

Titan Cement UK Limited

**Annual report and financial statements
for the year ended 31 December 2012**

Registered number: 02209994

Titan Cement UK Limited

Annual report and financial statements for the year ended 31 December 2012

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Titan Cement UK Limited

Company information

| | |
|-----------------------------|---|
| Directors: | N Vlassopoulos D Hadjicostantis (resigned 1 January 2012) C Gkikas E Voulgaridis G Krystallidis (appointed 1 August 2012) |
| Secretary: | Rollits Company Secretaries Limited |
| Registered Auditors: | Ernst & Young LLP 24 Marina Court Castle Street Hull HU1 1TJ |
| Bankers: | Bank of America PO Box 407 5 Canada Square London E14 5AQ |
| Solicitors: | Rollits Wilberforce Court High Street Hull HU1 1YJ |
| Registered office: | No. 12 Shed King George Dock Hull HU9 5PR |
| Registered number: | 02209994 |

Titan Cement UK Limited

Directors' report

for the year ended 31 December 2012

The directors present their annual report and audited financial statements for the year ended 31 December 2012.

Principal activity

The principal activity of the company during the year is related to imports and commercialisation of cement.

The company is a limited liability company, domiciled and incorporated in the United Kingdom. The registered office and principal place of business is No. 12 Shed, King George Dock, Hull, HU9 5PR, United Kingdom.

Business review

2012 has been a difficult year due to general market conditions, resulting from the economic slow down.

During the year trade receivables of £235,298 were impaired and provided for. The provision was included in 'administrative expenses' in the statement of comprehensive income.

The board has assessed that the key performance indicators that are the most effective indicators of achieving company objectives include:

Gross return on sales - gross profit as a percentage of revenue
Net return on sales - total comprehensive income as a percentage of revenue
Free cash flow - net increase in cash less tax charge for the year

The company's key performance indicators during the year were as follows:

| | 2012 | 2011 | Change |
|--------------------------------------|------------------|-----------|-----------|
| | £ | £ | % |
| Gross profit | 1,114,490 | 1,583,308 | (29.6) |
| Gross return on sales | 14.8 % | 19.6% | (24.4) |
| Total comprehensive (expense)/income | (250,378) | 382,459 | (165.5) |
| Net return on sales | (3.3)% | 4.7% | (170.2) |
| Free cash flow | (326,800) | 34,034 | (1,060.2) |

In 2013, the company has targeted the improvement of its presence and activity in the local market by adopting competitive trade terms and by capitalizing its sound financial structure.

Principal risks and uncertainties

The company has carried out a formal exercise to identify and assess the impact of various risks on its business. The more significant risks and uncertainties faced by the company, in line with the rest of the industry were identified as customer retention, margins and profitability, and competition. These risks were mitigated by the adoption of competitive pricing policies, effective credit policy and customer diversification.

Financial risk management

The company's operations expose it to a variety of financial risks. Please see note 2 to the financial statements for further information.

Titan Cement UK Limited

Directors' report

for the year ended 31 December 2012

Future developments

Adverse market conditions made 2012 a difficult year for the company. In 2013, the company shall continue to apply existing and new marketing policies with the aim to increase its revenue and market share.

Going concern

The company continues to benefit from professional marketing and credit risk policies, assisting in securing and in improvement of its market position and quality of customer base. As a result, the company is expected to further secure profitable operations in the forthcoming year, further improving its financial position. This expectation is based on the forecasts and has been further documented by the company's business plan and master budget.

Results and dividends

Total comprehensive expense for the year amounted to £250,378 (2011: Total comprehensive income £382,459). The directors do not recommend the payment of a dividend for the year (2011: £Nil).

Directors

The directors who served during the year and up to the date of signing this report were:

N Vlassopoulos
D Hadjicostantis (resigned 1 January 2012)
C Gkikas
E Voulgaridis
G Krystallidis (appointed 1 August 2012)

Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, providing that all terms and conditions have been complied with.

