

BALKCEM LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2012

BALKCEM LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2012

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BALKCEM LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Michail Sigalas
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
Nicosia Tower Center
Nicosia 1511, Cyprus

Registered office:

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

BALKCEM 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, the provision of consultancy services to fellow group companies and the 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 of €26,706,278 in 2012 compared to €8,265,557 in 2011. The increase was mainly due to the higher dividend income received from its subsidiaries from €7,964,788 in 2011 to €26,484,841 in 2012. The total assets of the Company at 31 December 2012 were €41,999,750 compared to the total assets at 31 December 2011 of €23,186,428. The Board of Directors of the Company does not expect any significant changes in the activities of the Company for the foreseeable future.

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

Results and Dividends

The Company's results for the year are set out on page 6. The Board of Directors approved the payment of a dividend as detailed below and the remaining net profit for the year is retained.

Dividends

During the year 2012 the Board of Directors approved the payment of interim dividends of €7,884,841 for 2012 (2011: €8,000,000).

Share capital

Issued capital

On 9 March 2012, Company issued additional 2,733 ordinary shares of €1.71 each at a premium of €3,291.29 per share.

On 15 May 2012, the Company resolved to decrease its share premium by €8,999,769 by a court order.

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 21 to the financial statements.

BALKCEM LIMITED

REPORT OF THE BOARD OF DIRECTORS

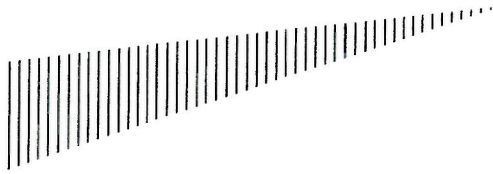
Independent Auditors

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 Balkcem Limited

Report on the financial statements

We have audited the accompanying financial statements of Balkcem 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 Balkcem 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.

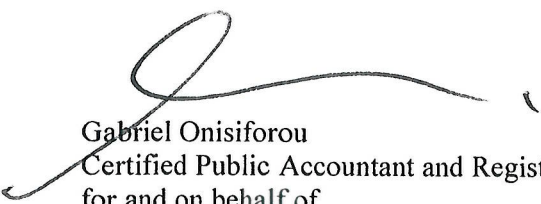
Report on Other Legal Requirements

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

BALKCEM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 €	2011 €
Revenue	5	275,350	505,366
Profit from investing activities	6	26,515,359	7,974,410
Administration expenses		(62,657)	(152,111)
Operating profit	7	26,728,052	8,327,665
Net finance (costs)/income	9	(9)	12
Profit before tax		26,728,043	8,327,677
Tax	10	(21,765)	(62,120)
Net profit for the year		26,706,278	8,265,557
Other comprehensive income		-	-
Total comprehensive income for the year		26,706,278	8,265,557

The notes on pages 10 to 19 form an integral part of these financial statements.

BALKCEM LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2012

	Note	2012 €	2011 €
ASSETS			
Non-current assets			
Investments in subsidiaries	12	<u>41,146,073</u>	22,546,073
		41,146,073	22,546,073
Current assets			
Receivables	13	20,729	107,219
Refundable taxes	17	46,890	46,890
Cash at bank and in hand	14	<u>786,058</u>	486,246
		853,677	640,355
Total assets		<u>41,999,750</u>	<u>23,186,428</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	18,694	14,020
Share premium		12,252,357	12,257,031
Retained earnings		<u>29,717,649</u>	10,896,212
Total equity		<u>41,988,700</u>	<u>23,167,263</u>
Current liabilities			
Trade and other payables	16	9,236	8,719
Current tax liabilities	17	<u>1,814</u>	10,446
		11,050	19,165
Total equity and liabilities		<u>41,999,750</u>	<u>23,186,428</u>

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

.....
Stelios Triantafyllides
Director

.....
Arta Antoniou
Director

The notes on pages 10 to 19 form an integral part of these financial statements.

