

## Independent auditor's report

To: the shareholders and directors of Titan Cement Netherlands B.V., Amsterdam

### Report on the financial statements

We have audited the accompanying financial statements 2012 of Titan Cement Netherlands B.V., Amsterdam, which comprise the balance sheet as at 31 December 2012, the income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 Dutch law, including the Dutch Standards on Auditing. This requires 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 and fair presentation 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 with respect to the financial statements*

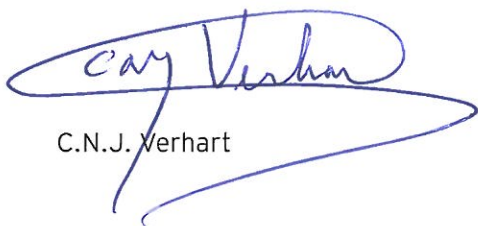
In our opinion, the financial statements give a true and fair view of the financial position of Titan Cement Netherlands B.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 3 July 2013

Ernst & Young Accountants LLP



C.N.J. Verhart

## Publication of independent auditor's report

### 1 Conditions

Authorization to publish the independent auditor's report is granted subject to the following conditions.

- Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- The authorization concerns inclusion of the independent auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- The authorization also concerns inclusion of the independent auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Netherlands Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- The independent auditor's report can also be included if the financial statements are published electronically, such as on the Internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- If the published financial statements are to be included in another document which is to be made public, authorization to include the independent auditor's report must again be granted by the auditor.

### 2 Explanations to the conditions

#### 2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Netherlands Civil Code, section 393 which stipulates inter alia: 'The auditor sets out the outcome of his examination in a report'. 'The auditor reports on his examination to the board of supervisory directors and the board of executive directors'.

#### 2.2 Annual General Meeting (AGM)

Publication of the independent auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term 'publication', so that inclusion of the independent auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

#### 2.3 Independent auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the independent auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers. The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

#### 2.4 Events between the date of the independent auditor's report and the AGM

Attention should be paid to the fact that between the date of the independent auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the independent auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the independent auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

#### 2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of title 9 of Book 2 of the Netherlands Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e. the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The independent auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The independent auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the independent auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

#### 2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the independent auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- a he has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate, or
- b based on legal regulations, publication of the document concerned is all that is required.

If less than the full financial statements are published, further consultation with the auditor is essential.

If the financial statements and the independent auditor's report are published on the Internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the Internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

#### 2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

#### 2.8 Events after the AGM


Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the independent auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an independent auditor's report. In this situation, too, further consultation with the auditor is essential.

**Titan Cement Netherlands B.V.**  
**AMSTERDAM**

**Financial Statements 2012**

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Ernst & Young  
ACCOUNTANTS LLP  
July 3, 2013

## 1.1 Directors' report

### General

Report of the directors of Titan Cement Netherlands B.V. for the financial year 2012.

### Overview of activities

The Company holds 94,84% of the shares in Cementarnica Usje AD - Skopje.

The main activities of the company are:

- to participate in, to establish and to administer and/or manage, to finance and to render services to companies, firms and enterprises;
- to invest in, acquire, possess, dispose of, encumber, rent, let, lease, lease out and dispose of in another way: personnel and real property participations and interests in other companies, firms and other enterprises; - to develop activities in the fields of commerce, finance and industry;
- to lend and/or borrow moneys, to provide guarantees and to commit itself with respect to the commitments of third parties;
- to acquire and/or exercise rights of intellectual and/or industrial ownership, to acquire and/or exploit (sub)licenses, patents, installations, techniques and/or permits;
- to do anything which is connected with the above mentioned provisions, all this in the broadest sense.

The Company has for a large part been financed by equity.

### Financial

The net asset value of the Company as at 31 December 2012 amounts to € 27,060,871 (2011: € 27,104,129).

The result for the year 2012 amounts to a profit of € 17,061,583 (2011: € 9,229,739 profit).

### Future developments

The management is of the opinion that the present level of activities will be maintained during the next financial year.

Amsterdam, 19 June 2013

The executive board:

Mr. P. Christodoulou

Vistra (Amsterdam) B.V.

