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**BALKAN CEMENT ENTERPRISES
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2011

BALKAN CEMENT ENTERPRISES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2011

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BALKAN CEMENT ENTERPRISES LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Stelios Triantafyllides
Arta Antoniou
Spyroulla Papaeracleous

Company Secretary:

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
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

BALKAN CEMENT ENTERPRISES 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 that of an investment holding company and the investing and trading in shares including but not limited to any other form of dividend and interest earning shares, bonds, deposit and loans.

Review of current position, future developments and significant risks

The net profit for the Company for year ended 31 December 2011 was €14,429 (2010: €8,278,001). On 31 December 2011 the total assets of the Company were €1,079,154 (2010: €1,064,656) and the net assets were the Company were €1,068,082 (2010: net liabilities €1,053,653). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The Company's principal risks or uncertainties are stated in note 3.

Results and Dividends

The Company's results for the year are set out on page 5. The Board of Directors approved the payment of a dividend as detailed below and the remaining net profit for the year is retained.

Dividends

The Board of Directors does not recommend the payment of a dividend.

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 material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditors

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

By order of the Board of Directors,

Stelios Triantafyllides
Director

Nicosia, Cyprus, 30 April 2012

Independent Auditor's Report

To the Members of Balkan Cement Enterprises Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Balkan Cement Enterprises 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 Balkan Cement Enterprises 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.

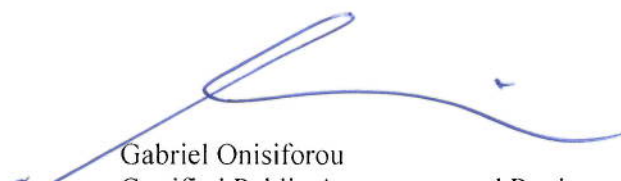
Report on Other Legal Requirements

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

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 €	2010 €
Revenue	5	-	50,000
Net profit from investing activities	6	35,227	8,165,060
Administration expenses	7	(20,222)	64,428
Profit before tax		15,005	8,279,488
Tax	9	(576)	(1,487)
Net profit for the year		14,429	8,278,001
Other comprehensive income		-	-
Total comprehensive income for the year		14,429	8,278,001

The notes on pages 9 to 16 form an integral part of these financial statements.

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2011

	Note	2011 €	2010 €
ASSETS			
Current assets			
Trade and other receivables	11	1,006,656	1,005,293
Refundable taxes	15	10,613	9,770
Cash and cash equivalents	12	61,885	49,593
		<u>1,079,154</u>	<u>1,064,656</u>
Total assets		<u>1,079,154</u>	<u>1,064,656</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	294,000	294,000
Share premium		496,000	496,000
Retained earnings		278,082	263,653
Total equity		<u>1,068,082</u>	<u>1,053,653</u>
Current liabilities			
Trade and other payables	14	11,072	11,003
		<u>11,072</u>	<u>11,003</u>
Total equity and liabilities		<u>1,079,154</u>	<u>1,064,656</u>

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


Stelios Triantafyllides
Director


Arta Antoniou
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2010		294,000	496,000	(864,348)	(74,348)
Net profit for the year		-	-	8,278,001	8,278,001
Dividends for the year 2010	10	-	-	(7,150,000)	(7,150,000)
Balance at 31 December 2010/ 1 January 2011		294,000	496,000	263,653	1,053,653
Net profit for the year		-	-	14,429	14,429
Balance at 31 December 2011		294,000	496,000	278,082	1,068,082

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.

BALKAN CEMENT ENTERPRISES LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 €	2010 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		15,005	8,279,488
Adjustments for:			
Interest income	6	<u>(3,155)</u>	<u>(14,872)</u>
Cash flows from operations before working capital changes		11,850	8,264,616
Increase in trade and other receivables		(1,363)	(1,001,843)
Increase / (decrease) in trade and other payables		69	(101,806)
Cash flows from operations		10,556	7,160,967
Tax paid		<u>(1,419)</u>	<u>(1,487)</u>
Net cash flows from operating activities		9,137	7,159,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		<u>3,155</u>	14,872
Net cash flows from investing activities		3,155	14,872
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		<u>-</u>	<u>(7,150,000)</u>
Net cash flows from financing activities		-	(7,150,000)
Net increase in cash and cash equivalents		12,292	24,352
Cash and cash equivalents:			
At beginning of the year		<u>49,593</u>	<u>25,241</u>
At end of the year	12	61,885	49,593

The notes on pages 9 to 16 form an integral part of these financial statements.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1. Incorporation and principal activities

Country of incorporation

The Company Balkan Cement Enterprises Limited was incorporated in Cyprus on 25 April 2000 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 that of an investment holding company and the investing and trading in shares including but not limited to any other form of dividend and interest earning shares, bonds, deposit 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 .