At 31 December 2012, the company had an average of 66 days purchases outstanding in trade creditors (2011: 20 days).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Titan Cement UK Limited

Directors' report

for the year ended 31 December 2012

Auditors

In the absence of any notice proposing to terminate their appointment, Ernst & Young LLP will be deemed to be reappointed for the next financial year. Ernst & Young LLP, have indicated their willingness to continue in office.

This report was approved by the board on _____ and signed on its behalf by:

C Gkikas
Director

Titan Cement UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS's as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Titan Cement UK Limited

Independent auditor's report to the members of Titan Cement UK Limited

We have audited the financial statements of Titan Cement UK Limited for the year ended 31 December 2012 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cashflows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Titan Cement UK Limited

Independent auditor's report to the members of Titan Cement UK Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Frostick (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull
Date:

Titan Cement UK Limited

Registered no: 02209994

Statement of financial position

as at 31 December 2012

| | Note | 2012 £ | 2011 £ |
|--|------|------------------|-----------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 112,639 | 133,056 |
| Investment in subsidiary undertaking | 5 | 2 | 2 |
| | | 112,641 | 133,058 |
| Current assets | | | |
| Inventories | 7 | 1,152,664 | 1,948,676 |
| Current income tax receivable | | 130 | - |
| Trade and other receivables | 8 | 1,331,177 | 1,502,373 |
| Cash and cash equivalents (excluding bank overdraft) | 9 | 1,192,009 | 1,517,575 |
| | | 3,675,980 | 4,968,624 |
| Total assets | | 3,788,621 | 5,101,682 |
| Equity and liabilities | | | |
| Equity attributable to owners of the parent | | | |
| Ordinary shares | 10 | 2,200,000 | 2,200,000 |
| Retained earnings | 11 | 563,046 | 405,794 |
| Total equity | | 2,763,046 | 2,605,794 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income tax liabilities | 12 | 17,186 | 21,548 |
| Current liabilities | | | |
| Borrowings | 13 | 5,709 | - |
| Trade and other payables | 14 | 1,002,680 | 2,396,890 |
| Current income tax liabilities | | - | 77,450 |
| | | 1,008,389 | 2,474,340 |
| Total liabilities | | 1,025,575 | 2,495,888 |
| Total equity and liabilities | | 3,788,621 | 5,101,682 |

The notes on pages 12 to 27 are an integral part of these financial statements.

The financial statements on pages 8 to 27 were authorised for issue by the Board of Directors on 2013 and were signed on its behalf by:

C Gkikas
Director

Titan Cement UK Limited

Statement of comprehensive income

for the year ended 31 December 2012

| | Note | 2012 £ | 2011 £ |
|---|------|------------------|-------------|
| Revenue | | 7,535,581 | 8,081,469 |
| Cost of sales | 15 | (6,421,091) | (6,498,161) |
| Gross profit | | 1,114,490 | 1,583,308 |
| Distribution costs | 15 | (633,522) | (766,635) |
| Administrative expenses | 15 | (736,588) | (297,960) |
| Operating (loss)/profit | | (255,620) | 518,713 |
| Finance income | 18 | 767 | 721 |
| (Loss)/profit before income tax | | (254,853) | 519,434 |
| Income tax credit/(expense) | 19 | 4,475 | (136,975) |
| Total comprehensive (expense)/income | | (250,378) | 382,459 |

All of the activities of the company in 2012 and 2011 relate to continuing operations.

There are no items of other comprehensive income recorded directly in equity.

The notes on pages 12 to 27 are an integral part of these financial statements.

Titan Cement UK Limited

Statement of changes in equity

for the year ended 31 December 2012

| | Attributable to owners of the parent | | |
|---|--------------------------------------|-------------------|------------------|
| | Share capital | Retained earnings | Total equity |
| | £ | £ | £ |
| Balance as at 1 January 2011 | 2,200,000 | 23,335 | 2,223,335 |
| Changes in equity 2011 | | | |
| Total comprehensive income for the year | - | 382,459 | 382,459 |
| Balance at 31 December 2011 | 2,200,000 | 405,794 | 2,605,794 |
| Changes in equity 2012 | | | |
| Total comprehensive expense for the year | - | (250,378) | (250,378) |
| Reversal of prior year appropriation not paid | - | 407,630 | 407,630 |
| Balance at 31 December 2012 | 2,200,000 | 563,046 | 2,763,046 |

The notes on pages 12 to 27 are an integral part of these financial statements.

