

AEMOS CEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2012

AEMOS CEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2012

CONTENTS	PAGE
Board of Directors and other Officers	1
Report of the Board of Directors	2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 23

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 2012.

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 2012 of €68,686,913 compared to the profit of €39,372,294 made in 2011. The increase was due to the gain on disposal of its subsidiary in the amount of €35,281,326. The net assets of the Company as at 31 December 2012 were €597,187,515 compared to €528,500,602 in 2011. 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 2012 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 2012.

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

Any significant events that occurred after the end of the reporting period are described in note 20 to the financial statements.

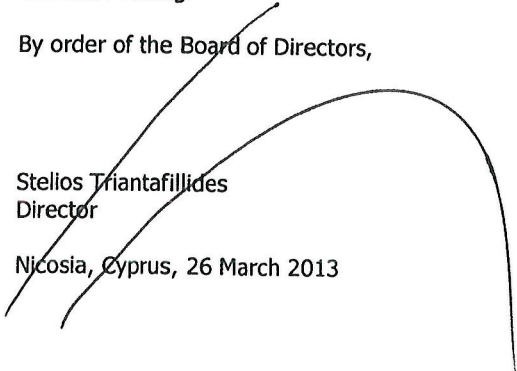
Independent Auditors

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, 26 March 2013



Independent auditor's report

To the Members of Aemos Cement Limited

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 2012, 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 2012, 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.

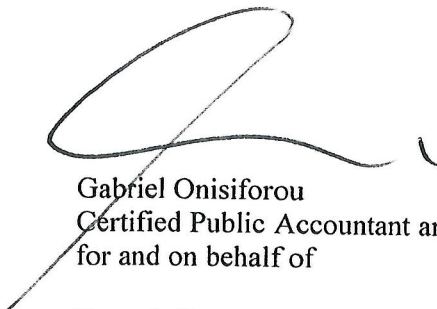
Report on Other Legal Requirements

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
26 March 2013

AEMOS CEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 €	2011 €
Dividend income	17	<u>25,120,266</u>	32,650,000
Net profit/(loss) from investing activities	5	35,281,326	(1,075,000)
Administration expenses		<u>(127,545)</u>	(34,694)
Operating profit	6	60,274,047	31,540,306
Net finance income	8	<u>9,336,126</u>	8,707,519
Profit before tax		69,610,173	40,247,825
Tax	9	<u>(923,260)</u>	(875,531)
Net profit for the year		68,686,913	39,372,294
Other comprehensive income		-	-
Total comprehensive income for the year		<u>68,686,913</u>	<u>39,372,294</u>

The notes on pages 9 to 23 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2012

ASSETS	Note	2012 €	2011 €
Non-current assets			
Investments in subsidiaries	10	295,044,133	274,988,433
Non-current loans receivable	17	<u>45,450,000</u>	<u>246,750,000</u>
		340,494,133	521,738,433
Current assets			
Trade and other receivables	11	236,178,633	1,854,066
Refundable taxes	16	32,136	33,239
Cash and cash equivalents	12	<u>28,547,650</u>	<u>5,985,760</u>
		264,758,419	7,873,065
Total assets		<u>605,252,552</u>	<u>529,611,498</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	114,729	114,729
Share premium		113,054,397	113,054,397
Translation reserve		90,984	90,984
Retained earnings		<u>483,927,405</u>	<u>415,240,492</u>
Total equity		<u>597,187,515</u>	<u>528,500,602</u>
Current liabilities			
Trade and other payables	15	8,010,501	11,421
Borrowings	14	-	1,003,125
Current tax liabilities	16	<u>54,536</u>	<u>96,350</u>
		8,065,037	1,110,896
Total equity and liabilities		<u>605,252,552</u>	<u>529,611,498</u>

On 26 March 2013 the Board of Directors of Aemos Cement Limited authorised these financial statements for issue.