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

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

The Company has adopted all 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 Company.

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.

Revenue recognition

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

- **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Foreign currency translation

(1) **Functional and presentation currency**

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

(2) **Transactions and balances**

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

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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Interim dividends are recognised in equity in the year in which they are paid. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

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.

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.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Comparatives

Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors

The Company is exposed to 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 Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. Most receivables are with related companies and thus the Company considers the credit risk to be minimal.

3.2 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	3 months or less
	€	€
Trade and other payables	<u>11,072</u>	<u>11,072</u>
	<u>11,072</u>	<u>11,072</u>

31 December 2010

	Carrying amounts	3 months or less
	€	€
Trade and other payables	<u>11,003</u>	<u>11,003</u>
	<u>11,003</u>	<u>11,003</u>

3.3 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. At the year end the Company had no significant balances in foreign currencies.

3.4 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.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

4. Critical accounting estimates and judgements

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

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

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In Management's opinion, the Company is in substantial compliance with the tax laws governing its operations. However the risk remains that the relevant authorities could take differing positions with regard to interpretative issues and the effect could be significant. The Company met the tax filing in Cyprus. To the best of Management's knowledge, no breaches of tax law have occurred. Thus, the Company has not recorded any provision for potential impact of any such breaches as at 31 December 2011 or as at 31 December 2010.

5. Revenue

	2011	2010
	€	€
Option revaluation (Note 17)	-	50,000
	<u>-</u>	<u>50,000</u>

6. Net profit from investing activities

	2011	2010
	€	€
Gain on disposal of option (Note 17)	-	8,135,586
Interest from banks	3,155	14,872
Interest from loans (Note 16)	32,072	14,602
	<u>35,227</u>	<u>8,165,060</u>

7. Administration expenses

	2011	2010
	€	€
Amounts written off	-	(106,426)
Sundry expenses	20,222	41,998
	<u>20,222</u>	<u>(64,428)</u>

8. Operating profit

	2011	2010
	€	€
Operating profit is stated after charging the following items:		
Auditors' remuneration	5,520	6,440
Directors' fees	-	-
	<u>-</u>	<u>-</u>

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

9. Tax

9.1 Tax recognised in profit or loss

	2011	2010
	€	€
Corporation tax - current year	144	-
Defence contribution - current year	432	1,487
Charge for the year	576	1,487

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	15,005	8,279,488
Tax calculated at the applicable tax rates	1,501	827,949
Tax effect of expenses not deductible for tax purposes	290	2,029
Tax effect of allowances and income not subject to tax	(316)	(830,688)
Tax effect of tax loss for the year	-	710
Defence contribution current year	432	1,487
Overseas tax in excess of credit claim used during the year	(1,331)	-
Tax charge	576	1,487

9.2 Tax recognised in other comprehensive income

	2011	2010
	€	€
Total income tax recognised in other comprehensive income	-	-

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).

10. Dividends

	2011	2010
	€	€
Interim dividend paid	-	7,150,000
	<u>-</u>	<u>7,150,000</u>

During the year 2010 the board of Directors approved the payment of an interim dividend of €7.150.000

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

11. Trade and other receivables

	2011	2010
	€	€
Loans receivable (note 16.1)	1,003,125	1,001,843
Accrued Income	81	-
Other receivables	3,450	3,450
	<u>1,006,656</u>	<u>1,005,293</u>

12. Cash and cash equivalents

	2011	2010
	€	€
Cash at bank and in hand	61,885	49,593
	<u>61,885</u>	<u>49,593</u>

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

Cash at bank represents current and fixed amounts denominated in Euro and carry annual interest from 1,0% to 1,5% respectively.

