectives and policies (continued)

Foreign exchange risk

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

Credit risk

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

Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to the sole shareholder or issue new shares, following sole shareholder's approval. No changes were made in the objectives, policies or processes during the years end 31 December 2010 and 31 December 2009.

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

	<u>2010</u>	<u>2009</u>
	€000	€000
EBITDA	<u>(104)</u>	<u>(30)</u>

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.

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

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

16. Events after the reporting period

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