ALEXANDRIA DEVELOPMENT LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2012

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Chris Ruark Gareth Essex-Cater Khaled Abdel Gelil Badawy Artemisia Antoniou Spyroulla Ioannou Papaeracleous
Independent Auditors:	Ernst & Young Cyprus Limited Certified Public Accountants & Registered Auditors 36 Byron Avenue 1511 Nicosia, Cyprus
Registered office:	22 Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8PX

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 activity of the Company is the holding of investments.

Review of current position, future developments and significant risks
The net profit for the Company for the year ended 31 December 2012 was €91,803,039 (2011: €45,929,351). On 31 December 2012 the total assets of the Company were €368,744,868 (2011: €368,771,472) and the net assets of the Company were €368,738,370 (2011: net assets €368,761,754). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results
The Company's results for the year are set out on page 5.

Dividends
During the year 2012 the Board of Directors approved the payment of an interim dividend of €91,826,423 (2011: €45,896,223).

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 the them were members of the Board 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
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,

Artemisia Antoniou
Director

Nicosia, Cyprus, 26 March 2013

Ernst & Young Cyprus Limited

Independent Auditor's Report

To the Members of Alexandria Development Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Alexandria Development 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, 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 Alexandria Development 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.

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
26 March 2013

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	Note	**2012** €	2011 €
Profit from investing activities	5	**91,845,859**	46,080,209
Administration expenses		**(33,823)**	(33,514)
Operating profit	6	**91,812,036**	46,046,695
Net finance costs	7	**(8,997)**	(117,344)
Net profit for the year		**91,803,039**	45,929,351
Other comprehensive income		**-**	-
Total comprehensive income for the year		**91,803,039**	45,929,351

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

STATEMENT OF FINANCIAL POSITION
31 December 2012

	Note	2012 €	2011 €
ASSETS			
Non-current assets			
Investments in subsidiaries	8	**368,455,306**	368,455,306
		368,455,306	368,455,306
Current assets			
Trade and other receivables	9	**-**	408
Cash and cash equivalents	10	**289,562**	315,758
		289,562	316,166
Total assets		**368,744,868**	368,771,472
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**367,169,784**	367,169,784
Retained earnings		**1,568,586**	1,591,970
Total equity		**368,738,370**	368,761,754
Current liabilities			
Trade and other payables	12	**6,498**	9,718
		6,498	9,718
Total equity and liabilities		**368,744,868**	368,771,472

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

....
Artemisia Antoniou
Director

....
Spyroulla Papaeracleous
Director

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

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2011	**367,169,784**	**1,558,842**	**368,728,626**
Net profit for the year	-	45,929,351	45,929,351
Dividends	-	(45,896,223)	(45,896,223)
Balance at 31 December 2011/ 1 January 2012	**367,169,784**	**1,591,970**	**368,761,754**
Net profit for the year	-	91,803,039	91,803,039
Dividends	-	(91,826,423)	(91,826,423)
Balance at 31 December 2012	**367,169,784**	**1,568,586**	**368,738,370**

CASH FLOW STATEMENT
Year ended 31 December 2012

	Note	2012 €	2011 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**91,803,039**	45,929,351
Adjustments for:			
Dividend income	5	**(86,943,172)**	(46,047,299)
Interest income	5	**(15,004)**	(9,943)
Cash flows from/(used in) operations before working capital changes		**4,844,863**	(127,891)
Decrease in trade and other receivables		**408**	159,515
Decrease in trade and other payables		**(3,220)**	(5,453)
Cash flows from operations		**4,842,051**	26,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**15,004**	9,943
Dividends received		**86,943,172**	46,047,299
Net cash flows from investing activities		**86,958,176**	46,057,242
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(91,826,423)**	(45,896,223)
Net cash flows used in financing activities		**(91,826,423)**	(45,896,223)
Net (decrease) /increase in cash and cash equivalents		**(26,196)**	187,190
Cash and cash equivalents:			
At beginning of the year		**315,758**	128,568
At end of the year	10	**289,562**	315,758

1. Incorporation and principal activities

Country of incorporation

The Company Alexandria Development Limited (the "Company") was incorporated in Jersey, Channel Islands on 19 March 1998 as a private limited liability Company. Its registered office is at 22 Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8PX.

Principal activities

The principal activity of the Company is the holding of investments.

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). 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 judgment 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

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2012. This 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.

Consolidated financial statements

These financial statements are 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". Consolidated financial statements can be obtained from Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

Subsidiary companies

2. Accounting policies (continued)

Subsidiary companies (continued)
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. An impairment loss recognised in prior periods is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. The reversal of an impairment loss is recognised in profit or loss.

