FINTITAN S.R.L. SOCIETA' UNIPERSONALE

REPORTING FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2012

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Viale Appiani, 20/b
31100 Treviso

Tel. (+39) 0422 358811
Fax (+39) 0422 433026
www.ey.com

INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of
FINTITAN S.r.l. Società Unipersonale

We have audited the accompanying financial statements of FINTITAN S.r.l. Società Unipersonale, which comprise the balance sheet as at December 31, 2012, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of FINTITAN S.r.l. Società Unipersonale in accordance with the Titan Group accounting principles and policies, as detailed in the explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of FINTITAN S.r.l. Società Unipersonale for the year ended December 31, 2012 are prepared, in all material respects, in accordance with the Titan Group accounting principles and policies, as detailed in the explanatory notes to the financial statements.

Reconta Ernst & Young S.p.A.
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Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared by FINTITAN S.r.l. Società Unipersonale for the sole purpose of consolidation into the Titan Cement Company S.A. group financial statements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for FINTITAN S.r.l. Società Unipersonale and Titan Cement Company S.A. and should not be distributed to or used by parties other than FINTITAN S.r.l. Società Unipersonale or Titan Cement Company S.A..

Treviso-Italy

March 12, 2013

Reconta Ernst & Young SpA

Contents

Statement of Financial Position as at December 31, 2012

(all amounts in Euro thousands)	**Notes**	**December 31, 2012**	**December 31, 2011**
ASSETS			
Tangible assets	(3)	121	149
Intangible assets	(4)	1	1
Deferred tax assets	(5)	219	239
Total non-current assets		**341**	**389**
Inventories	(6)	51	182
Trade receivables	(7)	4,270	5,001
Other current assets	(8)	181	249
Cash and cash equivalents	(9)	222	303
Total current assets		**4,724**	**5,735**
Total assets		**5,065**	**6,124**
LIABILITIES AND EQUITY			
QUOTAHOLDER'S EQUITY			
Quota capital		4,053	4,053
Other reserves (IFRS Reserves)		(10)	(14)
Accumulated losses		(1,509)	0
Other reserves		1	1
Profit (loss) of the year		10	(1,506)
Total Quotaholder's Equity	(10)	**2,545**	**2,534**
LIABILITIES			
Retirement benefit obligation	(11)	68	60
Total non-current liabilities		**68**	**60**
Trade payables	(12)	2,276	3,272
Other current liabilities	(13)	176	258
Total current liabilities		**2,452**	**3,530**
Total liabilities		**2,520**	**3,590**
Total liabilities and equity		**5,065**	**6,124**

Income Statement for the year ended December 31, 2012

(all amounts in Euro thousands)	**Notes**	**2012**	**2011**
Net Sales		11,063	11,284
Other Revenues		35	-
Total Revenues	(14)	**11,098**	**11,284**
Cost and expenses			
Cost of sales	(15)	(9,230)	(11,015)
General and administrative expenses	(16)	(325)	(280)
Selling expenses	(17)	(1,491)	(1,461)
Total costs and expenses		**(11,046)**	**(12,756)**
Operating Profit		**52**	**(1,472)**
Interest expenses, net	(18)	(2)	(34)
Income before taxes		**50**	**(1,506)**
Income taxes	(19)	(40)	-
Profit (loss) for the year		**10**	**(1,506)**

Statement of changes in equity for the year ended December 31, 2012

(All amounts in Euro thousands)	**Quota capital**	**Contribution for loss coverage**	**Accumulated losses**	**Other reserves**	**Other reserves (IFRS Reserve)**	**Result for the period**	**Total Equity**
Balances at December 31, 2010	**1,491**	**1,279**	**(311)**	**-**	**(7)**	**(1,503)**	**949**
Imputation of the loss of previous year			(1,503)			1,503	-
Accumulated losses coverage	(538)	(1,279)	1,814	3			-
Capital increase (after quotaholder's meeting March 14, 2011)	2,000						2,000
Capital increase (after quotaholder's meeting September 9, 2011)	1,100						1,100
Other reserves (IFRS Reserve)				(2)	(7)		(9)
Loss for the year ended December 31, 2011						(1,506)	(1,506)
Balances at December 31, 2011	**4,053**	-	-	**1**	**(14)**	**(1,506)**	**2,534**
Imputation of the loss of previous year			(1,506)			1,506	0
Other reserves (IFRS Reserve)			(3)		4		1
Profit for the year ended December 31, 2012						10	10
Balances at December 31, 2012	**4,053**	-	**(1,509)**	**1**	**(10)**	**10**	**2,545**