13. Share capital

	2011	2011	2010	2010
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>590,000</u>	<u>590,000</u>	<u>590,000</u>	<u>590,000</u>
Issued and fully paid				
Balance at 1 January	<u>294,000</u>	<u>294,000</u>	<u>294,000</u>	<u>294,000</u>
Balance at 31 December	<u>294,000</u>	<u>294,000</u>	<u>294,000</u>	<u>294,000</u>

14. Trade and other payables

	2011	2010
	€	€
Accruals	4,658	4,715
Other creditors	6,414	6,288
	<u>11,072</u>	<u>11,003</u>

15. Refundable taxes

	2011	2010
	€	€
Corporation tax	(10,626)	(9,770)
Special contribution for defence	13	-
	<u>(10,613)</u>	<u>(9,770)</u>

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

16. Related party transactions

The immediate parent of the Company is Themis Holdings Limited, a company incorporated in Cyprus, which owns 100% of the Company's shares. The Company's ultimate controlling party is Titan Cement S.A, in Greece, which owns 100% of Themis Holdings Limited.

The following transactions were carried out with related parties:

16.1 Loans from related undertakings (note 11)

	2011	2010
	€	€
Loan given	(1,000,000)	(1,000,000)
Loan interest	(3,125)	(1,843)
	<u>(1,003,125)</u>	<u>(1,001,843)</u>

On 31 March 2010, the Company granted a loan facility of €1,000,000 to Titan Global Finance Plc. The loan was unsecured and bore an interest rate of one month Euribor plus 1.3% per annum, and was repaid on 31 October 2011. During the year the interest income credited to the statement of comprehensive income was €28,947 (2010: €14,602).

On 16 November 2011, the Company granted a loan facility of €1,000,000 to Aemos Cement Limited. The loan bears an interest rate of one month Euribor plus 1.3% per annum and is repayable on demand or in whole, without any prepayment penalty. During the year the interest income credited to the statement of comprehensive income was €23,125.

17. Option and provision for non-recovery

(1) On 9 January 2003, the Company entered into an agreement with Holcim to sell the investment acquired in 2002 and 98% of the loan receivable from Sharr Beiteiligungs GmbH for the carrying amounts of €2,940,000 and €16,543,748 respectively to Holcim. On the same date the Company entered into an option agreement to acquire back from Holcim the 98% of the share capital and the loan receivable from Sharr Beiteiligungs GmbH. The Company in 2003 transferred additional funds of €6,860,000 to Sharr Beiteiligungs GmbH. According to the option agreement any additional funds should be considered as increase in the option price. At 31 December 2003, the total consideration paid for the option was €26,343,748 and was unsecured though guaranteed to be returned in the event that the option is not exercised by the Company.

(2) The Board of Directors of the Company formed the view that a provision was necessary against non-recovery of the option attributed to risks associated with the operations of Sharr Beiteiligungs GmbH. In this respect, the Board of Directors up to 2004 provided for non-recovery of option a total of €17,088,322 of which €14,508,322 was made in the year 2004 and €2,580,000 in the year 2003. During the year 2005, Sharr Beiteiligungs GmbH returned to the Company funds of €11,360,000 and the option was revalued to €14,983,748. During the year 2006, Sharr Beiteiligungs GmbH returned to the Company funds of €8,000,000 reducing the option value to €6,983,748. During the year 2007, Sharr Beiteiligungs GmbH returned to the Company funds of €4,043,748 reducing the option value to €2,940,000. During the year 2009, Sharr Beiteiligungs GmbH returned to the Company funds of €2,890,000 reducing the option value to €50,000. During the year 2010 the remaining €50,000 were returned to the Company.

(3) In January 2010, a termination agreement was signed between the Company and Holcim terminating the option agreement and the pledge agreement. According to the termination of the option agreement, the Company was entitled to receive an amount of € 8,185,586 (including the amount of €50,000 representing the final option recovery amount as stated in (2) above), representing "final, complete, unconditional and irrevocable settlement of all rights and obligations under or in connection with the Option Agreement that either of the parties may have had, has or in the future may have". The amounts so received during the year 2010 were recognised in the income statement.

BALKAN CEMENT ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

18. Contingent liabilities

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

19. Commitments

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

20. Events after the reporting period

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

Independent Auditor's report on pages 3 and 4