**2.1 Balance sheet as at 31 December 2012**

(Before result appropriation)

ASSETS	31 December 2012		31 December 2011	
	€	€	€	€
<b>Fixed assets</b>				
<i>Financial fixed assets</i>	[1]			
Investment in associates	<u>26,984,552</u>	26,984,552	<u>26,984,552</u>	26,984,552
<b>Current assets</b>				
<i>Trade and other receivables</i>	[2]			
Corporate income tax	<u>13,027</u>	13,027	<u>34,124</u>	34,124
<i>Cash and cash equivalents</i>	[3]	81,437		107,296
<b>Total assets</b>		<u><u>27,079,016</u></u>		<u><u>27,125,972</u></u>

## Titan Cement Netherlands B.V.

<b>LIABILITIES</b>	31 December 2012		31 December 2011	
	€	€	€	€
<b>Shareholders' equity</b>				
Issued share capital	20,010		20,010	
Share premium	26,212,242		26,212,242	
Retained earnings	-		642,138	
Dividend paid	-16,232,964		-9,000,000	
Result financial year	17,061,583		9,229,739	
		27,060,871		27,104,129
<b>Current liabilities</b>				
Other debts	18,145		21,843	
		18,145		21,843
 <b>Total liabilities</b>		 27,079,016		 27,125,972



## 2.2 Income statement 2012

		2012		2011	
		€	€	€	€
General expenses	[6]	<u>43,274</u>		<u>44,708</u>	
Total operating expenses			43,274		44,708
<b>Operating result</b>			<u>-43,274</u>		<u>-44,708</u>
Interest income and similar revenues		<u>32,849</u>		<u>-22,773</u>	
<b>Sum of the financial income and costs</b>			32,849		-22,773
Result on ordinary activities before taxation			<u>-10,425</u>		<u>-67,481</u>
Taxation	[7]		-		13,026
Share in result of associates	[8]		17,072,008		9,284,194
<b>Result after taxation</b>			<u><u>17,061,583</u></u>		<u><u>9,229,739</u></u>

## 2.3 Notes to the financial statements

### GENERAL

#### Operations

The Company is a private company with limited liabilities incorporated on May 19, 2000, under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.

The company's shareholders are Balkcem Limited, Cyprus (86%) and Holtitan BV, the Netherlands (14%). The ultimate parent company is Titan Cement Company S.A., Greece.

#### Changes in accounting policies

The accounting policies have not changed in 2012.

#### Consolidation

The company has made use of the consolidation exemption of Article 408, Title 9, Book 2 of the Dutch Civil Code. Under this Article consolidated financial statements do not need to be prepared by a company as the Company may file the financial statements of its ultimate parent company, in which it and its investments in group companies are included on consolidation basis. In accordance with this article, the 2012 annual report of Titan Cement Company S.A. will be separately filed at the office of the Trade Register in Amsterdam.

#### Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

### PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

#### General

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.

#### Prior-year comparison

The accounting policies have been consistently applied to all the years presented, with the exception of the changes in accounting policies set out in the note above.

## 2.3 Notes to the financial statements

### Foreign currencies

#### *Functional currency*

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation of the Company.

#### *Transactions, receivables and debts*

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

### Financial fixed assets

#### *Investment in associates*

Group companies and other associates in which the Company exercises significant influence, generally accompanying a shareholding of 20% or more of the voting rights, are stated at cost price.

Net asset value is calculated using the accounting policies applied in these financial statements. Associates whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

## 2.3 Notes to the financial statements

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

### Shareholders' equity

#### *Share premium*

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (income above par).

### Current liabilities

The current liabilities concern the liabilities with a duration shorter than one year. These liabilities are valued at face value unless stated otherwise.

## PRINCIPLES FOR THE DETERMINATION OF THE RESULT

### General

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

### Operating costs

Costs are allocated to the reporting year to which they are related to. Profits are recognised in the year in which goods have been provided or services have been performed. Losses are cut in the year in which these are foreseeable.

#### *Exchange differences*

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

### Share in result of associates

Dividends receivable from associates not carried at net asset value and securities are recognised as soon as Titan Cement Netherlands B.V. acquires the right to them.

### Taxation

Taxes are calculated on the result determined in accordance with the accounting policies using current fiscal regulations and applicable rates.