Titan Cement UK Limited

Statement of cash flows

for the year ended 31 December 2012

| | Note | 2012 £ | 2011 £ |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash (used in)/generated from operations | 22 | (235,391) | 43,763 |
| Interest income | 18 | 767 | 721 |
| Income tax paid | | (77,450) | (147,425) |
| Net cash used in operating activities | | (312,074) | (102,941) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (19,201) | - |
| Net cash used in investing activities | | (19,201) | - |
| Net decrease in cash and cash equivalents | | | |
| Cash and cash equivalents at 1 January | | 1,517,575 | 1,620,516 |
| Cash and cash equivalents at 31 December | 9 | 1,186,300 | 1,517,575 |

The notes on pages 12 to 27 are an integral part of these financial statements.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS, and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Changes in accounting policy and disclosures

a. New and amended standards adopted by the company

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that have been adopted or have an impact on the financial statements of the company.

b. New standards, amendments and interpretations not yet effective or adopted

There are a number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2013, that have not been early adopted when preparing these financial statements. None of these will have an impact on the financial statements of the company.

Consolidation

The financial statements contain information about Titan Cement UK Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in the financial statements of its ultimate parent undertaking, Titan Cement Company S.A., a company incorporated in Greece.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Titan Group. The Group is responsible for allocating resources and assessing the performance of the operating segments.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Functional and presentation currency

The company's functional and presentational currency is sterling. All financial information presented in sterling has been rounded to the nearest pound.

Foreign currency translation

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

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 the statement of comprehensive income.

Property, plant and equipment

All property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated so as to write off the cost less estimated residual value of assets on a straight line basis over the expected economic useful lives, commencing when the assets are first brought into use. The expected economic useful lives are:

| | |
|--------------------------------|--------------|
| Plant, machinery and equipment | 5 - 15 years |
| Computer equipment | 4 years |

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 company and the cost of the item can be measured reliably. The carrying amount of the replacement part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

The residual values and the remaining economic useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Assets are tested for impairment wherever 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 assets 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the statement of comprehensive income.

Investments in subsidiary undertakings

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At 31 December 2011 and 31 December 2012 the company had only assets classified as loans and receivables held on its statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the reporting period, as these are classified as non current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

a. Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less, they are goods classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectable it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

b. Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and bank and cash balances. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving inventory. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Current and deferred income taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period in the United Kingdom and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

Revenue represents amounts receivable for goods and supplies invoiced in the United Kingdom net of VAT and other related taxes. All revenue is recognised on delivery of goods and supplies, when the amount of revenue can be reliably measured and it is probable that future economic benefit will flow to the company.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

1 Summary of significant accounting policies (continued)

Employee benefit costs

The company participates in a defined contribution pension scheme. The company has no further payment obligations once the contributions have been paid. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2 Financial risk management

The company's operations expose it to a variety of financial risks that can be summarised under market risk (including credit risk, price risk and interest rate cash flow risk) and liquidity risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company. The policies set by the board are implemented by the company's management.

a. Market risk

i. Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made (see note 8).

ii. Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The board will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity price risk as it holds no listed or other equity instruments.

iii. Interest rate cash flow risk

The company has interest bearing assets, which include only cash balances earning interest at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

b. Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for covering its operating needs. The company also has access to longer term funding from its parent undertaking.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

2 Financial risk management (continued)

c. Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns to the parent undertaking and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid, capital returned to the immediate parent undertaking, issue new shares or sell assets to reduce debt.