BALKCEM LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2012

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2011		14,020	12,257,031	10,630,655	22,901,706
Net profit for the year		-	-	8,265,557	8,265,557
Dividends	11	-	-	(8,000,000)	(8,000,000)
Balance at 31 December 2011/ 1 January 2012		14,020	12,257,031	10,896,212	23,167,263
Net profit for the year		-	-	26,706,278	26,706,278
Issue of share capital	15	4,674	8,995,095	-	8,999,769
Reduction of share premium	15	-	(8,999,769)	-	(8,999,769)
Dividends	11	-	-	(7,884,841)	(7,884,841)
Balance at 31 December 2012		18,694	12,252,357	29,717,649	41,988,700

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.

The notes on pages 10 to 19 form an integral part of these financial statements.

BALKCEM LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	2012	2011
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,728,043	8,327,677
Adjustments for:		
Dividend income	6 (26,484,841)	(7,964,788)
Interest income	6 (30,518)	(9,622)
Cash flows from operations before working capital changes	212,684	353,267
Decrease in receivables	86,490	48,603
Increase/(decrease) in trade and other payables	516	(607)
Cash flows from operations	299,690	401,263
Tax paid	(30,396)	(51,686)
Net cash flows from operating activities	269,294	349,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments in subsidiaries	12 (18,600,000)	-
Interest received	30,518	9,622
Dividends received	26,484,841	7,964,788
Net cash flows from investing activities	7,915,359	7,974,410
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	4,674	-
Reduction of share premium	(4,674)	-
Dividends paid	(7,884,841)	(8,000,000)
Net cash flows used in financing activities	(7,884,841)	(8,000,000)
Net increase in cash and cash equivalents	299,812	323,987
Cash and cash equivalents:		
At beginning of the year	486,246	162,259
At end of the year	786,058	486,246

The notes on pages 10 to 19 form an integral part of these financial statements.

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. Incorporation and principal activities

Country of incorporation

The Company Balkcem Limited (the "Company") was incorporated in Cyprus on 7 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, the provision of consultancy services to fellow group companies and the 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 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 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

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

The Company has adopted the all 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 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.

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

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" 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.

Subsidiary companies

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

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

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.

Finance costs

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

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.

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

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.

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).

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/payables to related parties

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

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Comparatives

Where necessary, comparative figures have been 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. The Company has no significant concentrations of credit risk as most of its receivables are with related parties.

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 2012

	Carrying amounts	3 months or less
	€	€
Trade and other payables	<u>9,236</u>	<u>9,236</u>
	<u>9,236</u>	<u>9,236</u>

31 December 2011

	Carrying amounts	3 months or less
	€	€
Trade and other payables	<u>8,719</u>	<u>8,719</u>
	<u>8,719</u>	<u>8,719</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. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.4 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.

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3. Financial risk management (continued)

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. Revenue

	2012	2011
	€	€
Consultancy fees income (Note 18)	<u>275,350</u>	<u>505,366</u>
	<u>275,350</u>	<u>505,366</u>

6. Profit from investing activities

	2012	2011
	€	€
Interest income	30,518	9,622
Dividend income (Note 18)	<u>26,484,841</u>	<u>7,964,788</u>
	<u>26,515,359</u>	<u>7,974,410</u>

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

7. Operating profit

	2012	2011
	€	€
Operating profit is stated after charging the following items:		
Staff costs (Note 8)	36,664	121,857
Directors' fees	-	-
Auditors' remuneration	6,000	6,000

8. Staff costs

	2012	2011
	€	€
Wages and salaries	36,664	121,857
	<u>36,664</u>	<u>121,857</u>

9. Finance costs

	2012	2011
	€	€
Net foreign exchange transaction profits / (losses)	9	(12)
	<u>9</u>	<u>(12)</u>

10. Tax

10.1 Tax recognised in profit or loss

	2012	2011
	€	€
Corporation tax - current year	17,178	60,894
Corporation tax - prior years	10	-
Defence contribution - current year	4,577	1,226
Charge for the year	<u>21,765</u>	<u>62,120</u>

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	26,728,043	8,327,677
Tax calculated at the applicable tax rates	2,672,804	832,768
Tax effect of allowances and income not subject to tax	(2,655,626)	(797,441)
Defence contribution current year	4,577	1,226
Prior year tax	10	-
Overseas tax in excess of credit claim used during the year	-	25,567
Tax charge	<u>21,765</u>	<u>62,120</u>

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. Tax (continued)

10.2 Tax recognised in other comprehensive income

	2012	2011
	€	€
Total income tax recognised in other comprehensive income	<u>-</u>	<u>-</u>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% 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).

