

EAST CEMENT TRADE LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2013

EAST CEMENT TRADE LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2013

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EAST CEMENT TRADE LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Arta Antoniou
Spyroulla Papaeracleous
Stelios Triantafyllides

Company Secretary:

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
Capital Center, 9th floor
CY-1505 Nicosia, Cyprus

Independent Auditors:

Ernst & Young Cyprus Limited
Certified Public Accountants & Registered Auditors
36 Byron Avenue
1511 Nicosia, Cyprus

Registered office:

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

EAST CEMENT TRADE LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

Principal activities

The Company's principal activities, which are unchanged from last year, are those of an investment holding company, the trade in cement and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans. During the year the Company had no income from cement activities.

Review of current position, future developments and significant risks

The net profit for the Company for the year ended 31 December 2013 was €638,548 (2012: €3,801,070). On 31 December 2013 the total assets of the Company were €20,193,725 (2012: €19,577,815) and the net assets of the Company were €19,615,624 (2012: €18,977,076). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

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

Results

The Company's results for the year are set out on page 5.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2013.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditors

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Stelios Triantafyllides
Director

Nicosia, 28 April 2014



Ernst & Young Cyprus Limited
Nicosia Tower Centre
36 Byron Avenue, P.O. Box 21656
1511 Nicosia, Cyprus

Tel: +357 2220 9999
Fax: +357 2220 9996
www.ey.com

Independent Auditor's Report

To the Members of East Cement Trade Limited

Report on the Financial Statements

We have audited the accompanying financial statements of East Cement Trade Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of East Cement Trade Ltd as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
28 April 2014

EAST CEMENT TRADE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Profit from investing activities	5	703,207	4,011,968
Impairment on subsidiary	10	-	(2,013)
Loss on liquidation of investment	10	-	(185,854)
Administration and other expenses		(23,923)	(21,396)
Operating profit	6	679,284	3,802,705
Finance costs	7	(40,402)	-
Profit before tax		638,882	3,802,705
Tax	8	(334)	(1,635)
Net profit for the year		638,548	3,801,070
Other comprehensive income		-	-
Total comprehensive income for the year		638,548	3,801,070

The notes on pages 9 to 18 form an integral part of these financial statements.

EAST CEMENT TRADE LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Investments in associated undertakings and other affiliated companies	10	<u>19,023,373</u>	19,023,373
		<u>19,023,373</u>	19,023,373
Current assets			
Receivables	11	<u>1,048,520</u>	407,785
Cash and cash equivalents	12	<u>121,832</u>	146,657
		<u>1,170,352</u>	554,442
Total assets		<u>20,193,725</u>	19,577,815
EQUITY AND LIABILITIES			
Equity			
Share capital	13	<u>40,708</u>	40,708
Share premium		<u>17,864,649</u>	17,864,649
Retained earnings		<u>1,710,267</u>	1,071,719
Total equity		<u>19,615,624</u>	18,977,076
Current liabilities			
Trade and other payables	14	<u>578,100</u>	600,738
Current tax liabilities		<u>1</u>	1
		<u>578,101</u>	600,739
Total equity and liabilities		<u>20,193,725</u>	19,577,815

On 28 April 2014 the Board of Directors of East Cement Trade Limited authorised these financial statements for issue.

.....
Stelios Triantafyllides
Director

.....
Arta Antohiou
Director

The notes on pages 9 to 18 form an integral part of these financial statements.

EAST CEMENT TRADE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2012		<u>40,708</u>	<u>21,814,649</u>	<u>(2,729,351)</u>	<u>19,126,006</u>
Net profit for the year		-	-	3,801,070	3,801,070
Transactions with owners					
Reduction of share premium	13	-	(3,950,000)	-	(3,950,000)
Balance at 31 December 2012/ 1 January 2013		<u>40,708</u>	<u>17,864,649</u>	<u>1,071,719</u>	<u>18,977,076</u>
Comprehensive income					
Net profit for the year		-	-	638,548	638,548
Balance at 31 December 2013		<u>40,708</u>	<u>17,864,649</u>	<u>1,710,267</u>	<u>19,615,624</u>

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 18 form an integral part of these financial statements.

EAST CEMENT TRADE LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Note	2013 €	2012 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		638,882	3,802,705
Adjustments for:			
Unrealised exchange loss		40,402	-
Dividend income	5	(681,137)	(3,931,806)
Interest income	5	(1,654)	(11,144)
		(3,507)	(140,245)
Cash flows used in operations before working capital changes		(3,507)	(140,245)
Decrease in receivables		-	3,516
(Decrease)/increase in trade and other payables		(22,638)	185,146
Cash flows (used in)/from operations		(26,145)	48,417
Tax paid		(334)	(1,645)
Net cash flows (used in)/from operating activities		(26,479)	46,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Impairment on subsidiary		-	2,013
Interest received		1,654	11,144
Dividends received		-	3,931,806
Net cash flows from investing activities		1,654	3,944,963
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction of share premium		-	(3,950,000)
Net cash flows used in financing activities		-	(3,950,000)
Net (decrease) /increase in cash and cash equivalents		(24,825)	41,735
Cash and cash equivalents:			
At beginning of the year		146,657	104,922
At end of the year	12	121,832	146,657

The notes on pages 9 to 18 form an integral part of these financial statements.

