VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS **2009**

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Annual Report and Financial Statements 2009

Contents

Address by the Executive Chairman, Antonis Antoniou

for the year 2009

ANTONIS ANTONIOU
Executive Chairman

Dear Shareholders,

Welcome to the 44th shareholders Annual General Meeting. It is my privilege to present to you, on behalf of the Board of Directors, the financial results of the Group for the year ended 31st December 2009.

Review of the year

In 2009 Vassiliko Cement Works was faced with a series of challenges as a consequence of the negative economic environment as well as staying on track with its strategic goals for future development.

The construction industry activity decreased significantly, affected by the wider economic climate, directly impacting cement sales. The total consumption of cement in Cyprus was down to 1.439 thousand tons compared to 1.940 thousand tons in 2008, an effective decrease of 25,8%. The international markets moved along similar lines and therefore demand for cement at main export destinations was reduced. As a result exports were limited to 83 thousand tons.

The management of Vassiliko Cement Works moved proactively to face this negative economic climate by taking a series of targeted measures aimed at streamlining operations and reducing fixed costs to compensate for the reduction in sales volumes.

It was also decided to suspend the operations of the ready mix concrete units operating in the Paphos area, a region where the recession was particularly severe and still continues to be so today.

Financial Results

The total turnover of the Group in 2009 decreased to €107.986.000 from €127.732.000 in 2008, whilst the profit from operations increased to €3.697.000 in 2009 from €2.942.000 in 2008, as a result of the countermeasures taken. The total Group profit for the financial year 2009 amounted to €5.974.000 compared with €5.679.000 in 2008. Amongst others, profits include profits from investing activities amounting to €6,4 million. On the down side there were extraordinary charges amounting to €7,0 million. These charges mainly relate to the restructuring of activities aiming to reduce production costs and also to the impairment of the value of subsidiaries and associated companies in the ready-mixed concrete operations.

Address by the Executive Chairman, Antonis Antoniou

for the year 2009 *(continuation)*

Dividend
The Board of Directors, having considered the results of 2009, the general negative economic climate during the first months of 2010, and the capital investment program of the Group, has decided to propose at the Annual General Meeting the payment of an additional dividend of €1.079.000 or €0,015 per share. Together with the interim dividend paid in December 2009, amounting to €1.079.000 and representing € 0,015 per share, the dividend for 2009 will total €2.158.000 or €0.03 per share. The total dividend paid out of the profits of 2008 was €0,035 and the total sum was €2.518.000.

Construction of the new production line
The construction works for the new production line are progressing at a fast pace. The new cement mill with annual capacity of 1,5 million tons is at the final completion stage and is expected to be operational and commence production in June 2010. The construction of the new clinker production line is also at an advanced stage and is on track to be operational in early 2011.

The operation of the new production line will further enhance the product quality as well as its environmental performance. At the same time it will strengthen the competitiveness of the Cyprus cement industry in the wider geographical region.

Departing Directors
We would like to express our sincere thanks to Mr. Marios Eliades who has recently left the Board, for his valuable contribution during his tenure as a Company Board member.

Shareholders, Clients, Personnel
In closing, I would like once again to express my sincere thanks to the shareholders of the Company and to all our clients, for the trust which they bestow on us as well as for their continual support.

Furthermore I would like again, to thank the General Manager Mr. George Sideris, the Management, and the staff of the Company for their hard work and the dedication they continue to demonstrate. The main strength in all organisations lies in its people.

Finally, I would like to repeat again that the primary driver behind all our efforts remains the focus on our strategy of sustainable development, and as such a balanced policy around the three main axes of economic, social and environmental health of the Group, operating within the framework of complete transparency.

ANTONIS ANTONIOU
Executive Chairman

Nicosia, 12 May 2010

VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS 2009

Officers, Professional Advisers and Bankers

Directors:	ANTONIS ANTONIOU	*(Executive Chairman)*
	FABRIZIO DONEGA	*(Executive Vice-Chairman)*
	PAOLO CATANI	
	GEORGE GALATARIOTIS	
	COSTAS GALATARIOTIS	
	STAVROS GALATARIOTIS	
	COSTAS KOUTSOS	
	CHARALAMBOS PANAYIOTOU	
	LEONDIOS LAZAROU	
	MAURIZIO MANSI MONTENEGRO	
	CONSTANTINOS YIORKADJIS	

General Manager:	GEORGE A. SIDERIS
Financial Manager:	GEORGE S. SAVVA
Secretary:	MARIA MAVRIDOU

Independent Auditors:	KPMG Limited
Legal Advisers:	TASSOS PAPADOPOULOS & ASSOCIATES
Bankers:	ALPHA BANK LTD
	BANK OF CYPRUS PUBLIC COMPANY LTD
	HELLENIC BANK PUBLIC COMPANY LTD
	NATIONAL BANK OF GREECE (CYPRUS) LTD
	NATIONAL BANK OF GREECE SA
	MARFIN POPULAR BANK PUBLIC COMPANY LTD
	BNP PARIBAS
	COOP VASSILIKOS PENTASCHINOS
	EUROBANK EFG CYPRUS LTD

Registered office:	1A, KYRIAKOS MATSIS AVENUE
	CY-1082 LEFKOSIA, CYPRUS
Registered number:	1210
Internet website:	www.vassiliko.com

Notice of Annual General Meeting

The 44th annual general meeting of the shareholders of Vassiliko Cement Works Public Company Ltd will be held at the Le Meridien Limassol Spa & Resort, in Limassol, on 24 June 2010 at 5:00 p.m. to transact the following business:

1. **Consider the annual report of the Board of Directors for the year 2009.**
2. **Receive, consider and approve the annual financial statements and the report of the auditors for the year 2009.**
3. **Approve the additional dividend for the year 2009.**
4. **Elect new directors in the place of those who retire.**
5. **Approve the remuneration report.**
6. **Fix the remuneration of the directors for the year 2010.**
7. **Re-appoint KPMG Limited as the auditors of the Company and fix their remuneration for the year 2010.**
8. **Transact any other business which, in accordance with the Company's Articles of Association, can be presented at the annual general meeting.**

By order of the Board
M. MAVRIDOU
Secretary

26 April 2010

A shareholder entitled to attend and vote at the above-mentioned general meeting is entitled to appoint a Proxy to attend and vote on his/her behalf. The relevant Instrument of Proxy must be drawn in accordance with article no. 70 of the Company's Articles of Association and must be deposited at the registered office of the Company (1A, Kyriakos Matsis Avenue, P.O. Box 22281, CY-1519 Lefkosia) at least 48 hours before the time set for the general meeting. The Proxy who will be appointed need not be a member of the Company.