3 Segment information

The company has only one operating segment as described in the directors' report. The whole of revenue is attributable to this segment. All revenue arose within the United Kingdom from continuing operations.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

4 Property, plant and equipment

| | Plant, machinery and equipment £ | Computer equipment £ | Total £ |
|------------------------------------|---|----------------------------|----------------|
| At 1 January 2011 | | | |
| Cost | 3,698,621 | 59,797 | 3,758,418 |
| Accumulated depreciation | (3,548,143) | (38,243) | (3,586,386) |
| Net book amount | 150,478 | 21,554 | 172,032 |
| Year ended 31 December 2011 | | | |
| Opening net book amount | 150,478 | 21,554 | 172,032 |
| Depreciation charge | (30,095) | (8,881) | (38,976) |
| Closing net book value | 120,383 | 12,673 | 133,056 |
| At 31 December 2011 | | | |
| Cost | 3,698,621 | 59,797 | 3,758,418 |
| Accumulated depreciation | (3,578,238) | (47,124) | (3,625,362) |
| Net book amount | 120,383 | 12,673 | 133,056 |
| Year ended 31 December 2012 | | | |
| Opening net book amount | 120,383 | 12,673 | 133,056 |
| Additions | 15,802 | 3,399 | 19,201 |
| Disposals | - | (71) | (71) |
| Depreciation charge | (33,256) | (6,291) | (39,547) |
| Closing net book value | 102,929 | 9,710 | 112,639 |
| At 31 December 2012 | | | |
| Cost | 3,475,086 | 46,040 | 3,521,126 |
| Accumulated depreciation | (3,372,157) | (36,330) | (3,408,487) |
| Net book amount | 102,929 | 9,710 | 112,639 |

Depreciation expense of £39,547 (2011: £38,976) has been charged in 'cost of sales' in the statement of comprehensive income.

Included in property, plant and equipment are assets amounting to £12,764 (2011: £3,968) which are fully depreciated but still in use.

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

5 Investment in subsidiary undertaking

£

Cost and net book value

At 1 January 2012 and 31 December 2012

2

The investment in subsidiary undertaking is recorded at cost which is the fair value of the consideration paid.

At 31 December 2012, the company held shares in the ordinary share capital of the following company:

| | Country of registration and operation | Percentage held | Nature of business |
|------------------------------------|---------------------------------------|-----------------|--------------------|
| Separation Technologies UK Limited | England | 100% | Active |

6 Financial instruments by category

| | 2012 | 2011 |
|--|------------------|------------------|
| | £ | £ |
| Assets as per statement of financial position | | |
| Loans and receivables | | |
| Trade and other receivables excluding prepayments | 1,267,199 | 1,435,260 |
| Cash and cash equivalents | 1,192,009 | 1,517,575 |
| Total | 2,459,208 | 2,952,835 |
| Liabilities as per statement of financial position | | |
| Other financial liabilities at amortised cost | | |
| Borrowings | 5,709 | - |
| Trade and other payables excluding non-financial liabilities | 665,043 | 2,120,869 |
| Total | 670,752 | 2,120,869 |

7 Inventories

| | 2012 | 2011 |
|----------------|------------------|------------------|
| | £ | £ |
| Consumables | 77,264 | 71,666 |
| Finished goods | 1,075,400 | 1,877,010 |
| | 1,152,664 | 1,948,676 |

The cost of inventories recognised as an expense and included in the statement of comprehensive income within cost of sales amounted to £5,280,940 (2011: £5,794,251).

There are no finished goods carried at net realisable value being lower than cost (2011: £Nil).

