

CEMENTI CROTONE S.R.L. SOCIETA' UNIPERSONALE

REPORTING FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of
Cementi Crotone S.r.l. Società Unipersonale

We have audited the accompanying financial statements of Cementi Crotone S.r.l. Società Unipersonale, which comprise the balance sheet as at December 31, 2013, and 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 Cementi Crotone 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 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 Cementi Crotone S.r.l. Società Unipersonale for the year ended December 31, 2013 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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1.1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared by Cementi Crotone 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 Cementi Crotone S.r.l. Società Unipersonale and Titan Cement Company S.A. and should not be distributed to or used by parties other than Cementi Crotone S.r.l. Società Unipersonale or Titan Cement Company S.A..

Treviso-Italy

March 12, 2014

Deloitte Ernst & Young SpA

Contents

Contents	1
Statement of Financial Position as at December 31, 2013	1
Income Statement for the year ended December 31, 2013	2
Statement of changes in equity for the year ended December 31, 2013	3
Cash Flow Statement for the year ended December 31, 2013	4
Notes to Financial Statements for the year ended December 31, 2013	5
1. General information and summary of significant accounting policies	5
1.1 Basis of preparation	5
1.2 Changes in accounting policies	6
1.3 Tangible assets	6
1.4 Intangible assets	7
1.5 Impairment of long lived assets	7
1.6 Financial assets and other non-current assets	7
1.7 Leases – where the Company is the lessee	7
1.8 Inventories	7
1.9 Trade receivables	8
1.10 Cash and cash equivalents	8
1.11 Current and deferred income taxes	8
1.12 Provisions	8
1.13 Revenue recognition	9
2. Significant accounting estimates and judgments	9
2.1 Income taxes	9
2.2 Useful lives of Tangible assets	10
2.3 Contingent liabilities	10
3. Intangible assets	10
4. Inventories	10
5. Trade receivables	11
6. Other current assets	11
7. Cash and cash equivalents	12
8. Quotaholder's equity	12
9. Trade payables	12
10. Other current liabilities	13
11. Revenues	13
12. Cost of sales	13
13. General and administrative expenses	14
14. Selling expenses	14
15. Income taxes	15
16. Related parties	15
17. Events after the reporting period	15

Statement of Financial Position as at December 31, 2013

<i>(all amounts in Euro thousands)</i>	Notes	December 31, 2013	December 31, 2012
ASSETS			
Intangible assets	(3)	1	1
Total non-current assets		1	1
Inventories	(4)	27	457
Trade receivables	(5)	227	777
Other current assets	(6)	258	397
Cash and cash equivalents	(7)	90	11
Total current assets		602	1,642
Total assets		603	1,643
LIABILITIES AND EQUITY			
QUOTAHOLDER'S EQUITY			
Quota capital		266	1,286
Other reserves (IFRS Reserves)		(6)	(9)
Accumulated losses		(1)	(1,060)
Profit (loss) of the year		12	42
Total Quotaholder's equity	(8)	271	259
LIABILITIES			
Trade payables	(9)	327	1,380
Other current liabilities	(10)	5	4
Total current liabilities		332	1,384
Total liabilities		332	1,384
Total liabilities and equity		603	1,643

Income Statement for the year ended December 31, 2013

<i>(all amounts in Euro thousands)</i>	Notes	2013	2012
Net Sales		694	690
Other Revenues		1	24
Total Revenues	(11)	695	714
Cost and expenses			
Cost of sales	(12)	(608)	(633)
General and administrative expenses	(13)	(22)	(29)
Selling expenses	(14)	(51)	(9)
Total costs and expenses		(681)	(671)
Operating Profit		14	43
Interest expenses, net		-	1
Income before taxes		14	44
Income taxes	(15)	(2)	(2)
Net profit (loss) for the year		12	42

Statement of changes in equity for the year ended December 31, 2013

<i>(all amounts in Euro thousands)</i>	Quota Capital	Accumulated losses	Other reserves (IFRS Reserve)	Result for the year	Total Equity
Balances at December 31, 2011	1,286	(422)	(12)	(635)	217
Imputation of the Loss of previous year		(635)		635	-
Other reserves (IFRS Reserve)		(3)	3		-
Profit for the year 2012				42	42
Balances at December 31, 2012	1,286	(1,060)	(9)	42	259
Imputation of the Profit of previous year		42		(42)	-
Accumulated losses coverage	(1,020)	1,020			-
Other reserves (IFRS Reserve)		(3)	3		-
Profit for the year 2013				12	12
Balances at December 31, 2013	266	(1)	(6)	12	271