Notice of Annual General Meeting

Explanatory notes

The formal Notice of the 2010 AGM is set out above. The Notice asks Vassiliko Cements Works shareholders to approve a number of items of business. For your information, the explanatory notes below summarise the purpose of each Resolution to be voted on by Vassiliko Cement Works shareholders at this year’s AGM.

Resolution 1: To consider the Annual Report

The Chairman will present the Annual Report of the Board of Directors for the year ended 31 December 2009 to the meeting.

Resolution 2: To receive, consider and approve the Annual Financial Statements and the Report of the Auditors

The Chairman will present the Annual Financial Statements and KPMG Limited will present their Audit Report for the year ended 31 December 2009 to the meeting.

Resolution 3: Approve the additional dividend

The Directors have proposed an additional dividend of €0,015 per Ordinary Share. If approved at the AGM, the dividend will be paid to the entitled shareholders registered as at 13 July 2010 (record date). The share of the Company will be traded ex-dividend as of 9 July 2010. Payment of the dividend will be made (effected) till the 3 August 2010.

Resolution 4: Re-election of Directors

In accordance with the articles of association, Mr. Constantinos Yiorkadjis, who was appointed by the Board on 26 April 2010 as Non-Executive Director, will stand down and offer himself for election by the Company's shareholders.

Messrs Antonis Antoniou, Fabrizio Donegà, Costas Koutsos and Stavros Galatariotis are the Directors who will retire by rotation this year and offer themselves for re election in accordance with the Company’s Articles of Association.

Brief details of all Directors appear on pages 17 to 20 of the Annual Report.

Resolution 5: Approve the remuneration report

The Shareholders are asked to approve the remuneration report that appears on pages 15 to 16.

Resolution 6: To fix the remuneration of the Directors

The Shareholders are asked to approve the remuneration of the Directors for the year 2010 to remain the same as that for the previous year i.e.:

€9.000 for the Chairman

€7.000 for each of the Directors

€200 attendance fee per meeting held

Resolution 7: Re-appointment of Auditors

This resolution relates to the re-appointment of KPMG Limited as the Company’s auditors to hold office until the next AGM of the Company, and to authorise the Directors to set their remuneration.

Statement of the members of the Board of Directors and other responsible persons of the Company for the financial statements

In accordance with Article 9 sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law 2007 ("Law"), we the members of the Board of Directors and the other responsible persons for the financial statements of Vassiliko Cement Works Public Company Ltd for the year ended 31 December 2009, confirm that, to the best of our knowledge:

a. The annual financial statements that are presented on pages 23 to 59:

i. were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and

ii. give a true and fair view of the assets and liabilities, the financial position and the profit or losses of Vassiliko Cement Works Public Company Ltd and the businesses that are included in the consolidated accounts as a total, and

b. the directors' report gives a fair review of the developments and the performance of the business as well as the financial position of Vassiliko Cement Works Public Company Ltd and the businesses that are included in the consolidated accounts as a total, together with a description of the principal risks and uncertainties that they are facing.

Members of the Board of Directors

Antonis Antoniou	*Executive Chairman*
Fabrizio Donega	*Executive Vice Chairman*
Paolo Catani	*Independent Non Executive Director*
George Galatariotis	*Non Executive Director*
Costas Galatariotis	*Non Executive Director*
Stavros Galatariotis	*Non Executive Director*
Costas Koutsos	*Non Executive Director*
Charalambos Panayiotou	*Non Executive Director*
Leondios Lazarou	*Independent Non Executive Director*
Maurizio Mansi Montenegro	*Non Executive Director*

Company Officials

George Sideris	*General Manager*
George Savva	*Financial Manager*

Mr. Constantinos Yiorkadjis who was appointed on 26 April 2010 and Mr. Marios Eliades who resigned on the same date were not present during the meeting for the approval of the financial statements and therefore did not sign this statement.

26 April 2010

Directors' Report

The Board of Directors of Vassiliko Cement Works Public Company Ltd (the 'Company') presents to the members its annual report together with the audited financial statements for the year ended 31 December 2009.

Financial statements

The consolidated financial statements for the year 2009 include the results of the holding company, its subsidiaries and associate companies.

Principal activities

The Group's principal activities are the production of clinker and cement, which are distributed in the local and international markets. The Group also had a presence in the ready mix concrete market and aggregates quarrying through its subsidiary and associate companies.

During 2009 the Group has suspended its ready mix concrete activities due to the unfavourable market conditions.

Review of developments, position and performance of the operations

Total revenues for 2009 reached €107.986.000 compared to €127.732.000 during 2008. The reduction of revenues was due to the economic downturn, which has affected heavily the construction industry in Cyprus as well as the major exporting destinations of the Company. The total cement and clinker sales of the Group for 2009 were at 1.522.000 tones compared to 1.940.000 tones in 2008, recording a decrease of 21,5%.

In view of the severe market downturn, the Group has taken a number of mitigating measures that were deemed necessary, as a result of which it had incurred non-recurring costs in the region of €7 million for the re-organisation, restructuring and suspension of operations, loss from the disposal of ready-mix associate companies and other impairment costs. On the other hand there were gains of €6,4 million resulting from the revaluation as well as disposal of investment property.

Financial results

The results of the Group are presented in the consolidated statement of comprehensive income. The net profit after taxation for the year ended 31 December 2009 amounted to €5.974.000 compared to a net profit of €5.679.000 in 2008. The Board of Directors proposes the payment of a dividend as shown below and the transfer of the net profit for the year to the profit and loss reserve.

Dividends

Following the payment of an interim dividend of €1.079.000 in December 2009 which represents €0,015 per share, the Board of Directors recommends the payment of an additional dividend of €1.079.000 or €0,015 per share, so that the total dividend for 2009 will amount to €2.158.000 or €0,03 per share. The dividend payments out of the profits of 2008 were €0,035 per share and the total amount was €2.518.000.

Main risks and uncertainties

Statements made in this report that are not historical facts, including the expectations for future volume and pricing trends, demand for the products, energy costs and other market developments are forward looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions ("Factors"), which are difficult to predict.