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.

- **Dividend income**

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

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) <u>Functional and presentation currency</u>
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) <u>Transactions and balances</u>
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 statement of comprehensive income.

Tax

Profits arising in the Company for 2012 Year of Assessment are subject to Jersey Income Tax at a rate of 0% (2011: 0%).

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.

2. Accounting policies (continued)

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.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Impairment of assets

Assets, other than intangibles with indefinite useful lifes 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).

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.

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 balance sheet date. The Company has no significant exposure of credit risk as most of its receivables are with related parties.

3. Financial risk management (continued)

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 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
	€	€
Trade and other payables	6,498	6,498
	6,498	**6,498**

31 December 2011	Carrying amounts	3 months or less
	€	€
Trade and other payables	9,718	9,718
	9,718	**9,718**

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 and the Euro. As at 31 December 2012 US dollar denominated assets or liabilities were US$219,423 (2011: US$219,423). 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:

4. Critical accounting estimates and judgments (continued)

- **Impairment of investments in subsidiaries**

  The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Profit from investing activities

	2012	2011
	€	€
Interest income	**15,004**	9,943
Exchange profit	**4,887,683**	22,967
Dividend income (Note 13.2)	**86,943,172**	46,047,299
	91,845,859	46,080,209

6. Operating profit

	2012	2011
	€	€
Operating profit is stated after charging the following items:		
Directors' fees	**9,930**	8,414
Auditors' remuneration - current year	**6,000**	6,887
Auditors' remuneration - prior years	**(2,071)**	1,791

7. Finance costs

	2012	2011
	€	€
Net foreign exchange transaction losses	**8,309**	116,916
Sundry finance expenses	**688**	428
	8,997	117,344

8. Investments in subsidiaries

	2012	2011
	€	€
Balance at 1 January	**368,455,306**	368,455,306
Balance at 31 December	**368,455,306**	368,455,306

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	**2012 Holding %**	2011 Holding %	**2012 €**	2011 €
Alexandria Portland Cement Company	Egypt	Cement manufacturing	**88.03**	88.03	**368,455,306**	368,455,306
					368,455,306	368,455,306

During the year, the Company received a dividend of €86,943,172 (2011: €46,047,299) from Alexandria Portland Cement.

Alexandria Portland is a listed company in Cairo Stock exchange. Alexandria Portland is a subsidiary of the Company's ultimate parent Titan Cement SA. Certain group companies of Titan Cement SA own various percentage holdings in Alexandria Portland. Therefore it is the Group's policy to account for the sub-holdings in each group company's individual accounts at cost subject to impairment. The Group carried out an impairment test of the investment's relevant GCU as a whole and concluded that it's value in use is greater than it's carrying amount in the financial statements. At 31 December 2012 the market value of the shares based on quoted prices that the Company has in Alexandria Portland amount to €384m (2011: €357m).

In the opinion of the directors and management, the carrying amount of the investment in subsidiary is lower than its recoverable amount.

9. Trade and other receivables

	2012	2011
	€	€
Deposits and prepayments	-	408
	-	408

10. Cash and cash equivalents

	2012	2011
	€	€

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

	2012	2011
	€	€
Cash at bank and in hand	**289,562**	315,758
	289,562	315,758

11. Share capital

	2012 Number of shares	2012 €	2011 Number of shares	2011 €
Authorised				
Ordinary shares of €2 each	183,584,892	367,169,784	183,584,892	367,169,784
Issued and fully paid				
Balance at 1 January	183,584,892	367,169,784	183,584,892	367,169,784
Balance at 31 December	183,584,892	367,169,784	183,584,892	367,169,784

12. Trade and other payables

	2012 €	2011 €
Accruals	-	5,411
Other creditors	6,498	4,307
	6,498	9,718

13. Related party transactions

The Company is owned 83% by Titan Egyptian Investments Limited, incorporated in Jersey, Channel islands, which is in turn owned 100% by Iapetos Limited, incorporated in Cyprus.

Iapetos Limited is ultimately owned and controlled by Titan Cement SA, incorporated in Greece.

For the purpose of thsese 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 party in making financial or operating decisions and as such iunclude all companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

13.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2012 €	2011 €
Directors' fees	9,930	8,414
	9,930	8,414

13.2 Dividend income (Note 5)

	2012 €	2011 €
Dividend income	86,943,172	46,047,299
	86,943,172	46,047,299

14. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2012/2011.

15. Commitments

The Company had no capital or other commitments as at 31 December 2012/2011.

16. 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 auditor's report on pages 3 and 4