Cash Flow Statement for the year ended December 31, 2013

<i>(all amounts in Euro thousands)</i>	2013	2012
Profit (loss) for the year	12	42
<i>Adjustment to reconcile net income to net cash provided by operating activity:</i>		
Depreciation of tangible assets	-	-
Allowance for doubtful debtors	4	4
Other provision	-	-
Deferred tax assets	-	-
<i>Changes in operating assets and liabilities:</i>		
Inventories	430	(457)
Trade receivables	545	(781)
Other current assets	138	(396)
Trade payables	(1,054)	1,089
Other current liabilities	1	3
Other non- current assets and liabilities	-	308
Cash flow from operating activities	76	(188)
Disposal of tangible assets	-	3
IFRS Reserve	3	3
Cash flow from investing activities	3	6
Share capital paid by shareholders	-	-
Cash flow from financing activities	-	-
Increase (decrease) in cash	79	(182)
Cash and cash equivalents at beginning of the year	11	193
Cash and cash equivalents at the end of the year	90	11

Notes to Financial Statements for the year ended December 31, 2013

1. General information and summary of significant accounting policies

Cementi Crotone S.r.l. Società Unipersonale (“Cementi Crotone” or the “Company”) is a wholly owned subsidiary of Aemos Cement Limited, an entity of the Titan Group and is engaged in the distribution of cement in the South of Italy. The Company is a limited liability company incorporated in May 2009 and domiciled in Italy.

The Company restarted its operations in September 2012 after a period of inactivity started in May 2010.

The administrative structure, the legal requirements and the filing of the report are supplied by Fintitan S.r.l., an Italian entity of the Titan Group.

The Company has no employees.

Going concern concept

The Company incurred a net profit of Euro 12 thousand for the year ended December 31, 2013 but 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 the 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 Cementi Crotone. 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 prepared by 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

Cementi Crotone 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 as adopted by Titan Cement Company S.A.. The specified forms may, therefore, not be suitable for another purpose.

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 finalise the statutory financial statements by the end of March 2014.

1.2 Changes in accounting policies

No changes in accounting policies adopted by the 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 estimated useful lives as follows:

Machinery and equipment	15%
Office equipment and furniture	20%

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 capitalized during the construction period.

1.4 Intangible assets

Registered trademarks

Trademarks are shown at historical cost. These intangible assets have a definite useful life, and their cost is amortized using the straight-line method over their useful lives, not exceeding 18 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 Financial assets and other non-current assets

Receivables and other non-current assets to be held to maturity are recognised at cost, represented by the fair value of the initial consideration given, including transaction costs.

1.7 Leases – where the Company is the lessee

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of tangible assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Tangible assets acquired under finance leases are depreciated over the useful life of the asset or the lease term.

1.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable 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 realizable value and inventory losses are expensed in cost of sales in the period in which the write-downs or losses occur.

1.9 Trade receivables

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 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.

1.10 Cash and cash equivalents

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

1.11 Current and deferred 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 temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognised only to the extent that it is probable that taxable profits and reversals of deferred tax liabilities will be available against which deductible temporary differences can be utilised. Deferred income taxation is determined using tax rates that have been enacted on the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also presented in equity.

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 expects a

provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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 discounting the 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 of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer (usually upon delivery and customer acceptance) and the realization of the related receivable is reasonably assured.

Revenue arising from services is recognised on an accrual basis in accordance with the substance of the relevant agreements. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to 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 judgements 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. Intangible assets

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Trademarks registered	1	1
Total intangible assets	1	1

The intangible assets include registered trademarks costs amortized over an 18 years period.

4. Inventories

Inventories as of December 31, 2013 and 2012 consisted of:

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Stock in hand	27	457
Total inventories	27	457

The decrease compared to the prior year is due to the fact that the Company restarted its operations in September 2012 and the stock in hand as of December 31, 2012 was purchased at December 2012.

At December 31, 2013, all the cement remaining in stock was saleable and then no provision for obsolescence has been booked.