.....
Stelios Triantafyllides
Director

.....
Arta Antoniou
Director

The notes on pages 9 to 23 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2012

	Share capital €	Share premium €	Translation reserve €	Retained earnings €	Total €
Balance at 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/ 1 January 2012	114,729	113,054,397	90,984	415,240,492	528,500,602
Net profit for the year	-	-	-	68,686,913	68,686,913
Balance at 31 December 2012	114,729	113,054,397	90,984	483,927,405	597,187,515

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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. 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 2012

	2012	2011
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	69,610,173	40,247,825
Adjustments for:		
Profit from the sale of investments in subsidiaries	(35,281,326)	-
Impairment charge - investments in subsidiaries	10 -	1,075,000
Dividend income	(25,120,266)	(32,650,000)
Interest income	(8,910,798)	(8,301,005)
Interest expense	8 -	3,125
Cash flows from operations before working capital changes	306,224	374,945
Decrease/(increase) in trade and other receivables	328,586	(1,464,968)
Increase/(decrease) in trade and other payables	7,999,080	(1,065,112)
Cash flows from/(used in) operations	8,633,890	(2,155,135)
Dividends received	25,120,266	32,650,000
Tax paid	(567,124)	(847,321)
Net cash flows from operating activities	33,187,032	29,647,544
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments in subsidiaries	10 (196,649,770)	(2,875,000)
Loans granted net	(50,850,000)	(30,630,000)
Loans interest received	8,910,798	8,301,005
Proceeds from sale of investments in subsidiary undertakings	211,875,396	-
Net cash flows used in investing activities	(26,713,576)	(25,203,995)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans from related companies	(1,003,125)	-
Proceeds from borrowings	-	1,003,125
Proceeds from loans from related companies	17,100,000	-
Interest paid	(8,441)	(3,125)
Net cash flows from financing activities	16,088,434	1,000,000
Net increase in cash and cash equivalents	22,561,890	5,443,549
Cash and cash equivalents:		
At beginning of the year	5,985,760	542,211
At end of the year	12 28,547,650	5,985,760

The notes on pages 9 to 23 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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 2012. 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.

Investment 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 2012

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.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

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.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, 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 through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss 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 through profit or loss 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. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

- 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 through profit or loss. Financial assets carried at fair value through profit or loss 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 through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss 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.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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.

Derecognition of financial assets and liabilities

Financial assets

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

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of assets

Assets, other than intangibles with indefinite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

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.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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 2012

	Carrying amounts	3 months or less	Between 3-12 months
	€	€	€
Trade and other payables	10,501	10,501	-
Payables to related parties	<u>8,000,000</u>	<u>-</u>	<u>8,000,000</u>
	<u>8,010,501</u>	<u>10,501</u>	<u>8,000,000</u>

31 December 2011

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

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3. Financial risk management (continued)

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 judgment 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.

5. Net profit/(loss) from investing activities

	2012	2011
	€	€
Profit (net) from sale of investments in subsidiaries (Note 10)	35,281,326	-
Impairment charge - investments in subsidiaries	-	(1,075,000)
	<u>35,281,326</u>	<u>(1,075,000)</u>

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

6. Operating profit

	2012	2011
	€	€
Operating profit is stated after charging the following items:		
Staff costs (Note 7)		
Directors' fees	73,328	-
Auditors' remuneration	-	-
	<u>7,020</u>	<u>6,900</u>

7. Staff costs

	2012	2011
	€	€
Wages and salaries	73,328	-
	<u>73,328</u>	<u>-</u>

8. Finance income/cost

	2012	2011
	€	€
Loan interest income (Note 17.2)		
Bank interest income	8,910,798	8,301,005
Loan interest commitment fee	218,570	221,732
Exchange profit	219,546	187,897
	<u>25</u>	<u>40</u>
Finance income	<u>9,348,939</u>	<u>8,710,674</u>
Net foreign exchange transaction losses	(27)	(30)
Interest expense (Note 14)	(8,441)	(3,125)
Amounts written off	(4,345)	-
Finance costs	<u>(12,813)</u>	<u>(3,155)</u>
Net finance income	<u>9,336,126</u>	<u>8,707,519</u>

9. Tax

	2012	2011
	€	€
Corporation tax - current year	901,736	845,109
Corporation tax - prior years	(11,262)	-
Defence contribution - current year	32,786	30,422
Charge for the year	<u>923,260</u>	<u>875,531</u>

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

9. Tax (continued)

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

	2012	2011
	€	€
Profit before tax	<u>69,610,173</u>	<u>40,247,825</u>
Tax calculated at the applicable tax rates	6,961,017	4,024,783
Tax effect of expenses not deductible for tax purposes	-	107,500
Tax effect of allowances and income not subject to tax	(6,059,281)	(3,287,174)
Defence contribution current year	32,786	30,422
Prior year tax	(11,262)	-
Tax charge	<u>923,260</u>	<u>875,531</u>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% 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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011).