11. Dividends

	2012	2011
	€	€
Interim dividend paid	<u>7,884,841</u>	<u>8,000,000</u>
	<u>7,884,841</u>	<u>8,000,000</u>

During the year 2012 the Board of Directors approved the payment of interim dividends of €7,884,841 for 2012 (2011: €8,000,000).

12. Investments in subsidiaries

	2012	2011
	€	€
Balance at 1 January		
Additions	<u>22,546,073</u>	22,546,073
Balance at 31 December	<u>41,146,073</u>	<u>22,546,073</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2012	2011	2012	2011
			<u>Holding</u>	<u>Holding</u>	€	€
			<u>%</u>	<u>%</u>		
Titan Cement Netherlands B.V.	Netherlands	Production of cement	86.01	86.01	22,546,073	22,546,073
Holtitan B.V. (100%)	Netherlands	Holding Company	100	-	<u>18,600,000</u>	-
					<u>41,146,073</u>	<u>22,546,073</u>

On 18 May 2012, 100% of Holtitan BV a Company incorporated in Netherlands, was acquired by the Company for a consideration of EUR 18,600,000.

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

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

13. Receivables

	2012	2011
	€	€
Receivables from related companies (Note 18)	18,100	103,575
Accrued income	-	565
Other receivables	-	3,000
Refundable VAT	2,629	79
	<u>20,729</u>	<u>107,219</u>

14. Cash at bank and in hand

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

	2012	2011
	€	€
Cash at bank and in hand	<u>786,058</u>	<u>486,246</u>
	<u>786,058</u>	<u>486,246</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and US\$ and carry annual interest 4% per annum.

15. Share capital

	2012	2012	2011	2011
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1.71 each	<u>20,000</u>	<u>34,200</u>	<u>20,000</u>	<u>34,200</u>
Issued and fully paid				
Balance at 1 January	8,199	14,020	8,199	14,020
Issue of shares	<u>2,733</u>	<u>4,674</u>	-	-
Balance at 31 December	<u>10,932</u>	<u>18,694</u>	<u>8,199</u>	<u>14,020</u>

Issued capital

On 9 March 2012, Company issued additional 2,733 ordinary shares of €1.71 each at a premium of €3,291.29 per share.

On 15 May 2012, the Company resolved to decrease its share premium by €8,999,769 by a court order.

16. Trade and other payables

	2012	2011
	€	€
Accruals	707	5,200
Other creditors	<u>8,529</u>	<u>3,519</u>
	<u>9,236</u>	<u>8,719</u>

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17. Refundable taxes

	2012	2011
	€	€
Corporation tax	(46,890)	(46,890)
Special contribution for defence	4	88
Withholding tax	1,810	10,357
	<u>(45,076)</u>	<u>(36,445)</u>

18. Related party transactions

The Company is owned 100% by Titan Cement Cyprus Ltd which is in turn owned 100% by Aemos Cement Limited, both companies incorporated in Cyprus. The Company's ultimate controlling party is Titan Cement S.A. incorporated in Greece.

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 party in making financial or operating decisions and as such include all companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

18.1 Dividend income

	2012	2011
	€	€
Dividend income	26,484,841	7,964,788
	<u>26,484,841</u>	<u>7,964,788</u>

During the year 2012, the Company received dividends of €26,484,841 (2011: €7,964,788) from its subsidiary.

18.2 Sales of goods and services

	2012	2011
	€	€
Sub-subsidiary undertaking (Note 5)	275,350	505,366
	<u>275,350</u>	<u>505,366</u>

18.3 Receivables from related parties (Note 13)

Name	Nature of transactions	2012	2011
		€	€
Receivable from sub-subsidiary undertaking	Consultancy services	18,100	103,575
		<u>18,100</u>	<u>103,575</u>

19. Contingent liabilities

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

20. Commitments

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

BALKCEM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

21. 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 4 and 5