5. Trade receivables

Trade receivables as of December 31, 2013 and 2012 consisted of:

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Trade receivables	410	932
Provision for doubtful accounts	(183)	(155)
Total trade receivables	227	777

Trade receivables decreased compared to prior year, mainly as a consequence of the fact that the Company restarts its operation at the end of 2012.

The provision for doubtful accounts amounts to Euro 183 thousand and it is considered to be adequate to cover any potential risk for bad debts. During the year the provision has not been used.

6. Other current assets

Other current assets as of December 31, 2013 and 2012 consisted of:

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Other	1	1
VAT receivables	257	396
Total other current assets	258	397

Other current assets decreased compared to prior year mainly as a consequence of the decrease in VAT receivables.

7. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2013 and 2012 consisted of:

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Bank accounts	90	11
Total receivables for cash and cash equivalents	90	11

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

8. Quotaholder's equity

Following the resolutions of the Quotaholder's meeting, the profit for the year ended December 31, 2012 has been carried forward.

As the net accumulated losses at December 31, 2011 and 2012 were higher than 1/3 of the quota capital, according to the Italian law, it was 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 was taken by the Quotaholder's meeting on April 23, 2013.

9. Trade payables

Trade payables as of December 31, 2013 and 2012 consisted of:

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Trade payables to third parties	11	57
Trade payables to Fintitan S.r.l	228	1,323
Trade payables to Titan Cement Company S.A.	88	-
Total trade payables	327	1,380

Trade payables to Fintitan S.r.l., a wholly owned subsidiary of Titan Cement Company S.A., as of December 31, 2013 and 2012 related to the purchase of cement, as well as, trade payables to Titan Cement Company S.A..

10. Other current liabilities

Other current liabilities as of December 31, 2013 and 2012 consisted of:

	December 31, 2013	December 31, 2012
<i>(Thousands of Euro)</i>		
Other	5	4
Total other current liabilities	5	4

11. Revenues

Cementi Crotone restarted its operations in September 2012. Revenues in the years 2012 and 2013 were made with few customers transferred from Fintitan S.r.l..

Other revenues refers to the decrease of the allowance for doubtful accounts in the year 2012 with regard to previously written off accounts receivables.

12. Cost of sales

The breakdown of the cost of sales for the years 2013 and 2012 can be specified as follows:

	2013	2012
<i>(Thousands of Euro)</i>		
Merchandise	176	1,090
Changes in inventory	430	(457)
Taxes and duty	1	-
Insurance	1	-
Total cost of sales	608	633

All the amounts included in "merchandise" were acquired from Titan Cement Company S.A. and therefore have to be considered as a related party transactions.

13. General and administrative expenses

General and administrative expenses for the years 2013 and 2012 consisted of:

<i>(Thousands of Euro)</i>	2013	2012
Legal and audit	11	17
Other expenses	4	7
Administrative services	3	3
General manager	2	1
Other advice	2	1
Total General and administrative expenses	22	29

The Administrative services include the bookkeeping service fee charged by Fintitan S.r.l. and therefore has to be considered as a related party transaction.

14. Selling expenses

Selling expenses for the years 2013 and 2012 consisted of:

<i>(Thousands of Euro)</i>	2013	2012
Storage services	20	-
Legal advice	1	4
Credit insurance	1	-
Allowance for doubtful debtors	27	4
General manager	2	1
Total Selling expenses	51	9

The storage services are charged by Fintitan S.r.l. and therefore have to be considered as a related party transaction.

15. Income taxes

Income taxes for the years 2013 and 2012 are detailed as follows:

<i>(Thousands of Euro)</i>	2013	2012
IRES	-	-
IRAP	2	-
Current taxes, total	2	-

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.

The years since 2009 are open for examination by the Tax Authorities.

16. Related parties

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

<i>(Thousands of Euro)</i>	Sales		Purchases		Receivables		Payables	
	2013	2012	2013	2012	2013	2012	2013	2012
Fintitan S.r.l	-	-	23	1,093	-	-	228	1,323
Titan Cement Company S.A.	-	-	176	-	-	-	88	-
Total	-	-	199	1,093	-	-	316	1,323

17. Events after the reporting period

No significant event to be highlighted has occurred after December 31, 2013.