Titan Cement UK Limited

Notes to the financial statements

for the year ended 31 December 2012

8 Trade and other receivables

| | Note | 2012 £ | 2011 £ |
|--|------|------------------|------------------|
| Trade receivables | | 1,455,143 | 1,370,459 |
| Less: provision for impairment | | (235,298) | - |
| Trade receivables - net | | 1,219,845 | 1,370,459 |
| Receivables from related parties | | 1,797,354 | 64,802 |
| Less: provision for impairment | | (1,750,000) | - |
| Receivables from related parties - net | 23 | 47,354 | 64,802 |
| Prepayments | | 63,978 | 67,112 |
| | | 1,331,177 | 1,502,373 |

Trade receivables that are less than 2 months past due are not considered impaired. As of 31 December 2012, trade receivables of £742,226 (2011: £868,445) were past due but not impaired. The ageing analysis of trade receivables is as follows:

| | 2012 £ | 2011 £ |
|------------------------------|------------------|------------------|
| Not yet due | 477,619 | 502,014 |
| Up to one months overdue | 587,360 | 684,998 |
| Two to three months overdue | 56,086 | 183,447 |
| Three to six months overdue | 96,528 | - |
| More than six months overdue | 2,252 | - |
| | 1,219,845 | 1,370,459 |

As of 31 December 2012, trade receivables of £235,298 (2011: £Nil) were impaired and provided for. The aging of these receivables is as follows:

| | 2012 £ | 2011 £ |
|-----------------------------|----------------|-----------|
| Two to three months overdue | 8,021 | - |
| Three to six months overdue | 146,231 | - |
| Over six months overdue | 81,046 | - |
| | 235,298 | - |

All trade receivables are denominated in sterling.

Movements on the provision for impairment of trade receivables are as follows:

| | 2012 £ | 2011 £ |
|--------------------------------------|----------------|-----------|
| At 1 January | - | - |
| Provision for receivables impairment | 235,298 | - |
| At 31 December | 235,298 | - |

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8 Trade and other receivables (continued)

As at 31 December 2012, receivables from the subsidiary undertaking of £1,750,000 (2011: £1,750,000) were impaired and provided for. The ageing analysis of these receivables is as follows:

| | 2012 | 2011 |
|------------------------------|------------------|-----------|
| | £ | £ |
| More than six months overdue | 1,750,000 | 1,750,000 |

Movements on the provision for impairments of receivables from subsidiary undertakings are as follows:

| | 2012 | 2011 |
|--------------------------------------|------------------|-----------|
| | £ | £ |
| At 1 January | 1,750,000 | 1,750,000 |
| Provision for receivables impairment | - | - |
| At 31 December | 1,750,000 | 1,750,000 |

Provisions for impaired receivables are included in 'administrative expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally provided for where it is doubtful that cash will be received.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The company does not hold any collateral as security. The company has checked the unrelated parties credit history and there is no recent history of default.

9 Cash and cash equivalents

| | 2012 | 2011 |
|--|------------------|-----------|
| | £ | £ |
| Cash at bank and in hand (excluding overdraft) | 1,192,009 | 1,517,575 |

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

| | 2012 | 2011 |
|----------------------------------|------------------|-----------|
| | £ | £ |
| Cash and cash equivalents | 1,192,009 | 1,517,575 |
| Bank overdraft (note 13) | (5,709) | - |
| Cash and cash equivalents | 1,186,300 | 1,517,575 |

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10 Ordinary shares

| | 2012 £ | 2011 £ |
|--------------------------------------|------------------|-----------|
| Issued and fully paid | | |
| 2,200,000 ordinary shares of £1 each | 2,200,000 | 2,200,000 |

11 Retained earnings

| | £ |
|---|----------------|
| At 1 January 2011 | 23,335 |
| Total comprehensive income for the year | 382,459 |
| At 31 December 2011 | 405,794 |
| At 1 January 2012 | 405,794 |
| Total comprehensive expense for the year | (250,378) |
| Reversal of prior year appropriation not paid | 407,630 |
| At 31 December 2012 | 563,046 |

During the year, the company cancelled a dividend which was declared in the year ended 31 December 2003, but was not subsequently paid.

12 Deferred income tax liabilities

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and previous financial year. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 23% (2011: 25%).