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Incorporation and principal activities

Country of incorporation

The Company East Cement Trade Limited was incorporated in Cyprus on 20 December 2000 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makarios III Avenue, Capital Center, 9th floor, CY-1505 Nicosia, Cyprus.

Principal activities

The Company's principal activities, which are unchanged from last year, are those of an investment holding company, the trade in cement and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans. During the year the Company had no income from cement activities.

2. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

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

The Company has adopted all the new and amended IFRS and IFRIC interpretations that are effective as of 1 January 2013. The adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Investments in associates and other affiliated companies

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

Impairment losses are recognised in the statement of comprehensive income. The investment in associates is not

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Investments in associates and other affiliated companies (continued)

accounted for using the equity method as the Company's ultimate parent, Titan Cement SA produces consolidated financial statements for public use that comply with IFRSs.

Consolidated financial statements can be obtained from Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax on investments in subsidiaries does not arise, as the profit on sale of securities is not taxable.

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at banks and at hand and short term deposits with an original maturity of three months or less.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors

The Company is exposed to credit risk, currency risk, capital risk management and liquidity risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant exposure to credit risk as most of its receivables are with related parties.

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

3. Financial risk management (continued)

3.2 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2013

	Carrying amounts €	3 months or less €
Trade and other payables	578,100	578,100
	<u>578,100</u>	<u>578,100</u>

31 December 2012

	Carrying amounts €	3 months or less €
Trade and other payables	414,884	600,738
	<u>414,884</u>	<u>600,738</u>

3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. At the year end the company had certain cash balances and prepayments dominated in US dollars and in Egyptian Pound. As at 31 December 2013 US dollar denominated balances were €56,955 (2012: €78,430) and EGP denominated balances were €640,735 (2012: €NIL).

3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

4. Critical accounting estimates and judgments (continued)

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In Management's opinion, the Company is in substantial compliance with the tax laws governing its operations. However the risk remains that the relevant authorities could take differing positions with regard to interpretative issues and the effect could be significant. The Company met the tax filing in Cyprus. To the best of Management's knowledge, no breaches of tax law have occurred. Thus, the Company has not recorded any provision for potential impact of any such breaches as at 31 December 2013 or as at 31 December 2012.

- **Impairment of non-financial assets**

The Company periodically evaluates the recoverability of non-financial assets such as investments in associates and other affiliated group entities, whenever indicators of impairment are present. Indicators of impairment include such items as declines in market values, revenues, earnings, cash flows or net asset value which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that non-financial assets may be impaired, the estimated recoverable amount of these assets would be compared to their carrying amounts to determine if a write-down to the statement of comprehensive income is necessary.

5. Profit from investing activities

	2013	2012
	€	€
Interest income	1,654	11,144
Exchange profit	20,416	69,018
Dividend income	<u>681,137</u>	<u>3,931,806</u>
	<u>703,207</u>	<u>4,011,968</u>

6. Operating profit

	2013	2012
	€	€
Operating profit is stated after charging the following items:		
Auditors' remuneration	<u>4,966</u>	<u>5,619</u>

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

7. Finance costs

	2013	2012
	€	€
Net foreign exchange transaction losses	<u>40,402</u>	-
	<u>40,402</u>	-

8. Tax

	2013	2012
	€	€
Defence contribution - current year	<u>334</u>	1,635
Charge for the year	<u>334</u>	1,635

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2013	2012
	€	€
Profit before tax	<u>638,882</u>	3,802,705
Tax calculated at the applicable tax rates	79,860	380,271
Tax effect of expenses not deductible for tax purposes	5,372	117
Tax effect of allowances and income not subject to tax	(88,223)	(401,314)
Tax effect of tax loss for the year	2,991	-
10% additional charge	-	20,926
Defence contribution current year	<u>334</u>	1,635
Tax charge	<u>334</u>	1,635

The corporation tax rate is 12,5% (2012:10%). As at 31 December 2013 the Company had tax losses carried forward of €279,110 (2012: €267,923) which can be carried forward and be utilized against future taxable profits for a period of 5 years from each tax year a loss was incurred. No deferred tax asset was recognised in the statement of financial position on these losses.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

Due to tax losses sustained in the year, no tax liability arises on the Company.

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

9. Intangible assets

	Patents and trademarks	Total
	€	€
Balance at 1 January 2012	2,400,013	2,400,013
Impairment charge	<u>(2,400,013)</u>	<u>(2,400,013)</u>
Balance at 31 December 2013	<u>-</u>	<u>-</u>
Net book amount		
Balance at 31 December 2013	<u>-</u>	<u>-</u>

In December 2002, the Company exchanged an indebtedness to it by a third party of €2,400,013 for certain intangible assets, principally:

(a) the trademark 'Al Misrieen Cement MCM' registered in the Trademarks and Industrial Property Department of the Ministry of Supplies and Internal Trade of Egypt.

