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AEMOS CEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2011

AEMOS CEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2011

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AEMOS CEMENT LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Arta Antoniou
Spyroulla Papaeracleous
Stelios Triantafillides

Company Secretary:

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1505 Nicosia, Cyprus

Independent Auditors:

Ernst & Young Cyprus Limited
Certified Public Accountants & Registered Auditors
36 Byron Avenue
1511 Nicosia, Cyprus

Registered office:

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

AEMOS CEMENT LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2011.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

Review of current position, future developments and significant risks

The Company made a profit for the year 2011 of €39,372,294 compared to the profit of €47,624,644 made in 2010. The decrease was due to lower dividend income in 2011 €32,650,000 (2010:€44,563,000). The net assets of the Company as at 31 December 2011 were €528,500,602 compared to €489,128,308 in 2010. The Board of Directors does not expect any significant changes in the activities of the Company in the foreseeable future.

The Company's principal risks and uncertainties are presented in note 3.

Results and Dividends

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

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2011 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2011.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

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

Independent Auditors

The Independent Auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Stelios Triantafyllides
Director

Nicosia, Cyprus, 30 April 2012

Independent auditor's report

To the Members of Aemos Cement Limited

Report on the financial statements

Report on the Financial Statements

We have audited the accompanying financial statements of Aemos Cement Limited (the "Company"), which comprise the statement of financial position as at 31 December 2011, 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.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aemos Cement Limited as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.


Report on Other Legal Requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

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

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
30 April 2012

AEMOS CEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 €	2010 €
Dividend income	16	<u>32,650,000</u>	44,563,000
Other income	5	-	53,960
Administration expenses		(34,694)	(375,890)
Net loss from investing activities	6	<u>(1,075,000)</u>	(350,000)
Operating profit	7	31,540,306	43,891,070
Net finance income	8	<u>8,707,519</u>	4,106,595
Profit before tax		40,247,825	47,997,665
Tax	9	<u>(875,531)</u>	(373,021)
Net profit for the year		39,372,294	47,624,644
Other comprehensive income		-	-
Total comprehensive income for the year		<u>39,372,294</u>	<u>47,624,644</u>

The notes on pages 9 to 21 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2011

	Note	2011 €	2010 €
ASSETS			
Non-current assets			
Investments in subsidiaries	10	274,988,433	283,188,433
Non-current loans receivable	16	246,750,000	216,120,000
		<u>521,738,433</u>	<u>499,308,433</u>
Current assets			
Trade and other receivables	11	1,854,066	389,098
Refundable taxes		33,239	156,030
Cash and cash equivalents	12	5,985,760	542,211
		<u>7,873,065</u>	<u>1,087,339</u>
Total assets		<u>529,611,498</u>	<u>500,395,772</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	114,729	114,729
Share premium		113,054,397	113,054,397
Translation reserve	17	90,984	90,984
Retained earnings		415,240,492	375,868,198
Total equity		<u>528,500,602</u>	<u>489,128,308</u>
Current liabilities			
Trade and other payables	15	11,421	11,076,533
Borrowings	14	1,003,125	-
Current tax liabilities		96,350	190,931
		<u>1,110,896</u>	<u>11,267,464</u>
Total equity and liabilities		<u>529,611,498</u>	<u>500,395,772</u>

On 30 April 2012 the Board of Directors of Aemos Cement Limited authorised these financial statements for issue.


Stelios Triantafyllides
Director


Arta Antoniou
Director

AEMOS CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

Note	Share capital €	Share premium €	Translation reserve €	Retained earnings €	Total €
Balance at 1 January 2010	114,729	113,054,397	90,984	328,243,554	441,503,664
Net profit for the year	-	-	-	47,624,644	47,624,644
Balance at 31 December 2010/ 1 January 2011	114,729	113,054,397	90,984	375,868,198	489,128,308
Net profit for the year	-	-	-	39,372,294	39,372,294
Balance at 31 December 2011	114,729	113,054,397	90,984	415,240,492	528,500,602

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 31 August 2011 and 17% thereafter) will be payable on such deemed dividends distribution. Profits and to the extent that these are attributable to shareholders, who are not tax resident of Cyprus and own shares in the Company either direct and/or indirectly at the end of two years from the end of the tax year to which the profits relate are exempted. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