Directors' Report

(continuation)

Some of the Factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: the cyclical nature of the Company's business; national and regional economic conditions; currency fluctuations; energy prices; seasonal nature of the Company's operations; levels of construction spending and, in particular, in Government infrastructure projects announced; supply/demand structure of the industry; competition from new or existing competitors; unfavourable weather conditions during peak construction periods; changes in and implementation of environmental and other governmental regulations. In general, the Company is subject to the risks and uncertainties of the construction industry. The forward-looking statements are made as of this date and the Company undertakes no obligation to update them, whether as a result of new information, future events or otherwise.

Future developments

Markets continue to be affected by the general negative economic environment in Cyprus and internationally, which in turn affects the total turnover of the Company.

As is well known, the Group is proceeding with the replacement of the existing plants with a new modern production line. The new production line will have increased production capacity and will be more energy efficient improving its competitiveness among other cement producers in the region. The new production line will further improve the environmental performance of the Company and further improve the quality of its products.

Share capital

The issued share capital of the Company comprises 71.935.947 ordinary shares of €0,43 per share. There were no changes to the share capital of the Company during 2009. The Company's shares are listed on the Cyprus Stock Exchange.

There are no restrictions on the transfer of the Company's shares other than the requirements of the Directive on Insider Dealing and Market Manipulation, which relates to transactions with related parties.

The Company does not have any shares in issue which carry special control rights.

Agreements which are effective upon a change of control of the Company

The Company has not contracted any agreement which becomes effective, is amended or ceases to apply in case of change of control following a public tender offer to the Company's shareholders or the proposal of a resolution to the general meeting of the Company for a merger, acquisition or sale of its operations.

There no agreements with the executive directors or employees of the Company providing for compensation in case of resignation or dismissal without a valid reason or for termination of their employment due to a public tender offer for the acquisition of the shares of the Company. In case of termination by the Company of the employment of executive directors or employees, prior to their retirement, the Company has to compensate them according to the provisions of the Law and the Company's agreements with the Labour Unions.

Directors' interest in the share capital of the Company

The beneficial interest in the Company's shares held by members of the Board of Directors, directly or indirectly, at 31 December 2009 and 21 April 2010, is set out in note 29 of the Financial Statements.

Branches

During the year the Group did not operate any branches.

Directors' Report

(continuation)

Board of Directors

The members of the Board of Directors on the date of the report appear on page 1. In accordance with the Company's Articles of Association (Article 92), at the annual general meeting of 24 June 2010 Messrs Antonis Antoniou, Fabrizio Donegà, Costas Koutsos and Stavros Galatariotis retire from office by rotation and, being eligible, offer themselves for re-election.

Mr. Constantinos Yiorkadjis, who was appointed by the Board of Directors on 26 April 2010, is subject to retirement (Article 97) at the general meeting of 24 June 2010 and being eligible, offers himself for election.

The Directors who served during the period from 30 July 2009, the date of the last Annual General Meeting, till this date were the following:

Antonis Antoniou	
Fabrizio Donegà	
Paolo Catani	
George Galatariotis	
Costas Galatariotis	
Stavros Galatariotis	
Costas Koutsos	
Charalambos Panayiotou	
Leondios Lazarou	
Maurizio Mansi Montenegro	
Constantinos Yiorkadjis	*(appointed on 26 April 2010)*
Marios Eliades	*(resigned on 26 April 2010)*

The responsibilities of the Directors as members of the Board Committees are disclosed in the Corporate Governance Report.

There were no material changes to the compensation of the Board of Directors.

Corporate Governance statement

The Company recognises the importance of implementing corporate governance principles and adopted the CSE's Corporate Governance Code and applies its principles. The CSE's Corporate Governance Code is available on the CSE website (www.cse.com.cy).

Since the transfer of the Company's shares from the Main Market to the Parallel Market of the CSE, the Company complies with the provisions of the 3rd Edition of the Corporate Governance Code of the CSE, which apply for the Annual Corporate Governance Report for 2009, including provision A.2.3. Provision A.2.3. provides that in case the Company's shares are listed in the Parallel Market of the CSE at least two directors have to be independent non-executive directors versus 50% of the members of the Board of Directors, excluding the Chairman, provided for companies listed in the Main Market of the CSE. Provisions of the 3rd Edition of the Corporate Governance Code effective from 1st of January 2010 will be included in the Corporate Governance Report of the Company for 2010. The Board of Directors will proceed with all necessary actions to ensure compliance with the new requirements.

The rules governing the composition and function of the Board of Directors and the appointment and replacement of its members as well as the composition and function of the Board Committees are set out in Section B of the Report on Corporate Governance.

Directors' Report

(continuation)

Any amendment or addition to the Articles of Association of the Company is only valid if approved by a special resolution at a shareholders' meeting.

The Board of Directors may issue share capital if there is sufficient share capital which has not been issued and as long as the new shares to be issued are offered first to the existing shareholders, pro-rata to their percentage holding. In the event that the new shares will not be offered to existing shareholders, a resolution approved with a special majority of at least the 80% of the shareholders, who are entitled to attend and vote in a General Meeting, must be passed. In the event that a share capital increase requires an increase in the authorised share capital, the approval of the shareholders in General Meeting must be obtained. The Board of Directors may also propose to the General Meeting of shareholders a share buyback scheme.

There are no restrictions in voting rights and special control rights in relation to the shares of the Company.

- ***Shareholders holding more than 5%***

The shareholders holding directly or indirectly more than 5% of the issued share capital of the Company as at 31 December 2009 and 21 April 2010, is set out in note 30 of the financial statements.

- ***Preparation of periodic reporting***

The Group has in place an effective internal audit system, the adequacy of which is evaluated at least annually by the Board of Directors and the Board's Audit Committee, in respect of financial and operational systems. The adequacy of the Internal Audit System secures the validity of financial data and compliance with relevant legislation and aims to secure the management of risks while providing reasonable assurance that no loss will incur.

The Group's internal audit systems incorporate effective procedures aiming at the identification and prevention of errors, omissions or fraud that could result in material misstatements during the preparation of financial statements and relevant disclosures included in the periodic reporting provided by the Group based on Part II of the Transparency Law of Cyprus (Law Providing for Transparency Requirements in relation to Information about Issuers whose Securities are admitted to trading on a Regulated Market) of 2007 and 2009.

Independent Auditors

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board of Directors
ANTONIS ANTONIOU
Executive Chairman

26 April 2010

Corporate Governance Report

Section A'

The Company has adopted the 3rd Edition of the Corporate Governance Code, issued by the Cyprus Stock Exchange in September 2009, and applies its principles. As from May 2009 when the Company's shares were transferred to the parallel market and until the date of this report the principles of the Corporate Governance Code are fully implemented. Before May 2009 the principles of the Corporate Governance Code were partly implemented. The principles of the Corporate Governance Code that were not implemented are presented on Section B of this report.