Cash Flow Statement for the year ended December31, 2012

(All amounts in Euro thousands)	**2012**	**2011**
Profit (loss) for the year	10	(1,506)
Adjustment to reconcile net loss to net cash provided by operating activity:		
Amortization of intangible assets	2	3
Depreciation of tangible assets	42	46
Provision for retirement benefit	8	5
Provision for inventory obsolescence	(2)	(44)
Deferred tax assets	20	-
Changes in operating assets and liabilities:		
Inventories	133	308
Trade receivables	730	(1,830)
Other current assets	68	97
Trade payables	(996)	(301)
Other current liabilities	(82)	171
Cash flow from operating activities	**(66)**	**(3,051)**
IFRS Reserve	1	(9)
Purchases of fixed assets	(15)	(8)
Purchases of intangible assets	(1)	(2)
Cash flow from investing activities	**(15)**	**(19)**
Share capital paid by shareholders	-	3,100
Cash flow from financing activities	**-**	**3,100**
Increase (decrease) in cash	**(81)**	**30**
Cash and cash equivalents at beginning of the year	303	273
Cash and cash equivalents at the end of the year	**222**	**303**

Explanatory Notesto Financial Statements for the year ended December 31,2012

1. General information and summary of significant accounting policies

Fintitan S.r.l. SocietàUnipersonale ("Fintitan" or the "Company") is a wholly owned subsidiary of Titan Cement Company S.A. and is engaged in thedistribution of cement in the North of Italy. The Company is a limited liability company incorporatedand domiciled in Italy.

TheCompany buys the cement from the Parent CompanyTitan Cement Company S.A. located in Greece.

Going concern concept

The Company obtaineda net profitof Euro 10 thousand for the year ended December 31, 2012but experienced significant losses in the previous years.As a consequence, the Company's ability to continue as a going concern depend on the financial support of the parent company Titan Cement Company S.A..

Management is informed that Titan Cement Company S.A. understand that the going concern concept is only applicable to the "Company" as long as the Parent Company continues to financially support Fintitan. This support is a firm commitment of the Parent Company and consists of continuing to provide the Company with adequate funds to enable it to continue operations and covering the losses that might be reported in the statutory financial statements.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.1 Basis of preparation

These special purposes financial statements have been preparedby Company's management for purposes of consolidation into the Titan Cement Company S.A. consolidated financial statements, in accordance with the Titan Group accounting principles and policies for consolidation.As a result, these special purposes financial statements are not a complete set of financial statements of Fintitan in accordance with International Financial Reporting Standards as adopted by Titan Cement Company S.A. and do not include all the information and disclosures required by International Financial Reporting Standards. The specified forms may, therefore, not be suitable for another purpose.

The only non adopted Titan Group accounting principle is IAS 19, as the Retirement benefits obligation is accounted for under Italian GAAP. However the effect of such non compliance with the Titan Group accounting principles and policies for consolidation is estimated to be not significant.

The financial statement consists of balance sheet, income statement, statement of changes in equity and cash flow statement and a summary of significant accounting policies and other explanatory information.

These financial statements have been prepared under the historical cost convention basis and are expressed in Euro, rounded off to the thousand unless otherwise stated.

We draw attention to the fact that the statutory financial statements have not been finalized yet. Legal requirement allows the Company to finalize the statutory financial statements by the end of March 2013.

1.2 Changes in accounting policies

No changes in accounting policies adopted bythe Titan Group, comprising group accounting principles and disclosures are applicable to these special purposes financial statements. So the principal accounting policies adopted in the preparation of these special purposes financial statements are consistent with those adopted in the previous year.