AEMOS CEMENT LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 €	2010 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		40,247,825	47,997,665
Adjustments for:			
Impairment charge - investments in subsidiaries	10	1,075,000	350,000
Dividend income		(32,650,000)	(44,563,000)
Loan interest income	8	(8,301,005)	(4,024,834)
Interest expense	8	3,125	263
Cash flows from/(used in) operations before working capital changes		374,945	(239,906)
(Increase)/decrease in trade and other receivables		(1,464,968)	122,402,351
(Decrease) / increase in trade and other payables		(1,065,112)	8,815,462
Cash flows (used in)/from operations		(2,155,135)	130,977,907
Dividends received		32,650,000	44,563,000
Tax paid		(847,321)	(306,395)
Net cash flows from operating activities		29,647,544	175,234,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	10	(2,875,000)	(45,269,850)
Loans granted net		(30,630,000)	(133,279,622)
Loan interest received		8,301,005	3,654,456
Net cash flows used in investing activities		(25,203,995)	(174,895,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,003,125	-
Interest paid		(3,125)	(263)
Net cash flows from / (used in) financing activities		1,000,000	(263)
Net increase in cash and cash equivalents		5,443,549	339,233
Cash and cash equivalents:			
At beginning of the year		542,211	202,978
At end of the year	12	5,985,760	542,211

The notes on pages 9 to 21 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1. Incorporation and principal activities

Country of incorporation

The Company Aemos Cement Limited was incorporated in Cyprus on 9 March 1998 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makarios III Avenue, Capital Center, 9th Floor, CY-1505 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

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

Adoption of new and revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has all adopted the new and amended IFRS and IFRIC interpretations that are effective as of 1 January 2011. The adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Subsidiaries include all companies that are controlled by the company. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise.

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

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Revenue recognition

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

- **Interest income**

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

- **Dividend income**

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on investments in subsidiaries undertakings does not arise, as the profit on sale of securities is not taxable.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value

This category has two sub-categories: financial assets held for trading and those designated at fair value at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

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

- Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, that do not meet the definition of loans and receivables. During the year, the Company did not hold any investments in this category.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the reporting date.

(2) Recognition and measurement

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

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value " category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value is recognised in the profit or loss when the Company's right to receive payments is established.

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Receivables from related parties

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

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk

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

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2011

	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years
	€	€	€	€	€
Trade and other payables	11,421	-	11,421	-	-
Loans from related companies	<u>1,003,125</u>	<u>-</u>	<u>-</u>	<u>1,003,125</u>	<u>-</u>
	<u>1,014,546</u>	<u>-</u>	<u>11,421</u>	<u>1,003,125</u>	<u>-</u>

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

31 December 2010	Carrying amount	Contractual cash flows	Contractual cash flows	Contractual cash flows	Contractual cash flows
	€	€	€	€	€
Trade and other payables	<u>11,076,533</u>	<u>9,995,615</u>	<u>10,918</u>	<u>1,070,000</u>	
	<u>11,076,533</u>	<u>9,995,615</u>	<u>10,918</u>	<u>1,070,000</u>	

3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of non-financial assets**

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

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5. Other income

	2011	2010
	€	€
Amounts written off	<u>-</u>	<u>53,960</u>
	<u>-</u>	<u>53,960</u>

The amount of €NIL (2010: €53.960) represents amounts written off with related parties.

6. Net loss from investing activities

	2011	2010
	€	€
Impairment charge - investments in subsidiaries (Note 10)	<u>1,075,000</u>	<u>350,000</u>
	<u>1,075,000</u>	<u>350,000</u>

7. Operating profit

	2011	2010
	€	€
Operating profit is stated after charging the following items:		
Auditors' remuneration	<u>6,900</u>	<u>7,705</u>

8. Finance income

	2011	2010
	€	€
Loan interest income (Note 16)	8,301,005	4,024,834
Bank interest income	221,732	37,646
Loan interest commitment fee	187,897	43,690
Interest income	-	498
Exchange profit	<u>40</u>	<u>242</u>
Finance income	<u>8,710,674</u>	<u>4,106,910</u>
Net foreign exchange transaction losses	(30)	(52)
Interest expense (Note 14)	<u>(3,125)</u>	<u>(263)</u>
Finance costs	<u>(3,155)</u>	<u>(315)</u>
Net finance income	<u>8,707,519</u>	<u>4,106,595</u>

9. Tax

9.1 Tax recognised in profit or loss

	2011	2010
	€	€
Corporation tax - current year	845,109	369,256
Defence contribution - current year	<u>30,422</u>	<u>3,765</u>
Charge for the year	<u>875,531</u>	<u>373,021</u>