Movement on deferred taxation balance in the period:

| | Note | 2012 £ | 2011 £ |
|-----------------------------------|------|----------------|-----------|
| At 1 January | | 21,548 | 30,333 |
| Statement of comprehensive income | 19 | (4,362) | (8,785) |
| At 31 December | | 17,186 | 21,548 |

The provision for deferred taxation is made up as follows:

| | 2012 £ | 2011 £ |
|--|---------------|-----------|
| Capital allowances in excess of depreciation | 17,186 | 21,548 |

Titan Cement UK Limited

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13 Borrowings

| | 2012 | 2011 |
|-------------------------|--------------|------|
| | £ | £ |
| Current | | |
| Bank overdraft (note 9) | 5,709 | - |

All borrowings are denominated in sterling and are unsecured.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

14 Trade and other payables

| | Note | 2012 | 2011 |
|---------------------------------|------|------------------|-----------|
| | | £ | £ |
| Trade payables | | 45,387 | 202,382 |
| Payables to related parties | 23 | 619,656 | 1,918,487 |
| Social security and other taxes | | 180,073 | 194,010 |
| Accrued expenses | | 157,564 | 82,011 |
| | | 1,002,680 | 2,396,890 |

15 Expenses by nature

| | Note | 2012 | 2011 |
|--|------|------------------|-----------|
| | | £ | £ |
| Changes in inventories of finished goods | | 5,280,940 | 5,794,251 |
| Employee benefit expenses | 17 | 370,090 | 349,414 |
| Depreciation | 4 | 39,547 | 38,976 |
| Transportation expense | | 660,406 | 794,664 |
| Maintenance and repairs | | 89,983 | 76,200 |
| Insurance costs | | 98,863 | 71,852 |
| Legal and professional fees | | 74,431 | 51,708 |
| Rent and rates and port services | | 875,761 | 380,158 |
| Other operating lease payments | | 3,489 | 2,909 |
| Provision for the impairment of receivables | | 235,298 | - |
| Other expenses | | 62,393 | 2,624 |
| Total cost of sales, distribution costs and administrative expenses | | 7,791,201 | 7,562,756 |

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16 Auditor remuneration

The company obtained the following service from the company's auditor.

| | 2012 | 2011 |
|---|--------------|--------|
| | £ | £ |
| Fees payable to company's auditor for the audit of the company financial statements | 9,500 | 24,600 |

17 Employees and directors

| | 2012 | 2011 |
|--|----------------|---------|
| | £ | £ |
| Employee benefit expenses during the year | | |
| Wages and salaries | 330,106 | 311,382 |
| Social security costs | 36,521 | 34,687 |
| Pension costs | 3,463 | 3,345 |
| | 370,090 | 349,414 |

| | 2012 | 2011 |
|--|----------|------|
| | No. | No. |
| Average monthly number of employees (including directors) during the year was as follows: | | |
| Administration | 3 | 3 |
| Operational | 6 | 6 |
| Total average headcount | 9 | 9 |

A number of identified key management are remunerated by the ultimate parent undertaking with no recharge to the company. Therefore no disclosure of directors' emoluments is presented.

There were no outstanding or prepaid pension contributions as at 31 December 2012 (2011: £Nil). No directors (2011: None) are accruing benefits under the defined contribution scheme.

18 Finance income

| | 2012 | 2011 |
|----------------------------------|------------|------|
| | £ | £ |
| Finance income: | | |
| Interest income on bank deposits | 767 | 721 |
| Finance income | 767 | 721 |

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19 Income tax (credit)/expense

| | Note | 2012 £ | 2011 £ |
|---|------|----------------|----------------|
| Current tax: | | | |
| UK corporation tax on profits for the year | | - | 145,523 |
| Adjustment in respect of prior periods | | (113) | 237 |
| Total current tax | | (113) | 145,760 |
| Deferred tax: | | | |
| Origination and reversal of temporary differences | | (2,809) | (6,548) |
| Re-measurement of deferred tax due to changes in tax rate | | (1,552) | (2,248) |
| Adjustment in respect of prior periods | | (1) | 11 |
| Total deferred tax | 12 | (4,362) | (8,785) |
| Income tax (credit)/expense | | (4,475) | 136,975 |