Section B'

The Board

The Company is headed by the Board of Directors which at 31 December 2009 comprised two executive and nine non-executive directors and is responsible to the shareholders for the proper management of the company Tsimentopiia Vassilikou Dimosia Eteria Ltd (Vassiliko Cement Works) and its subsidiaries. The non-executive directors comprised two independent directors and seven non-independent directors. The members of the Board (excluding the Chairman) comprised two independent non-executive directors and eight non-independent directors of which one executive and seven non-executive directors. On 26th April 2010 the Director Mr. M. Eliades (non-Executive Director) resigned from office, and Mr. C. Yiorkadjis (Independent non-Executive Director) was appointed to fill this casual vacancy. The current members of the Board (excluding the Chairman) comprise three independent non-executive directors and seven non-independent directors of which one executive and six non-executive directors. The independent non-Executive directors of the Board are Messrs P. Catani, L. Lazarou and C. Yiorkadjis.

The Board of Directors of the Company as at the date of this report comprises the following members:

Antonis Antoniou	Executive Chairman
Fabrizio Donegà	Executive Vice-Chairman
Paolo Catani	Independent non-Executive Director
George St. Galatariotis	non-Executive Director
Costas St. Galatariotis	non-Executive Director
Stavros G. Galatariotis	non-Executive Director
Costas Koutsos	non-Executive Director
Charalambos Panayiotou	non-Executive Director
Leondios Lazarou	Independent non-Executive Director
Maurizio Mansi Montenegro	non-Executive Director
Constantinos Yiorkadjis	Independent non-Executive Director

Corporate Governance Report

(continuation)

Following the listing of 18.199.794 shares of the Company, previously issued to The Cyprus Cement Public Company Ltd, on the 27th of May 2009 the Company's shares were transferred from the Main Market of the Cyprus Stock Exchange to the Parallel Market. Corporate governance principles regarding Board Balance for Companies listed in the Parallel Market provide that the majority of the non-executive directors or at least 2 directors have to be independent non-executive directors. Thus since the transfer of the Company's shares to the Parallel Market the Company complies with the above Board Balance principle.

Mr. Leondios Lazarou, independent non-executive director, was appointed on 31 July 2008 as Senior Independent Director. The Senior Independent Director of the Company is available to shareholders if they have concerns that have not been resolved through the normal channels of contact with the Chairman, the Vice-Chairman or the General Manager or for which such contact is inappropriate. The Senior Independent Director will attend sufficient meetings of major shareholders and financial analysts to develop a balanced understanding of the issues and concerns of such shareholders. The Senior Independent Director can be contacted initially via the Company Secretary at the Registered Office of the Company.

The Board has six scheduled meetings a year, setting and monitoring the Group's strategy, reviewing trading performance, ensuring adequate funding, examining major capital expenditure, formulating policy on key issues and reporting to shareholders where appropriate. The Board of Directors convened 7 times during 2009. In accordance with best practice, the Board has established the Audit Committee, the Remunerations Committee and the Nominations Committee as per the requirements of the Code. The Company Secretary is responsible to and appointed by the Board and all directors have access to her advice and services. Directors may obtain independent professional advice if necessary, at the Company's expense. Formal agendas, papers and reports are supplied to directors in a timely manner, prior to Board meetings. Briefings are also provided at other times, for example, through operational visits and business presentations.

Chairman and General Manager

There is a division of responsibility for the management of the Group between the Executive Chairman, and the General Manager.

The Executive Chairman, Mr. Antonis Antoniou, has, among others, the following responsibilities and role:

- Determines, in collaboration with the General Manager, the Agenda of the meeting of the Board of Directors.
- Chairs the Meetings of the Board of Directors and the General Meetings of the Shareholders of the Company.
- Reviews the information and documents and confirms their relevance in order to be submitted to the Members of the Board of Directors prior to the Board Meetings.

Corporate Governance Report

(continuation)

• Holds periodic meetings with the Management of the Company to discuss various specific subjects.
• Reviews the strategy of the Company with the Executive Vice-Chairman and the General Manager of the Company before the meeting of the Board of Directors convened to consider the above subject.
• Represents the Company in all its major dealings.
• Meets with the major shareholders of the Company and conveys their suggestions to the Board of Directors.
• Together with the General Manager represents the Company at various meetings for the promotion of the strategic targets of the Company.
• Cooperates with the Executive Vice-Chairman and the General Manager of the Company to determine and form the strategic targets of the Group according to the developments of the sector within which the Group operates and secures the thorough appraisal of the Company's strategic or other development proposals and the presentation thereof to the Board of Directors for final approval.
• Confirms the existence of an efficient system of control of the progress of implementation of the above targets and of the updating of the Board of Directors.
• Together with the Executive Vice-Chairman evaluates and promotes various other proposals of the General Manager.

The General Manager of the Company, Mr. George Sideris, among others has the following responsibilities:
• Manages the Company according to the strategy and the commercial targets determined by the Board of Directors.
• Safeguards the daily smooth operation of the Company in line with the policy, the targets and the budgets approved by the Board of Directors.
• Ensures timely and effective implementation of the strategic resolutions of the Board of Directors in agreement with the Executive Chairman and the Executive Vice Chairman of the Group.
• In cooperation with the Executive Chairman manages the business development of the Company's activities, its subsidiary and associated companies.
• Is responsible to inform the Executive Chairman and the Executive Vice-Chairman, in regular intervals of time, regarding all the major issues of the Company, including the current status of the operations of the Company.

Appointments to the Board

The Nominations Committee is chaired by Mr. G. St. Galatariotis (non-Executive Director) and during 2009 was composed of four other directors, Messrs F. Donegà (Executive Vice-Chairman), M. Eliades (non-Executive Director), C. Koutsos (non-Executive Director) and L. Lazarou (Independent non-Executive Director). Mr. M. Eliades resigned on the 26th of April 2010 and the Committee is currently composed by four Directors. The majority of the members of the Committee are non-Executive Directors. The Nominations Committee is responsible for the selection and nomination of any new director, for the Board's consideration. The Committee is responsible to carry out a selection process. Upon the appointment of a new director, appropriate training is provided as required. In accordance with the Articles of Association of the Company and the Corporate Governance Code, four out of the eleven directors of the Company retire by rotation every year (each director retires every two or three years) and, if eligible, may offer themselves for re-election. The Board has set the 75th year of age as the year of retirement.