1.3 Tangible assets

Tangible assets are stated at historical cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Subsequent costs are depreciated over the remaining useful life of the related asset or to the date of the net major subsequent cost whichever is the sooner. Depreciation is calculated on the straight-line method to write off bring the assets to their residual values over their estimateduseful lives as follows:

Machinery and equipment	12-15%
Office equipment and furniture	12-20%
Other assets	12-20-100%
Improvement on tangible assets owed by third parties	Over the rental period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.
Interest costs on borrowings specifically used to finance the construction of property, plant and equipment are capitalised during the construction period.

1.4 Intangible assets

Computer software
Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. The cost of separately acquired software, which comprises its purchase price and any software for its intended use, is recognized as an intangible asset, when it concerns an identifiable and unique software product which will generate economic benefits beyond one year. Computer software costs recognized as intangible assets are amortized using the straight-line method over their useful lives (five years).

1.5 Impairment of long lived assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised, as an expense immediately, 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 determined by comparable transactions less costs to sell and value in use as determined by discounted cash flows. Assets are grouped at the lowest possible levels.

1.6 Leases – where the Company is thelessee

Leases where all the risks and rewards of ownershipare retained by the lessor are classifiedas operating leases. Payments made under operatingleases (net of any incentives receivedfrom the lessor) are charged to the incomestatement on a straight-line basis over the periodof the lease.

Leases of tangible assets wherethe Company has substantially all the risks andrewards of ownership are classified as financeleases. Finance leases are capitalised at theinception of the lease at the lower of the fairvalue of the leased property or the present valueof the minimum lease payments. Each leasepayment is allocated between the liability andfinance charges so as to achieve a constant rateon the finance balance outstanding. The correspondingrental obligations, net of financecharges, are included in liabilities. The interestelement of the finance cost is charged to the income statement over the lease period so as toproduce a constant periodic rate of interest onthe remaining balance of the liability for eachperiod. Tangible assets acquiredunder finance leases are depreciated over theuseful life of the asset or the lease term.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined usingthe weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.
Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in cost of sales in the period in which the write-downs or losses occur.

1.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortisedcost using the effective interest method, less provision for impairment. A provision for impairmentof trade receivables is established when there is objective evidence that the company will not be able to collect all of the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in other expenses in the income statement.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, othershort-term highly liquid investments with original maturities of three months or less, and bankoverdrafts. Bank overdrafts are included within borrowings in current liabilities on the statementof financial position. The components ofcash and cash equivalents have a negligible riskof change in value.

1.10 Income taxes

Current income tax is calculated using the estimated taxable income along with the Italian tax law. The income tax charge consists of the current income tax calculated upon the results of the company, as it has been reformed in its taxation return applying the applicable tax rate.
Deferred income tax is provided in full using the balance sheet liability method, on temporarydifferences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised onlyto the extent that is it probable that taxableprofits and reversals of deferred tax liabilitieswill be available against which deductible temporarydifferences can be utilised.Deferred income taxation is determined usingtax rates that have been enacted on the statementof financial position date and are expectedto apply when the related deferred income taxasset is realised or the related deferred incometax liability is settled. Deferred tax is charged orcredited in the income statement, except whenit relates to items credited or charged directlyto equity, in which case the deferred tax is alsopresented in equity.

1.11 Employee benefits

<u>*Termination benefits*</u>
The liability for termination indemnities relates to the Company's employees.In accordance with the Italian severance pay statutes, an employee benefit is accrued for service to date and is payable immediately upon separation. The termination indemnity liability is calculated in accordance with local civil and labour laws based on each employee's length of service, employment category and remuneration.The termination liability is adjusted annually according to cost of living index provided by the Italian Government.There is no vesting period or funding requirement associated with the liability.The liability recorded in the balance sheet is the amount that the employee would be entitled to if the employee separates immediately.