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2011	2010
	€	€
Profit before tax	<u>40,247,825</u>	<u>47,997,665</u>
Tax calculated at the applicable tax rates	4,024,783	4,799,767
Tax effect of expenses not deductible for tax purposes	107,500	35,052
Tax effect of allowances and income not subject to tax	(3,287,174)	(4,465,563)
Defence contribution current year	<u>30,422</u>	<u>3,765</u>
Tax charge	<u>875,531</u>	<u>373,021</u>

9.2 Tax recognised in other comprehensive income

	2011	2010
	€	€
Total income tax recognised in other comprehensive income	<u>-</u>	<u>-</u>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% up to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter).

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NOTES TO THE FINANCIAL STATEMENTS

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10. Investments in subsidiaries

	2011 €	2010 €
Balance at 1 January	283,188,433	238,268,583
Additions	2,875,000	45,269,850
Reversal of provision for acquisition (Note 15)	(10,000,000)	-
Impairment charge	(1,075,000)	(350,000)
Balance at 31 December	274,988,433	283,188,433

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2011 Holding %	2010 Holding %	2011 €	2010 €
Tithys Limited	Cyprus	Holding Company	100	100	56,773,830	56,773,830
Balkcem Limited	Cyprus	Holding Company	100	100	27,033,905	27,033,905
Rea Cement Limited	Cyprus	Holding Company	100	100	65,501,726	65,501,726
Alvacim Limited (1)	Cyprus	Holding Company	100	100	88,530,619	88,530,619
Feronia Limited	Cyprus	Holding Company	100	100	256,900	256,900
Titan Cement Cyprus Ltd	Cyprus	Holding Company	100	100	85,639	85,639
Themis Holdings Ltd (2)	Cyprus	Holding Company	100	51	1,026,027	1,026,027
Star Silo Co Doo	Belgrade	Dormant Company	100	100	600	600
Dancem ApS (3)	Denmark	Holding Company	100	100	5,257,961	3,457,962
Terret Enterprises Ltd (4)-Class A shares	Cyprus	Holding	58,89	58,89	20,521,225	20,521,225
Terret Enterprises Ltd (4) Class B shares	Cyprus	Holding	100	100	10,000,000	20,000,000
Cementi Crotone SRL (5)	Italy	Import & Distribution of cement	100	100	-	-
					274,988,433	283,188,433

In the opinion of the directors and management, the carrying amounts of the investments in the subsidiaries are lower than their recoverable amounts.

(1) During 2010 the investment in Alvacim Limited was increased by €563,000 by the issuance of additional shares.

(2) During the year 2010, the Company acquired the remaining 48.994% of the share capital of Themis Holdings Limited from Holcim Auslandsbeteiligungs GmbH, a non related party for €502.691, being the nominal value of the share capital.

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(3) During the year, the investment in Dancem Aps was increased by €1.800.000 due to the issuance of additional shares.

(4) On 1 January 2010, the Company acquired 3 825 Class A shares of Terret Enterprises Limited for an amount of €3.825. On 25 June 2010, the Company acquired 3 825 newly issued Class A shares of total value €2,417,400. On 21 December 2010, the Company acquired additional 85 624 newly issued Class A shares for a total of consideration €27,100,000 thereby increasing its shareholding to 84,72%. On 21 December 2010, the Company acquired 2 500 Class B shares at a consideration of €10,000,000. On the same date, the Company disposed 28 436 Class A shares, representing 25,838% shareholding in Terret Enterprises Limited for a consideration of €9,000,000, being the nominal value of shares to an unrelated party, thus realising no gain/ loss. During 2011, the Company proceeded with a reversal of the provision for the acquisition of Class B shares of Terret Enterprises Limited in the amount of €10,000,000. This amount was reversed as the conditions of the agreement were not fulfilled (see Note 15).

(5) During the year, the investment in Cementi Crotone SRL was increased by €1.075.000 due to the issuance of additional shares. A full impairment was made during the year due to the financial position at the subsidiary.

11. Trade and other receivables

	2011	2010
	€	€
Trade receivables	4,385	-
Receivables from own subsidiaries (Note 16.4)	200,159	159
Receivables from related companies (Note 16.4)	11,415	16,261
Loans receivable from related parties (Note 16.2)	1,629,478	370,378
Accrued income	6,329	-
Other receivables	2,300	2,300
	<u>1,854,066</u>	<u>389,098</u>

12. Cash and cash equivalents

Cash balances are analysed as follows:

	2011	2010
	€	€
Cash at bank and in hand	<u>5,985,760</u>	<u>542,211</u>
	<u>5,985,760</u>	<u>542,211</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and US Dollar and earn interest at the rate of 3-4% per annum (2010: 2-3%).