Corporate Governance Report

(continuation)

Relations with shareholders

Importance is attached to maintaining a dialogue with the Company's institutional shareholders. Meetings are held with analysts and institutional shareholders on a regular basis. The annual general meeting is used as a forum for communicating with shareholders, providing briefings on the Company's performance during the year under review and current business activity. There will be an opportunity for shareholders to meet with and put questions to the directors, including the chairmen of the Audit, Nominations and Remunerations Committees. At annual general meetings, separate resolutions are proposed on each substantially separate issue and the number of proxy votes received for and against each resolution is announced. Members with voting rights of 5% may place items on the agenda of annual general meetings at the latest five months after the year end of the Company and 10 days before the date of the Annual General Meeting. Notices of annual general meetings are sent to shareholders at least 21 days before the meeting. The Board of Directors appointed Mr. George Savva as Investor Liaison Officer to facilitate better communication with shareholders and investors.

Financial reporting

The preparation and presentation of this report and financial statements and other price sensitive public reports, seek to ensure that reports are prepared in a way that represents a balanced and understandable assessment of the Group's position and prospects.

Internal control

Risk assessment and review is carried out by the executive management with details of significant risks being documented. Periodic reports relating to significant risks and associated controls are prepared from this documentation and presented to the Board for its review. The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness on an annual basis, as well as of the procedures which confirm the accuracy, completeness and validity of the information that is provided to the investors. The review covers all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks, which threaten the attainment of the Company's objectives. On the basis of the process described above during the year the Internal Auditors prepare Internal Audit Reports addressed to the Audit Committee which informs the Board through its Annual Internal Audit Report. According to the Internal Auditors Reports, the systems of internal control do not present any significant weaknesses. The Board has reviewed the key risks inherent in the Group, together with the operating, financial and compliance controls that have been implemented to mitigate those key risks. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or loss. The Board has put in place an organisation structure with clearly defined lines of accountability and delegated authority. The principles have been designed to establish clear local operating autonomy within a framework of central leadership, stated aims and objectives. Procedures were established for business planning, budgeting, capital expenditure approval and treasury management. The executive directors regularly review the operating performance of each business and monitor progress against business plans.

Corporate Governance Report

(continuation)

Audit committee and auditors

The Audit Committee comprises of Messrs C. St. Galatariotis (Chairman of the Committee - non-Executive Director), P. Catani (Independent non-Executive Director) and L. Lazarou (Independent non-Executive Director). The majority of the members of the Audit Committee are Independent non-Executive Directors. The Committee meets at least twice a year and provides a forum for reporting by the Group's external and internal auditors who have access to the Committee for independent discussion, without the presence of the executive directors. The Audit Committee reviews a wide range of financial matters including the annual and quarterly results, statements and accompanying reports, before their submission to the Board and monitors the controls which are in force to ensure the integrity of the financial information reported to shareholders. The Audit Committee also advises the Board on the appointment of external auditors and on their remuneration both for audit and non-audit work. The Group's internal audit function is outsourced to PricewaterhouseCoopers Ltd, a professional Auditors Firm, which monitors the internal control systems and reports to the management and to the Audit Committee. The Internal Auditors of the Company perform their duties with the technical assistance of the Italcementi Group Internal Audit Department. Management is responsible for the implementation of the recommendations made by internal audit that carry out post implementation reviews. The external auditors carry out independent and objective reviews and tests of the internal financial control processes, only to the extent that they consider necessary to form their judgement when expressing their audit opinion on the accounts.

Going concern

After making appropriate enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts and state that the Company intends to operate as a going concern for the next twelve months.

Remunerations Committee

During 2009 the Remunerations Committee comprised of three non-executive directors. The members of the Remunerations Committee are Messrs Ch. Panayiotou (non-Executive Director), P. Catani (Independent non-Executive Director) and L. Lazarou (Independent non-Executive Director). The Committee is chaired by Mr. Ch. Panayiotou. The majority of the members of the Remunerations Committee are Independent non-Executive Directors independent from the management of the Company who have no financial interest in the Group, no personal interest in the Committee's deliberations, and no involvement in the day-to-day management of the Group's operations that could substantially affect their independent and unbiased judgment. The Committee will usually meet at least once a year. The Group Executive Chairman and Vice-Chairman will normally be invited to attend its meetings in order to make recommendations regarding the remuneration of the executive directors (other than their self). External legal and consultancy advice is obtained when necessary. The Group Executive Chairman and Vice-Chairman are not present when their own remunerations are discussed.

The Remuneration policy of the Directors of the Company is included in the Remunerations Report (page 15).

Corporate Governance Report

(continuation)

Directors seeking re-election

All the directors are subject to election by the shareholders at the first Annual General Meeting that follows their appointment and thereafter retire every two to three years. According to the Articles of Association, one third of the eleven Company directors retire from the Board at each Annual General Meeting. The directors liable to retirement according to the above provisions are those who served as members of the Board for the longest period since their last election.

In accordance with the Company's Articles of Association (Article 92), at the next shareholders Annual General Meeting Messrs Antonis Antoniou (Executive Chairman), Fabrizio Donegà (Executive Vice-Chairman), Costas Koutsos (non-Executive Director), and Stavros Galatariotis (non-Executive Director) shall retire from office by rotation. Messrs Antonis Antoniou, Fabrizio Donegà, Costas Koutsos and Stavros Galatariotis, being eligible, shall offer themselves for re-election.

Mr. Constantinos Yiorkadjis, who was appointed by the Board of Directors on 26 April 2010 is subject to retirement (Article 97) at the next General Meeting and, being eligible, offers himself for election.

Loans and guarantees granted to directors

No loans and/or guarantees were granted to the directors of the Company or to directors of any subsidiary company as well as to their related parties by the Company and its subsidiary companies.

Compliance with the Code of Corporate Governance Officer

The Board of Directors appointed Mr. George Savva, Financial Manager of the Company, at the position of Compliance with the Code of Corporate Governance Officer.

Board of Directors Confirmation

The Board of Directors assures that to the best of its knowledge, there has been no violation of the Securities and Stock Exchange of Cyprus Law and Regulations.

26 April 2010

Remuneration Report

Remunerations Committee

The Remunerations Committee of the Board is responsible for ensuring that the remuneration packages awarded to executive directors are appropriate to individual levels of responsibility and performance, are consistent with the Company's remuneration policy, and are in line with the principles of the Corporate Governance Code.