1.12 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 expectsa provision to be reimbursed, for example under an insurance contract, the reimbursementis recognised as a separate asset but only when the reimbursement is virtually certain.
The Company recognises a provision for onerous contracts when the benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the company becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Company are not provided in advance.
Long-term provisions are determined by discountingthe expected future cash flows and taking the risks specific to the liability into account.

1.13 Revenue recognition

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts. Revenue from the sale ofgoods is recognised when significant risks andrewards of ownership of the goods are transferredto the buyer (usually upon delivery and customer acceptance) and the realization of therelated receivable is reasonably assured.
Revenue arising from services is recognised onan accrual basis in accordance with the substanceof the relevant agreements.Interest income is recognised on a time proportion basis, taking account of the principal outstandingand the effective rate over the periodto maturity, when it is determined that such income will accrue to the Company.

2. Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimations and judgments that affect the reported disclosures. On an ongoing basis, management evaluates its estimates, including those related to the estimated useful life of non financial assets, impairment of tangible and intangible assets. 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. These management's estimation and assumptions form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. 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.

2.1 Income taxes

Significant judgment is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

2.2 Useful lives of Tangible assets

In addition, management makes estimations in relation to useful lives of amortized assets.

2.3 Contingent liabilities

The existence of contingent liabilities requires from management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Company.

3. Tangible assets

The net book value of the Tangible assets as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	December 31, 2012	December 31, 2011
Furniture and fixtures	6	7
Machinery and equipment	9	11
Improvement on tangible assets owed by third parties	106	131
Total tangible assets	**121**	**149**

Movements of costs of Tangible assets for the year ended December 31, 2012consist of:

(Thousands of Euro)	January 1, 2012	Additions	Reclassification	Disposals	December 31, 2012
Furniture & fixtures	109	3	-	-	112
Machinery and equipment	1,849	1	-	-	1,850
Transportation equipment	78		-	-	78
Improvement on tangible assets owed by third parties	610	10	-	-	620
Total	**2,646**	**14**	**-**	**-**	**2,660**

Movements of accumulated depreciation of Tangible assets for the year ended December 31, 2012 consist of:

(Thousands of Euro)	**January 1, 2012**	**Depreciation**	**Reclassification**	**Disposals**	**December 31, 2012**
Furniture & fixtures	102	4	-	-	106
Machinery and equipment	1,838	3	-	-	1,841
Transportation equipment	78	-	-	-	78
Improvement on tangible assets owed by third parties	479	35	-	-	514
Total	**2,497**	**42**	**-**	**-**	**2,539**

4. Intangible assets

The net book value of the Intangible assets as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Software and Trademarks registered	1	1
Total intangible assets	**1**	**1**

The intangible assetsinclude software costs, which are amortized over a 5 years period.

5. Deferred tax assets

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
IRES deferred tax assets	219	239
IRAP deferred tax assets	-	-
Total deferred tax assets	**219**	**239**

Deferred tax assets as at December 31, 2012related tothe tax lossesreported in the previous yearsand carried forward. Under Italian tax law, tax losses matured from the fiscal year 2006 can be used to offset future taxable profit without any time limit.

No income tax asset has been recognised on the tax loss reported in the year 2010 and 2011 and carriedforward, amounting to Euro2,950 thousand.

6. Inventories

Inventories as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Stock in hand	70	203
Provision for obsolescence	(19)	(21)
Total inventories	**51**	**182**

The decrease of inventories amountcompared toprior year is mainly due to the lower quantities in stock as at December 31, 2012 also as a consequence of significant sales of cement in the last months of the year to Cementi Crotone S.r.l..

Provision for obsolescence refers mainly to cement which is no longer saleable due to physical deterioration.

7. Trade receivables

Trade receivables as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Trade receivables	4,430	5,161
Provision for doubtful account	(160)	(160)
Total trade receivables	**4,270**	**5,001**

Trade receivables decreasedcompared to prior year, mainly as a consequence of the decreasein net sales of cement. In addition, starting from September 2012 the Company transferred three important customers to Cementi Crotone S.r.l..