(b) the right to use the business name "Al Misrieen" and

(c) the customer list of certain third party and knowhow of cement trading in Egypt.

As from 1 January 2003, the Company started amortising the intangible asset by €10,000 per month over a 20 year period. As from 1 January 2005, the Company changed the useful life of the intangible assets to 15 years based on their current estimations for the use of the intangible assets. During the year 2006, an impairment review of the intangible was held and its value was reduced to €NIL.

10. Investments in associated undertakings and other affiliated companies

	2013	2012
	€	€
Balance at 1 January	19,023,373	19,025,386
Liquidation	<u>-</u>	<u>(2,013)</u>
Balance at 31 December	<u>19,023,373</u>	<u>19,023,373</u>

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

10. Investments in associated undertakings and other affiliated companies (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2013 Holding %	2012 Holding %	2013 €	2012 €
Titan Beton Aggregate Egypt-at cost (3)	Egypt	Cement distribution center	3	3	-	-
Misreen Titan Cement Distribution Company-at cost (2)	Egypt	Cement distribution center	-	49	-	-
Alexandria Portland Cement-at cost (1),(4)	Egypt	Cement distribution center	3,981	3,981	<u>19,023,373</u>	<u>19,023,373</u>
					<u>19,023,373</u>	<u>19,023,373</u>

(1) During the year, the Company received a dividend of €681,137 (2012: €3,931,806) from Alexandria Portland Cement.

(2) During the year 2012, Misreen Titan Cement Distribution Company was liquidated. The carrying cost of €2,013 was written off. Also the Company incurred costs on liquidation of €185,854.

(3) During the year 2006, the Directors of the Company have reduced the value of the investment in Titan Beton Aggregate Egypt (former Four M titan Silo Company LLC) to Nil, as this company is at a net liability position with no expectations of recovery.

(4) Alexandria Portland is a listed company in Cairo Stock exchange. Alexandria Portland is a subsidiary of the Company's ultimate parent, Titan Cement SA. Certain group companies of Titan Cement SA own various percentage holdings in Alexandria Portland. Therefore it is the Group's policy to account for the sub-holdings in each group company's individual accounts at cost subject to impairment. The Group carried out an impairment test of the investment's relevant GCU as a whole and concluded that its value in use is greater than its carrying amount in the financial statements.

In the opinion of the directors and management, the carrying amounts of the investments in the associates and other affiliated companies are lower than their recoverable amounts.

11. Receivables

	2013 €	2012 €
Dividends receivable (Note 16.3)	640,735	-
Deposits and prepayments	<u>407,785</u>	<u>407,785</u>
	<u>1,048,520</u>	<u>407,785</u>

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

12. Cash and cash equivalents

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

	2013	2012
	€	€
Cash at bank and in hand	<u>121,832</u>	146,657
	<u>121,832</u>	<u>146,657</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and US\$ and carry annual interest from 1,0% to 1,5% and from 3% to 3,62%, respectively.

13. Share capital

	2013	2013	2012	2012
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	<u>24,000</u>	<u>41,040</u>	24,000	41,040
Issued and fully paid				
Balance at 1 January	<u>23,806</u>	<u>40,708</u>	23,806	40,708
Balance at 31 December	<u>23,806</u>	<u>40,708</u>	23,806	40,708

During the year 2012, the Board of Directors decided to reduce the share premium by €3,950,000 by submitting a court order.

14. Trade and other payables

	2013	2012
	€	€
Trade payables	6,685	-
Provision for doubtful other receivables	407,785	407,785
Accruals	770	-
Other creditors	-	7,099
Payables to related companies (Note 16.2)	<u>162,860</u>	185,854
	<u>578,100</u>	<u>600,738</u>

15. Cyprus economic environment

On 25 March 2013, the Eurogroup has reached an agreement with the Cypriot government on the key elements necessary for a future macroeconomic adjustment programme. The programme aims to address the exceptional economic challenges that Cyprus is facing and restore the viability of the financial sector, with the view of restoring sustainable growth and sound public finances over the coming years.

As part of the measures for restructuring the financial sector, there was a restructuring of two of the local banks. At 26 March 2013, the Company held bank assets domiciled in Cyprus but which were not affected by these events.

EAST CEMENT TRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

16. Related party transactions

The Company is controlled by Titan Cement S.A., incorporated in Greece, which owns 100% of the Company's shares.

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions and as such include all companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

16.1 Dividend income (Note 5)

Name	2013	2012
	€	€
Dividend income	<u>681,137</u>	<u>3,931,806</u>
	<u>681,137</u>	<u>3,931,806</u>

16.2 Payable to related companies (Note 14)

Name	Nature of transactions	2013	2012
		€	€
Payable to related Company	Trade	<u>162,860</u>	<u>185,854</u>
		<u>162,860</u>	<u>185,854</u>

16.3 Receivables from related companies (Note 11)

	2013	2012
	€	€
Dividends receivable	<u>640,735</u>	<u>-</u>
	<u>640,735</u>	<u>-</u>

17. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013/2012.

18. Commitments

The Company had no capital or other commitments as at 31 December 2013/2012.

19. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 and 4