Remuneration policy

The Board's policy is to employ high calibre people for its key positions. It requires a corresponding level of performance from those people and seeks to reward accordingly. The Group may commission special reviews from time to time to assess the directors' compensation levels. Account is taken of the salary and total remuneration levels prevailing in comparable jobs both inside and outside the Construction and Building Materials sector, together with the individual performance and contribution of each executive director.

The remuneration of the Executive Chairman and the Executive Vice-Chairman consists of a base salary only. The remuneration of the General Manager during the previous year included variable-pay components to ensure that the executive remuneration is linked to the Company's performance and consisted of base salary, a short-term/annual incentive plan (annual bonus) and benefits. The Board considers that packages of this nature are consistent with prevailing practice and are necessary to attract, retain and reward executives of the calibre the Group requires. In framing the policy, the Board has given full consideration to the provisions of the Corporate Governance Code.

The base salary of the Executive Board Members is considered sufficient to attract and retain high-calibre management needed to achieve the Company's business objectives and is determined based on level of responsibility and experience.

The annual incentive plan rewards for the performance of the previous year and is paid in cash. The maximum bonus payment is expressed as a percentage of base salary and is based on targets set by the Remunerations Committee at the beginning of the performance period. The targets relate to the Company's financial performance, costs containment measures and development of the Group activities.

In addition to the base salary and incentive plan participation, the General Manager enjoys the same benefits as other employees of the Company, which include provident fund and medical fund.

No significant changes were made to the remuneration policy of the Company for year 2009 compared to the previous year.

The total remunerations of the executive directors under their capacity as executives for the year 2009 were €107.283.

Pension Scheme

All the Employees of the Company including the General Manager and the Executive Chairman are members of the Company's Provident Fund, which is a defined contribution scheme. No other additional pension schemes exist for any of the Executive Members of the Board.

Employment contracts

Employment of executive directors are for indefinite periods, however notice periods do not exceed one year as per the requirements of the Corporate Governance Code. In case of termination by the Company of the employment of Executive Directors, prior to their retirement, the Company has to compensate the Executive Directors according to the provisions of the Law.

Remuneration Report

(continuation)

Non-executive directors

The remuneration of the directors, both executives and non-executives, for services rendered to the Company as directors, is determined by the annual general meeting of the Company on the proposal of the Board. The non-executive directors have letters of appointment for a three-year term. They do not participate in any profit sharing, share option or other incentive scheme. The remunerations for each of the directors for 2009 were €7.000 and €9.000 for the Chairman and €200 per meeting for attendance in person.

The remuneration of the directors, executives and non-executives, under their capacity as directors of the Company and as members of the Board of Directors' Committees as well as under their capacity as executive directors for 2009 was as follows:

Directors	Fees as Members of the Board and its Committees	Fees and emoluments as executives	Other Benefits	Bonuses	Social Benefits	Provident Fund	Total Remune-ration
	€	€	€	€	€	€	€
Executive Directors							
Antonis Antoniou	10.400	90.000	4.800	-	4.024	8.459	117.683
Fabrizio Donegà	8.200	-	-	-	-	-	8.200
Non-Executive Directors							
Paolo Catani	7.800	-	-	-	-	-	7.800
Fortunato Zaffaroni	479	-	-	-	-	-	479
Maurizio Mansi Montenegro	7.121	-	-	-	-	-	7.121
Marios Eliades	8.000	-	-	-	-	-	8.000
George St. Galatariotis	8.600	-	-	-	-	-	8.600
Costas St. Galatariotis	8.600	-	-	-	-	-	8.600
Stavros G. Galatariotis	8.400	-	-	-	-	-	8.400
Costas Koutsos	8.600	-	-	-	-	-	8.600
Charalambos Panayiotou	8.600	-	-	-	-	-	8.600
Leondios Lazarou	9.200	-	-	-	-	-	9.200
	94.000	**90.000**	**4.800**	**-**	**4.024**	**8.459**	**201.283**

Loans and guarantees granted to directors

No loans and/or guarantees were granted to the directors of the Company or to directors of any subsidiary company or to their related parties by the Company and its subsidiary companies.

Directors - *Curriculum Vitae*

- ***Antonis Antoniou (Executive Chairman)***

Mr. Antonis Antoniou was born in London in 1954. He graduated the English School in Nicosia and he studied at the University of London (Birkbeck College). Mr. A. Antoniou holds a degree in Biological Sciences and a postgraduate diploma in Computer Sciences.

Mr. A. Antoniou worked as a Biochemist/Bacteriologist at the University College London and as a Computer Systems Analyst at British Gas Headquarters in London.

He is a founding partner of AMER World Research Ltd where he was a Deputy General Manager from 1983 until 1998. From 1998 until 2006 he was a Senior Vice President (Operations and IT Systems) of ACNielsen in Europe and a member of the European Board of Nielsen. As from February 2008 he is the Executive Chairman of Vassiliko Cement Works Public Company Ltd.

- ***Fabrizio Donegà (Executive Vice Chairman)***

Mr. Fabrizio Donegà was born in Turin in 1963. Mr. F. Donegà holds a degree in Mechanical Engineering from Genoa University and postgraduate degrees in Finance & Accounting from Cranfield University, in Corporate Finance from SDA Bocconi School of Management and in Program Management Development from Harvard Business School.

Mr. F. Donegà is a Deputy General Manager of ITALCEMENTI S.p.A responsible for the Industrial Operations of Italcementi Group in Italy.

He joined Italcementi Group in 1991 which he served from the positions of the Technical Assistance Manager, Plant Manager, Diagnostic & Performance Supervisor at the Italcementi headquarters, General Manager for Italcementi Group operations in Greece, Bulgaria, Cyprus, Kazakhstan and Egypt, until 2003.

Mr. F. Donegà is a Deputy Chairman of AITEC, the Italian Technical & Economic Association of Cement Producers, Member of CEMBUREAU_s (European Cement Association) Liaison Committee, President of the Cement, Lime and Gypsum Industrial Manufacturers Association of Bergamo Confindustria, and Member of the Council of Bergamo Confindustria.

Directors - *Curriculum Vitae* *(continuation)*

• *Paolo Catani*

Mr. Paolo Catani was born in Bergamo, Italy, in 1939. Mr. P. Catani is a graduate of the Milan Polytechnic where he received a Bachelors Degree in Mechanical Engineering.

Mr. P. Catani has 42 years of experience in cement production sector since he has served Italcementi Group, one of the biggest cement producers in the world, from 1964 until 2006 from various posts. Specifically among other positions Mr. P. Catani served the Italcementi Group from the positions of the Director of Diagnostics and Performance Department and of the Member of the Board of Directors of the Italcementi Group Technical Center. He also served in the positions of the Director of the Grinding Department and the Vice Director of the Combustion Department.