Trade receivables include a receivable from Cementi Crotone S.r.l. of Euro1,323thousand and a receivable from CementiAnteaS.r.l. of Euro 12 thousand.
Cementi Crotone S.r.l. and CementiAnteaS.r.l. are Titan Group entities.

The provision for doubtful accounts amounts to Euro160 thousandas inprior year. The provision is considered to be adequate to cover any potential risks for bad debts. During the year the provision has not been used as the Company did not write off any receivable.

8. Other current assets

Other current assets as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Prepayments	168	215
Other	13	34
Total other current assets	**181**	**249**

Prepayments represent the amount paid in advance in 2005 for the renewal of the plant lease contract. The new lease contract began on January 1, 2006 and expires on December 31,2015. The cost paid in advance in 2005 was therefore deferred as prepayments and is charged to the income statement along the duration of the lease contract.

9. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Cash	1	-
Bank accounts	221	303
Total cash and cash equivalents	**222**	**303**

There are no restrictions over the use of bank accounts. Bank accounts include money deposited with financial institution that can be withdrawn without notice.

10. Quotaholder’sequity

Following the resolutions of theQuotaholder’s meeting held on April 27, 2012, the net loss of Euro 1,506 thousand for the year ended December 31, 2011 has been carried forward.

As thenet accumulated losses at December 31, 2011 and 2012 are higher than 1/3 of the quota capital, according to the Italian law, it is mandatory for the Quotaholder to reduce the quota capital accordingly or to cover the accumulated loss as at December 31, 2012 exceeding the 1/3 of the quota capital. This decision has to be taken by the Quotaholder’s meeting that is going to approve the statutory financial statements as of December 21, 2012.

11. Retirement benefit obligations

The following table shows the change in the retirement benefit obligation(employeestermination indemnities) for the year ended December 31, 2012 and 2011:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Termination indemnities at the beginning of the year	60	56
Provisions	18	16
Utilizations	(10)	(12)
Total retirement benefit obligation	**68**	**60**

The amount showed as retirement benefit obligation (TFR) was not calculated in accordance with IAS 19 requirements. The amount is defined according to the Italian law.

The table below states the number of employees at December 31, 2012 and 2011:

	December 31, 2012	**December 31, 2011**
Workers	4	4
Employees	3	3
General manager	1	1
Total number of employees	**8**	**8**

12. Trade payables

Trade payables as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	December 31, 2012	December 31, 2011
Trade payables to third parties	168	175
Trade payables to Titan Cement Company S.A.	2,108	2,529
Trade payables to Antea Cement SH.A.	-	568
Total trade payables	**2,276**	**3,272**

The amount of trade payables to third parties is in line with prior year.

Trade payables to Titan Cement Company S.A. (Parent Company) as of December 31, 2012consisted of payables for purchases of cement.

In 2012 the Company did not buy cement from Antea Cement SH.A., a Titan Group entity located in Albania.

13. Other current liabilities

Other current liabilities as of December 31, 2012 and 2011 consisted of:

(Thousands of Euro)	December 31, 2012	December 31, 2011
VAT Payables	60	170
Salaries and wages payable	56	51
Social security contributions payable	34	28
Current tax liabilities	19	-
Other	7	9
Total other current liabilities	**176**	**258**

Payables to social security institutions included chief executive officer'sand employees' contributions due to social security institutions in relation to December wages, salaries and agents' commissions.

Other current liabilities included employee untaken vacation settled in the following year.

14. Net sales

Net sales decreasedcompared to the prior year. The decreasewas primarily due to the decreasein quantities sold (198,020 tons in 2012 versus 230,768 tons in 2011) despite the increasein the average selling price (55.9 Euro/tons in 2012 versus 48.8 Euro/tons in 2011).
The sales to the top ten clients accounts for 86% of Company's sales for the year 2012.

15. Cost of sales

The breakdown of the cost of sales for the years 2012 and 2011can be detailed as follows:

(Thousands of Euro)	**2012**	**2011**
Merchandise	8,954	10,602
Changes in inventory	130	264
Taxes and duty	72	101
Insurance	26	35
Transportation	-	13
Disposal costs	48	-
Total Cost of sales	**9,230**	**11,015**

Cost of sales decreased compared to prior year. The decrease was primarily due to the decrease in quantities purchased and to the reduction of purchase price starting from August 2012.

