

**CEMENTI CROTONE S.R.L. SOCIETA' UNIPERSONALE**

**REPORTING FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

## INDEPENDENT AUDITORS' REPORT

To the Quotaholder of  
Cementi Crotone S.r.l. Società Unipersonale

We have audited the accompanying financial statements of Cementi Crotone S.r.l. Società Unipersonale, which comprise the balance sheet as at December 31, 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Cementi Crotone S.r.l. Società Unipersonale in accordance with the Titan Group accounting principles and policies, as detailed in the explanatory notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements in accordance with the Titan Group accounting principles and policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements of Cementi Crotone S.r.l. Società Unipersonale for the year ended December 31, 2011 are prepared, in all material respects, in accordance with the Titan Group accounting principles and policies, as detailed in the explanatory notes to the financial statements.

*Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared by Cementi Crotone S.r.l. Società Unipersonale for the sole purpose of consolidation into the Titan Cement Company S.A. group financial statements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Cementi Crotone S.r.l. Società Unipersonale and Titan Cement Company S.A. and should not be distributed to or used by parties other than Cementi Crotone S.r.l. Società Unipersonale or Titan Cement Company S.A..

Treviso-Italy  
February 27, 2012

*Reconta Ernst & Young S.p.A.*

## Statement of Financial Position as at December 31, 2011

<i>(all amounts in Euro thousands)</i>	Notes	December 31, 2011	December 31, 2010
<b>ASSETS</b>			
Tangible assets	(3)	6	7
Intangible assets	(4)	1	1
Other non-current assets	(5)	308	-
Deferred tax assets	(6)	-	206
<b>Total non-current assets</b>		<b>315</b>	<b>214</b>
Inventories	(7)	-	-
Trade receivables	(8)	-	52
Other current assets	(9)	1	132
Cash and cash equivalents	(10)	193	5
<b>Total current assets</b>		<b>194</b>	<b>189</b>
<b>Total assets</b>		<b>509</b>	<b>403</b>
<b>LIABILITIES AND EQUITY</b>			
<b>QUOTAHOLDER'S EQUITY</b>			
Quota capital		1,286	1,356
Other reserves (IFRS Reserves)		(12)	(6)
Accumulated losses		(422)	(3)
Loss of the year		(635)	(1,563)
<b>Total quotaholder's equity</b>	(11)	<b>217</b>	<b>(216)</b>
<b>LIABILITIES</b>			
Provisions	(12)	-	420
<b>Total non-current liabilities</b>		<b>-</b>	<b>420</b>
Trade payables	(13)	291	198
Other current liabilities	(14)	1	1
<b>Total current liabilities</b>		<b>292</b>	<b>199</b>
<b>Total liabilities</b>		<b>292</b>	<b>619</b>
<b>Total liabilities and equity</b>		<b>509</b>	<b>403</b>

### Income Statement for the year ended December 31, 2011

<i>(all amounts in Euro thousands)</i>	Notes	2011	2010
Net Sales		-	522
Other Revenues		41	-
<b>Total Revenues</b>	(15)	41	522
<b>Cost and expenses</b>			
Cost of sales	(16)	-	(360)
General and administrative expenses	(17)	(32)	(452)
Selling expenses	(18)	(440)	(1,287)
<b>Total costs and expenses</b>		<b>(472)</b>	<b>(2,099)</b>
<b>Operating Profit</b>		<b>(431)</b>	<b>(1,577)</b>
Interest expenses, net		2	14
<b>Income before taxes</b>		<b>(429)</b>	<b>(1,563)</b>
Income taxes	(19)	(206)	-
<b>Net loss for the year</b>		<b>(635)</b>	<b>(1,563)</b>

**Statement of changes in equity for the year ended December 31, 2011**

<i>(all amounts in Euro thousands)</i>	<b>Quota Capital</b>	<b>Accumulated losses</b>	<b>Other reserves (IFRS Reserve)</b>	<b>Result for the year</b>	<b>Total Equity</b>
<b>Balances at December 31, 2010</b>	1,356	(3)	(6)	(1,563)	<b>(216)</b>
Imputation of the Loss of previous year	(1,145)	(418)		1,563	-
Capital increase (after quotaholder's meeting February, 2011)	1,075				<b>1,075</b>
Other reserves (IFRS Reserve)		(1)	(6)		<b>(7)</b>
Loss for the year 2011				(635)	<b>(635)</b>
<b>Balances at December 31, 2011</b>	<b>1,286</b>	<b>(422)</b>	<b>(12)</b>	<b>(635)</b>	<b>217</b>



### Cash Flow Statement for the year ended December 31, 2011

	2011	2010
<i>(all amounts in Euro thousands)</i>		
Loss for the year	(635)	(1,563)
<b><i>Adjustment to reconcile net income to net cash provided by operating activity:</i></b>		
Depreciation of tangible assets	1	1
Allowance for doubtful debtors	-	212
Allowance for obsolete inventory	-	14
Other provision	(420)	420
Deferred tax assets	206	-
<b><i>Changes in operating assets and liabilities:</i></b>		
Inventories	-	158
Trade receivables	52	1,104
Other current assets	-	(130)
Trade payables	93	(664)
Other current liabilities	-	(49)
Other non- current assets and liabilities	(177)	-
<b>Cash flow from operating activities</b>	<b>(880)</b>	<b>(497)</b>
IFRS Reserve	(7)	(3)
<b>Cash flow from investing activities</b>	<b>(7)</b>	<b>(3)</b>
Share capital paid by shareholders	1,075	350
<b>Cash flow from financing activities</b>	<b>1,075</b>	<b>350</b>
<b>Increase (decrease) in cash</b>	<b>188</b>	<b>(150)</b>
Cash and cash equivalents at beginning of the year	5	155
<b>Cash and cash equivalents at the end of the year</b>	<b>193</b>	<b>5</b>