Mr. P. Catani is a holder of some patents in the cement technology and machinery.

• *George St. Galatariotis*

Mr. George St. Galatariotis was born in Limassol in 1947. He studied Business Administration at City Polytechnic in London.

Mr. George Galatariotis is an Executive Chairman of Galatariotis Group of Companies, Executive Chairman of The Cyprus Cement Public Company Ltd, K&G Complex Public Company Ltd and C.C.C. Holdings & Investments Public Company Ltd. He is also Member of the Board of Directors of several private and public companies. He is a Trustee of the Cyprus Conservation Foundation (Terra Cypria). Mr. George Galatariotis has also served as a member of the Board of Limassol Chamber of Commerce and Industry and the Cyprus Ports Authority.

• *Costas St. Galatariotis*

Mr. Costas St. Galatariotis was born in Limassol in 1963. He graduated the 5th Gymnasium of Limassol and he studied Economics, Industry and Commerce at the London School of Economics and Political Science.

Mr. Costas Galatariotis is Executive Chairman of the Galatariotis Group of Companies and Executive Chairman of C.C.C. Tourist Enterprises Public Company Ltd, owner Company of the Le Meridien Limassol Spa & Resort. He is also member of Boards of Directors of several private and public companies, member of the Board of the Limassol Chamber of Commerce and Industry and Honorary Consul General of Japan in Cyprus.

Directors - *Curriculum Vitae* *(continuation)*

- ***Stavros G. Galatariotis***

Mr. Stavros Galatariotis studied Economics in the United Kingdom and he holds a bachelors degree (BS.c. (Hons)) in Business Economics with Computing from the University of Surrey and a postgraduate degree in Business Administration from CIIM in Cyprus. Since 2000, Mr. Stavros Galatariotis is Executive Director of the Galatariotis Group of Companies and a member of the Board of Directors of several private and public companies.

- ***Costas Koutsos***

Mr. Costas Koutsos is the Managing Director of BMS Metal Pipes Industries Group since 1978 and Executive Chairman of KEO Plc and Member of the Board of Directors of Hellenic Mining Public Company Ltd. He is a Financial Consultant, Companies Tax Consultant, Secretary and Member of the Board of Directors of other private companies. Mr. C. Koutsos is a qualified accountant and he has worked for twelve years in a senior position in an international audit firm. He has a perennial experience in the Cyprus Stock Exchange Market. He is an active member of various charitable foundations as well as Member of the Board of Directors of Cyprus Metal Industry Association, member of the Cyprus Employers and Industrialists Federation.

- ***Charalambos P. Panayiotou***

Mr. Charalambos Panayiotou was born on 6th July 1971. He studied Management Sciences (B.Sc.) at the London School of Economics and Political Science. He is a member of “The Institute of Chartered Accountants in England and Wales” as well as a Member of “The Institute of Certified Public Accountants of Cyprus” since 1996. He then joined the Cyprus Popular Bank Ltd. In 2000 he was appointed Financial Controller of the Holy Bishopric of Paphos, Member of the Board of Directors of St. George Hotel (Management) Ltd as well as of SM Tsada Golf Ltd. He is a Member of the Board of Directors of Hellenic Mining Group Companies. On 1st June 2005 he was elected Member of the Board of Directors of Hellenic Bank Public Company Ltd. He is also Member of the Board of Directors of Hellenic Bank (Investments) Ltd, Member of the Risk Management and Remunerations Committees of the Board of Directors of Hellenic Bank as well as a Member of the Board of Directors of KEO Plc.

Directors - *Curriculum Vitae* *(continuation)*

- ***Leondios Lazarou***

Mr. Leondios Lazarou was born in Pano Amiandos in 1952. He studied Chemistry at the University of Athens where he received in 1976 his Bachelors Degree and in 1979 his Doctorate in Analytical Chemistry. During the preparation of his doctorate thesis he worked at the University as a Lecturer. During the period 1979 - 1997 he served the Vassiliko Cement Works from the positions of the Quality Inspection Manager, the General Manager and the Managing Director. He was a Member of the Board of Directors of Hellenic Mining Company, Vassiliko Cement Works and Hellenic Chemical Industries. From 1997 until 1999 was an associate of "Aris Petasis and Associates (Business Consultants)" where he worked as Business Consultant. During the period 1999-2004 he worked as General Manager of Salamis Tours (Holdings) Ltd with main objective the restructuring of the group companies and further development of its activities. In 2004, Mr. L. Lazarou established the consultancy firm "Skepsis – Linchpin in Development" for the provision of consultancy services to businesses.

- ***Maurizio Mansi Montenegro***

Mr. Maurizio Mansi Montenegro was born in Florence, Italy, in 1962. He is a graduate of the University of Rome where he received a Bachelors Degree in Statistical Science, and of the SDA Bocconi School of Management where he received diplomas in Strategic Marketing and International Marketing and has completed the International Executive Program of the INSEAD Business School. Mr. M. M. Montenegro is the Managing Director of Interbulk Trading S.A., Member of the Italcementi Group. He joined Italcementi Group in 1990 which he served from the office of the Marketing Analyst Coordinator, Marketing Coordinator, Strategic Planning Manager and Assistant to the Chief Executive Officer of Italcementi Spa, as well as from the office of the Cement Commercial Director of Suez Cement, in Egypt.

- ***Constantinos Yiorkadjis***

Mr. Constantinos Yiorkadjis is a holder of BSc Marketing & Economics from Boston University, as well as a member of the Lock, the Golden Key and the Beta Gamma Sigma Honour Societies for academic excellence.

Mr. C. Yiorkadjis has successfully worked in diverse business environments from the FMCG goods world of the Coca Cola Hellenic Bottling Company to the challenging world of Frigoglass, a producer of industrial refrigeration units for commercial in outlet refrigeration use by beverage companies.

His management adaptability and efficiency lead him to various positions within these multinationals; Country Marketing Manager CC Hellenic Romania, Production plant General Manager in Oradea Romania, Key Account Sales Manager Frigoglass, Regional Operations Director Frigoglass for Ireland, Romania, BeNeLux and Germany, Marketing and R&D Director Frigoglass.

Mr. Yiorkadjis has worked in many different environments as that of Greece, Romania, Spain and Ireland. Currently he works as the Commercial Manager for Lanitis Bros / Coca Cola Hellenic.