The direct costs attributable to the cost of sales are insurance, taxes and duty costs.

The "Merchandise" wasbought entirelyfrom Titan Cement Company S.A..Therefore the entire amount of merchandise is to be considered as a related party transaction.

16. General and administrative expenses

General and administrative expenses for the years 2012 and 2011 consisted of:

(Thousands of Euro)	**2012**	**2011**
Salaries	70	64
Legal and audit expenses	53	47
Other advice	26	35
General manager	48	25
Other expenses	33	23
Technical advice	26	20
Social security on salaries	21	19
Energy, gas & water	10	9
Insurance	8	8
Cleaning expenses	6	6
Phone and postal expenses	6	5
Petty consumable material	3	5
Provision for retirement benefit	5	5
Depreciation of tangible	4	3
Refectory costs	4	3
Amortization of intangible	2	3
Total General and administrative expenses	**325**	**280**

17. Selling expenses

Selling expenses for the years 2012 and 2011 consisted of:

(Thousands of Euro)	**2012**	**2011**
Rental	833	818
Wages	128	129
Transportation	83	95
Maintenance	41	65
Energy, gas & water	49	49
Social security on wages	45	45
Depreciation of tangible assets	38	43
Insurance	30	37
Selling salaries	33	34
Fuel costs	27	27
General manager	49	25
Technical advice	26	22
Other expenses and advice	11	17

Other rental	20	15
Provision for retirement benefit	12	12
Social security on selling salaries	11	11
Losses on receivables	31	-
Refectory costs	7	8
Phone and postal expenses	5	-
Petty consumable material	2	3
Trip costs	2	3
Legal advice	-	1
Other advice	8	1
Gift	-	1
Total Selling expenses	**1,491**	**1,461**

18. Interest expenses

Interest expenses net for the years 2012 and 2011 are detailed as follows:

(Thousands of Euro)	**2012**	**2011**
Interest on Intercompany short-term loan	-	35
Other	(2)	(1)
Total Interest expenses, net	**(2)**	**34**

19. Income taxes

The income taxes are calculated on actual tax rate basis. Tax rates used to calculate IRES tax (corporate tax on income) and IRAP tax (regional tax on “added value”) are 27.5% and 3.9% respectively.

For the years 2011 no income taxes were charged, as the Company reported income tax losses both for IRES and IRAP tax purposes.

The years since 2008 are open for examination by the Tax Authorities.

20. Commitment and contingencies

Financial and operating Lease Agreements

The Group entered into an operatinglease agreement with FabbricaConcimiS.r.l. regarding the lease of its plant. The amount of future lease payments under non-cancellable leases as of December 31, 2012amounted to Euro3,272 thousand (at December 31, 2011Euro3,272 thousand).

The Group entered into operating lease agreements regarding motor-vehicles. The amount of future lease payments as of December 31, 2012amounted to Euro22thousand (Euro22 thousand as of December 31, 2011).

The amounts of future lease payments under non-cancellable operating leases as of December 31, 2012 and 2011are as follows:

(Thousands of Euro)	**December 31, 2012**	**December 31, 2011**
Within one year		832
After one year but no more than five years		2,462
Total		**3,294**

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21. Related parties

The following table provides details of the effects of transactions with related parties.

	Sales		**Purchases**		**Receivables**		**Payables**	
	Year ended December 31,							
(Thousands of Euro)	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Titan Cement Company S.A.	-	-	8,954	8,073	-	-	2,108	2,529
Antea Cement SH.A.	-	-	-	2,529	-	-	-	568
Cementi Antea S.r.l.	-	10	-	-	12	32	-	-
Cementi Crotone S.r.l.	1,093	3	-	-	1,323	4	-	-
Total	**1,093**	**13**	**8,954**	**10,602**	**1,335**	**36**	**2,108**	**3,097**

22. Events after the reporting period

No significant event to be highlighted has occurred after December 31, 2012.

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