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. Investments in subsidiaries

	2012	2011
	€	€
Balance at 1 January		
Additions	274,988,433	283,188,433
Disposals	196,649,770	2,875,000
Impairment charge	(176,594,070)	(10,000,000)
	<u>-</u>	<u>(1,075,000)</u>
Balance at 31 December	<u>295,044,133</u>	<u>274,988,433</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2012 Holding %	2011 Holding %	2012 €	2011 €
Tithys Limited (2)	Cyprus	Holding Company	-	100	-	56,773,830
Balkcem Limited (3)	Cyprus	Holding Company	-	100	-	27,033,905
Rea Cement Limited	Cyprus	Holding Company	100	100	65,501,726	65,501,726
Alvacim Limited (9)	Cyprus	Holding Company	100	100	97,130,619	88,530,619
Feronia Limited	Cyprus	Holding Company	100	100	256,900	256,900
Titan Cement Cyprus Ltd (1)	Cyprus	Holding Company	88.5	100	126,695,926	85,639
Themis Holdings Ltd (8)	Cyprus	Holding Company	100	100	201,000	1,026,027
Star Silo Co Doo (7)	Cyprus	Dormant Company	-	100	-	600
Dancem ApS (4)	Denmark	Holding Company	100	100	5,257,962	5,257,962
Terret Enterprises Limited - Class A shares (5)	Cyprus	Holding	-	58.89	-	20,521,225
Terret Enterprises Limited - Class B shares (5)	Cyprus	Holding	-	100	-	10,000,000
					<u>295,044,133</u>	<u>274,988,433</u>

(1) On 10 March 2012 Titan Cement Cyprus Limited issued 152 050 ordinary shares of €1.71 each at a premium of €998.29 per share. On 15 May 2012 Titan Cement Cyprus Limited reduced its share premium by €8,999,769. On 27 June 2012 the Company transferred 11.5% of its shareholding in Titan Cement Cyprus Limited to International Finance Corporation (IFC) for a consideration of €50,000,000 releasing a gain in the amount of €33,560,000.

(2) On 10 March 2012 the Company transferred 100% of Tithys Limited to Titan Cement Cyprus Limited for consideration of €58,500,000 releasing a gain in the amount of €1,726,170.

(3) On 10 March 2012 the Company transferred 100% of Balkcem Limited to Titan Cement Cyprus Limited for consideration of €36,000,000 releasing a loss in the amount of €33,674.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. Investments in subsidiaries (continued)

(4) During 2011 the investment in Dancem Aps was increased by €1,800,000 due to the issuance of additional shares.

(5) On 5 January 2012, the Company exercised the option agreement dated 5 January 2012 for the acquisition of 45,265 class A shares representing 41.11% of total value €27,000,000 increasing its shareholding to 100% in Terret Enterprises Ltd. On 10 April 2012, the Company transferred 100% of Terret Enterprises Ltd to Titan Cement Cyprus Ltd for consideration of €57,550,000 realising a gain in the amount of €28,775.

(6) During 2011, 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.

(7) On 24 May 2012 the Company transferred 100% of Stari Silo Co Doo to Titan Cement Cyprus Limited for consideration of €600 realizing no gain/loss.

(8) On 1 June 2012 Themis Holdings Limited reduced its share premium by €825,026.

(9) On 22 June 2012 Alvacim Limited issued additional 8 600 ordinary shares of €1.71 each at a premium of €998.29 per share.

11. Trade and other receivables

	2012	2011
	€	€
Trade receivables	-	4,385
Receivables from own subsidiaries (Note 17.3)	-	200,159
Receivables from related companies (Note 17.3)	55,654	11,415
Loans receivable from related parties (Note 17.2)	236,122,979	1,629,478
Accrued income	-	6,329
Other receivables	-	2,300
	<u>236,178,633</u>	<u>1,854,066</u>

12. Cash and cash equivalents

Cash balances are analysed as follows:

	2012	2011
	€	€
Cash at bank and in hand	<u>28,547,650</u>	<u>5,985,760</u>
	<u>28,547,650</u>	<u>5,985,760</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.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

13. Share capital

	2012 Number of shares	2012 €	2011 Number of shares	2011 €
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>

14. Borrowings

	2012 €	2011 €
Current borrowings		
Loans from related companies (Note 17.3)	<u>-</u>	<u>1,003,125</u>
	<u>-</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 was unsecured, bears an interest rate of one month Euribor plus 1,30 % per annum and was repayable on demand. The interest expense for the year 2012 was €8,441 (2011: €3,125). The loan and interest was fully repaid in 2012.