13. Share capital

	2011	2011	2010	2010
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	<u>70,000</u>	<u>118,332</u>	<u>70,000</u>	<u>118,332</u>
Issued and fully paid				
Balance at 1 January	<u>67,093</u>	<u>114,729</u>	<u>67,093</u>	<u>114,729</u>
Balance at 31 December	<u>67,093</u>	<u>114,729</u>	<u>67,093</u>	<u>114,729</u>

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Year ended 31 December 2011

14. Borrowings

	2011	2010
	€	€
Current borrowings		
Loans from related companies (Note 16)	<u>1,003,125</u>	-
	<u>1,003,125</u>	-

On 16 November 2011, the Company entered into a new loan facility €1,000,000 with Balcan Cement Limited. The loan is unsecured, bears an interest rate of one month Euribor plus 1,30 % per annum and is repayable on demand. The interest expense for the year was €3,125.

15. Trade and other payables

	2011	2010
	€	€
Accruals	6,496	5,637
Other creditors	<u>4,925</u>	<u>11,070,896</u>
	<u>11,421</u>	<u>11,076,533</u>

Other creditors include a provision for additional consideration for acquiring the investment in Balkcem Limited in the amount of €NIL (Note 18) (€1,070,000 in 2010) and the amount of €9,995,615 for the acquisition of shares in Terret Enterprises Limited (Note 10.5). During 2011, the Company proceeded with a reduction of the cost of Class B shares of Terret Enterprises Limited in the amount of €10,000,000. This amount was reversed as the conditions of the share sale/ purchase agreement were not fulfilled.

16. Related party transactions

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

The following transactions were carried out with related parties:

16.1 Dividend income

	2011	2010
	€	€
Dividend income	<u>32,650,000</u>	<u>44,563,000</u>
	<u>32,650,000</u>	<u>44,563,000</u>

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16. Related party transactions (continued)

16.2 Loans due from related parties (Note 11)

	2011	2010
	€	€
Balance brought forward	216,490,378	205,256,144
Loan given	31,740,000	31,700,000
Loan repayment	(8,151,904)	(24,490,600)
Interest charge	8,301,004	4,024,834
	<u>248,379,478</u>	<u>216,490,378</u>
Due within one year	1,629,478	370,378
Due after one year	246,750,000	216,120,000
Total	<u>248,379,478</u>	<u>216,490,378</u>

On 1 December 2010, the Company entered into a new loan facility €250,000,000 consolidating existing loans at that date with Titan Global Finance Plc. The total principal utilised from the loans were €224.870.000. Up to 31 December 2011 additional amounts drawn were €31,740,000 (2010: €28,250,000) and repaid €8,151,904 (2010: €37,000,000). The loan is unsecured, bears an interest rate of Euribor plus 1,30 % per annum. The capital is repayable by 30 June 2013. Interest is payable within one year. The interest income for the year was €8,301,004 (2010: €370,378).

16.3 Loans from related parties (Note 14)

Name	Nature of transactions	2011	2010
		€	€
Payables to related party	Finance	1,003,125	-
		<u>1,003,125</u>	<u>-</u>

16.4 Receivables from related companies (Note 11) (Note 14)

	Terms	2011	2010
		€	€
Receivable from related company	Trading	11,415	16,261
Receivable from own subsidiaries	Finance	200,159	159
		<u>211,574</u>	<u>16,420</u>

17. Exchange difference translation reserve

Following the adoption of the Euro (€) across the participant member countries of the European Union as from 1 January 2002, the Greek Drachma no longer reflected the economic substance of the underlying events and circumstances relevant to the Company. As a result, the Company changed its reporting currency from Greek Drachmas (GRD) to Euro (€). Comparative figures in respect of monetary assets and liabilities and profit and loss items were restated from GRD to € at the exchange rate prevailing as at 31 December 2001, GRD 340,75/€.

18. Contingent liabilities

As at 31 December 2011/ 2010 the Company had no contingencies.

19. Commitments

The Company had no commitments as at 31 December 2011/ 2010.

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20. Events after the reporting period

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

Independent Auditor's report on pages 3 and 4