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entity as follows:

| | 2012 £ | 2011 £ |
|---|----------------|----------------|
| (Loss)/profit before income tax | (254,853) | 519,434 |
| (Loss)/profit before income tax multiplied by the weighted average rate of corporation tax in the UK of 24.5% (2011: 26.5%) | (62,432) | 137,598 |
| Tax effects of: | | |
| Expenses not deductible for tax purposes | 182 | 731 |
| Re-measurement of deferred tax due to change in tax rate | (1,552) | (1,857) |
| Depreciation in excess of capital allowances | - | 255 |
| Adjustments to income tax charge in respect of prior years | (114) | 248 |
| Group relief | 59,441 | - |
| Income tax (credit)/expense | (4,475) | 136,975 |

Factors affecting current and future tax charges

During the year, as a result of the change in the UK main corporation tax rate from 25% to 23% that was substantively enacted on 3 July 2012 and that will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured.

Further reductions to the main rate are proposed to reduce the rate to 20% by 1 April 2015. These further reductions are expected to be enacted in future Finance Acts and, therefore, are not recognised in these financial statements.

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20 Pension commitments

The company participates in a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions for the year were £3,463 (2011: £3,345). There were no outstanding or prepaid contributions as at 31 December 2012 (2011: £nil).

21 Operating lease commitments - minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | Land and buildings | | Other | |
|---|--------------------|-----------|---------------|-----------|
| | 2012 £ | 2011 £ | 2012 £ | 2011 £ |
| No later than one year | 190,750 | 180,750 | 3,706 | 4,206 |
| Later than one year but not later than five years | 407,813 | 598,563 | 9,892 | 13,170 |
| | 598,563 | 779,313 | 13,598 | 17,376 |

22 Cash (used in)/generated from operations

| | Note | 2012 £ | 2011 £ |
|---|------|--------------------|-----------|
| (Loss)/profit before income tax | | (254,853) | 519,434 |
| Adjustments for: | | | |
| Depreciation | 4 | 39,547 | 38,976 |
| Finance income | 18 | (767) | (721) |
| Loss on disposal of property, plant and equipment | | 71 | - |
| Reversal of prior year appropriation not paid | | 407,630 | - |
| Changes in working capital: | | | |
| Inventories | | 796,012 | (753,884) |
| Trade and other receivables | | 171,169 | (510,394) |
| Trade and other payables | | (1,394,200) | 750,352 |
| Cash (used in)/generated from operations | | (235,391) | 43,763 |

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23 Related party transactions

The following transactions were carried out with related parties:

- a. Purchase of goods and services

| | 2012 | 2011 |
|--|------------------|-----------|
| | £ | £ |
| Purchases of goods and services | | |
| Immediate parent undertaking | 4,458,942 | 5,684,242 |

Purchases from related parties were carried out on commercial terms and at market prices.

- b. Year end balances arising from sales, purchases of goods and services and financing activities are as follows:

| | 2012 | 2011 |
|---|---------------|---------------|
| Note | £ | £ |
| Receivables from related parties | | |
| Subsidiary undertaking | 47,092 | 47,111 |
| Fellow group undertakings | 262 | 8,660 |
| Immediate parent undertaking | - | 9,031 |
| Total receivables from related parties | 8 | 47,354 |

| | 2012 | 2011 |
|--|----------------|----------------|
| Note | £ | £ |
| Payables to related parties | | |
| Parent undertaking | 619,656 | 1,510,714 |
| Subsidiary undertaking | - | 143 |
| Total payables to related parties | 14 | 619,656 |

As of 31 December 2012, receivables from subsidiary undertaking of £1,750,000 (2011: £1,750,000) were impaired and provided for in full. See note 8 for details.

24 Parent undertakings and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Titan Cement Company S.A., a company incorporated in Greece.

The largest and smallest group in which the results of the company are consolidated is that headed by Titan Cement Company S.A. The consolidated financial statements of this group may be obtained from Titan Cement Company S.A., 22A Halkidos Street, Athens, 111-43 Greece.