15. Trade and other payables

	2012 €	2011 €
Accruals	802	6,496
Other creditors	<u>8,009,699</u>	<u>4,925</u>
	<u>8,010,501</u>	<u>11,421</u>

16. Current tax liabilities

	2012 €	2011 €
Corporation tax	22,400	62,162
Special contribution for defence	<u>-</u>	<u>949</u>
	<u>22,400</u>	<u>63,111</u>

17. Related party transactions

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

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other part in making financial and operating decisions and as such include companies which are ultimately controlled by a common management.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17. Related party transactions

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

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other part in making financial and operating decisions and as such include companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

17.1 Dividend income

	2012	2011
	€	€
Dividend income	<u>25,120,266</u>	<u>32,650,000</u>
	<u>25,120,266</u>	<u>32,650,000</u>

17.2 Loans due from related parties (Note 11)

	2012	2011
	€	€
Balance brought forward	248,379,478	216,490,378
Loan given	50,850,000	31,740,000
Loan repayment	(26,567,297)	(8,151,904)
Interest charge	<u>8,910,798</u>	<u>8,301,004</u>
	<u>281,572,979</u>	<u>248,379,478</u>
Due within one year	236,122,979	1,629,478
Due after one year	<u>45,450,000</u>	<u>246,750,000</u>
	<u>281,572,979</u>	<u>248,379,478</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 €235,050,000. Up to 31 December 2012 additional amounts drawn were €5,400,000 (2011: €31,740,000) and repaid €17,000,100 (2011: €8,151,904). The loan is unsecured, bears an interest rate of Euribor plus 1.30 % per annum. The capital is repayable due within one year. Interest is payable within one year. The total interest income for the year was €8,208,590 (2011: €8,301,004).

On 02 January 2012, the Company entered into a new loan facility €2,650,000 with Titan Global Finance Plc. Up to 31 December 2012, the amounts drawn were €2,650,000. The loan bears an interest rate of Euribor plus 3% per annum. The interest income for the year was €89,875. The capital is repayable by 02 January 2015 and interest is payable within one year.

On 22 June 2012, the Company entered into a new loan facility €55,000,000 with Titan Global Finance Ltd. Up to 31 December 2012 the amounts drawn were €42,800,000. The loan bears an interest rate of Euribor plus 3% per annum. The capital is repayable by 22 June 2015 and the interest is payable within one year. The interest income for the year was €612,333.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17. Related party transactions (continued)

17.3 Loans from related parties (Note 14)

<u>Name</u>	<u>Nature of transactions</u>	2012	2011
Payables to related party	Finance	€	€
		-	1,003,125
		-	1,003,125

17.4 Receivables from related companies (Note 11)

	<u>Terms</u>	2012	2011
Receivable from related company	Trading	€	€
Receivable from own subsidiaries	Finance	55,654	11,415
		-	200,159
		55,654	211,574

18. Contingent liabilities

As at 31 December 2012/ 2011 the Company had no contingencies.

19. Commitments

The Company had no capital or other commitments as at 31 December 2012.

20. Events after the reporting period

Cyprus and the Eurogroup reached an agreement on 25 March 2013 on a package of measures intended to restore the viability of the financial sector and sound public finances over the coming years.

As part of the measures for restructuring the financial sector, there will be a restructuring of two of the local banks. All insured depositors (those with deposits less than €100,000) in all banks will be fully protected in accordance with the relevant EU directive.

In addition, the Cypriot authorities will introduce administrative measures, appropriate in view of the present unique and exceptional situation of Cyprus' financial sector and to allow for a swift reopening of the banks as soon as possible. These administrative measures may include restrictions on cash withdrawals, compulsory renewal of maturing deposits and restrictions on capital movements. These measures will be temporary, proportionate and non discriminatory, and subject to strict monitoring in terms of scope and duration in line with the EU Treaty.

As of 31 December 2012 and the date of the approval of these financial statements, the Company holds bank assets domiciled in Cyprus but which are not affected by the above events, other than the temporary administrative measures described above.

Independent auditor's report on pages 3 and 4