## 2.4 Notes to the balance sheet

## ASSETS

## FIXED ASSETS

## Financial fixed assets [1]

## Investment in associates

The participations of the company in group companies have been divided as follows:

Name	Statutory place of business	Share in capital	Equity in accordance with last annual account	Result in accordance with last annual account
		%	€	€
Cementarnica USJE AD - Skopje	Republic of Macedonia, Skopje	94.84	72,026,407	21,558,537
			<u>31-12-2012</u>	<u>31-12-2011</u>
			€	€
<b>Investment in associates</b>				
Cementarnica USJE AD - Skopje			<u>26,984,552</u>	<u>26,984,552</u>
<b>CURRENT ASSETS</b>				
<b>Receivables [2]</b>				
<b>Taxes and premiums social insurance</b>				
Corporate income tax			<u>13,027</u>	<u>34,124</u>
<b>Cash and cash equivalents [3]</b>				
BNP Paris, Amsterdam			7,843	10,811
ABN-AMRO bank, Amsterdam			<u>73,594</u>	<u>96,485</u>
			<u>81,437</u>	<u>107,296</u>

## 2.4 Notes to the balance sheet

## LIABILITIES

## SHAREHOLDERS' EQUITY [4]

	<u>2012</u>	<u>2011</u>
	€	€
<b>Issued share capital</b>		
Value as of 31 December	<u>20,010</u>	<u>20,010</u>

The authorised share capital amounts to € 100,000 divided into ten thousand shares with a nominal value of € 10 each. As at 31 December 2012 two thousand and one shares have been issued and paid up for a total share capital of € 20,010.

<b>Share premium</b>		
Value as of 31 December	<u>26,212,242</u>	<u>26,212,242</u>

<b>Retained earnings</b>		
Value as of 1 January	642,138	896,062
From proposal profit appropriation	229,739	-253,924
Paid: interim dividend	-871,877	-
Value as of 31 December	<u>-</u>	<u>642,138</u>

<b>Dividend paid</b>		
Value as of 31 December	<u>-16,232,964</u>	<u>-9,000,000</u>

## CURRENT LIABILITIES [5]

	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
<b>Other debts</b>		
Creditors	4,260	5,183
Accrued expenses	13,885	16,660
	<u>18,145</u>	<u>21,843</u>

## 2.5 Notes to the income statement

	<u>2012</u>	<u>2011</u>
	€	€
<b>Average number of employees</b>		
The company had no employees during the year.		
<b>General expenses [6]</b>		
Auditor's charges	9,553	13,923
Administrative charges	2,130	2,375
Consultancy charges	5,953	4,522
Management fees	22,674	20,719
Other general expenses	234	539
Bank charges	2,730	2,630
	<u>43,274</u>	<u>44,708</u>
<b>Financial income and costs</b>		
Interest income	-	1,397
Realised exchange differences	32,849	-24,170
	<u>32,849</u>	<u>-22,773</u>
<b>Taxation [7]</b>		
Corporate income tax	-	-13,026
Taking into consideration that the results from participations are not taxed under the participation exemption, the company realised a fiscal loss of € 10,425.		
<b>Share in result of associated companies [8]</b>		
Share in result of associated company	<u>17,072,008</u>	<u>9,284,194</u>

Amsterdam, 19 June 2013  
Titan Cement Netherlands B.V.

Mr. P. Christodoulou

Vistra (Amsterdam) B.V.

### 3. Other information

#### 3.1 Profit appropriation according to the Articles of Association

Pursuant to the company's Articles of Association, the result shall be at full disposal of the annual general meeting of shareholders. Distribution of profits may only be made to the extent that shareholders' equity exceeds the total of the issued and paid-up capital and legal reserves.

#### 3.2 Appropriation of result for the financial year 2011

The annual report 2011 is adopted in the general meeting of shareholders held on 2 August 2012. The general meeting of shareholders has adopted the appropriation of result in accordance with the proposal being made to that end.

#### 3.3 Proposed appropriation of result for the financial year 2012

During the year the company paid an interim dividend of EUR 16,232,964.

The board of directors proposes to the general meeting of shareholders that the result for the financial year 2012 amounting to € 17,061,583 should be transferred to retained earnings.

#### 3.4 Subsequent events

There are no important events after balance sheet date to report.

#### 3.5 Independent auditor's report

Reference is made to the independent auditor's report as included hereinafter.