KPMG

Independent Auditors' Report

to the Members of Vassiliko Cement Works Public Company Ltd

- ***Report on the Consolidated and Company's Separate Financial Statements***

We have audited the accompanying consolidated financial statements of Vassiliko Cement Works Public Company Ltd (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements on pages 23 to 59, which comprise the statement of financial position of the Group and the Company as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The 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 (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and Company's separate 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 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.

Independent Auditors' Report

(continuation)

to the Members of Vassiliko Cement Works Public Company Ltd

Opinion

In our opinion, the consolidated and the Company's separate financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

- ***Report on Other Legal Requirements***

Pursuant to the requirements of the Companies Law, Cap. 113, 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.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us and according to the explanations given to us, the financial statements give the information required by the 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 consolidated and Company's separate financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

- ***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 156 of the Companies Law, Cap.113 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.

KPMG Limited
Chartered Accountants

Lefkosia, 26 April 2010

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

	Note	**2009 €000**	2008 €000
Revenue	4	**107.986**	127.732
Cost of sales		**(90.057)**	(114.925)
Gross profit		**17.929**	12.807
Other operating income	5	**824**	1.479
Distribution expenses		**(7.293)**	(4.560)
Administrative expenses		**(3.348)**	(3.814)
Other operating expenses		**(4.415)**	(2.970)
Operating profit before financing costs	6	**3.697**	2.942
Financial income	8	**67**	918
Financial expenses	8	**(188)**	(79)
Net financing (costs)/income		**(121)**	839
Net profit from investing activities	9	**6.398**	2.503
Goodwill impairment		**(1.170)**	-
Impairment and disposal of associates		**(2.510)**	-
Share of profit from associate		**584**	1.087
Profit before tax		**6.878**	7.371
Taxation expense	10	**(904)**	(1.692)
Profit for the financial year		**5.974**	5.679
Other comprehensive income			
Available-for-sale financial assets - fair value gains / (losses)	18	**537**	(9.722)
Tax on other comprehensive income		**289**	10
Other comprehensive income/(loss) for the year		**826**	(9.712)
Total comprehensive income/(loss) for the year		**6.800**	(4.033)
Profit attributable to:			
Equity holders of the parent		**5.974**	5.679
Non-controlling interest		**-**	-
		5.974	5.679
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**6.800**	(4.033)
Non-controlling interest		**-**	-
		6.800	(4.033)
Basic and diluted earnings per share (cents)	11	**8,3**	7,9

The notes on pages 31 to 59 form an integral part of the financial statements

Company Statement of Comprehensive Income

for the year ended 31 December 2009

	Note	**2009 €000**	2008 €000
Revenue	4	**104.725**	121.877
Cost of sales		**(86.799)**	(109.540)
Gross profit		**17.926**	12.337
Other operating income	5	**1.082**	1.492
Distribution expenses		**(5.952)**	(3.382)
Administrative expenses		**(3.103)**	(3.569)
Other operating expenses		**(4.415)**	(2.970)
Operating profit before financing costs	6	**5.538**	3.908
Financial income	8	**1.066**	2.701
Financial expenses	8	**(153)**	(42)
Net financing income		**913**	2.659
Net profit from investing activities	9	**5.663**	2.503
Profit before tax		**12.114**	9.070
Taxation expense	10	**(903)**	(1.641)
Profit for the financial year		**11.211**	7.429
Other comprehensive income			
Available-for-sale financial assets - fair value gains / (losses)	18	**537**	(9.722)
Tax on other comprehensive income		**289**	10
Other comprehensive income/(loss) for the year		**826**	(9.712)
Total comprehensive income/(loss) for the year		**12.037**	(2.283)
Basic and diluted earnings per share (cents)	11	**15,6**	10,3

The notes on pages 31 to 59 form an integral part of the financial statements

Consolidated Statement of Financial Position

as at 31 December 2009

	Note	**2009 €000**	2008 €000
Assets			
Property, plant and equipment	12	**215.118**	137.893
Intangible assets	14	**23.964**	25.210
Investment property	13	**21.224**	15.286
Investments in associates	17	**2.574**	8.110
Other investments	18	**4.027**	3.528
Total non-current assets		**266.907**	190.027
Inventories	19	**21.635**	31.074
Trade and other receivables	20	**26.826**	39.419
Cash and cash equivalents	21	**5.323**	664
Total current assets		**53.784**	71.157
Total assets		**320.691**	261.184
Equity			
Issued capital	22	**30.932**	30.932
Reserves		**191.691**	188.288
Total equity attributable to equity holders of the parent		**222.623**	219.220
Non-controlling interest		**-**	-
Total equity		**222.623**	219.220
Liabilities			
Interest-bearing loans and borrowings	23	**52.098**	13.287
Deferred tax liabilities	24	**10.455**	10.960
Total non-current liabilities		**62.553**	24.247
Bank overdraft	21	**1.202**	4.981
Interest-bearing loans and borrowings	23	**85**	86
Income tax payable		**670**	1.374
Trade and other payables	25	**32.902**	10.620
Provisions	26	**656**	656
Total current liabilities		**35.515**	17.717
Total liabilities		**98.068**	41.964
Total equity and liabilities		**320.691**	261.184

The financial statements were approved by the Board of Directors on 26 April 2010.

ANTONIS ANTONIOU, Director
FABRIZIO DONEGA, Director

The notes on pages 31 to 59 form an integral part of the financial statements

Company Statement of Financial Position

as at 31 December 2009

	Note	**2009 €000**	2008 €000
Assets			
Property, plant and equipment	12	**211.378**	133.407
Intangible assets	14	**12.399**	12.437
Investment property	13	**20.253**	15.286
Investments in subsidiaries	16	**19.636**	20.371
Investments in associates	17	**1**	1
Other investments	18	**4.027**	3.528
Total non-current assets		**267.694**	185.030
Inventories	19	**21.552**	30.895
Trade and other receivables	20	**35.260**	46.994
Cash and cash equivalents	21	**4.953**	423
Total current assets		**61.765**	78.312
Total assets		**329.459**	263.342
Equity			
Issued capital	22	**30.932**	30.932
Reserves		**200.455**	191.815
Total equity		**231.387**	222.747
Liabilities			
Interest-bearing loans and borrowings	23	**51.900**	13.000
Deferred tax liabilities	24	**10.492**	11.159
Total non-current liabilities		**62.392**	24.159
Bank overdraft	21	**1.140**	4.776
Income tax payable		**671**	1.376
Trade and other payables	25	**33.213**	9.628
Provisions	26	**656**	656
Total current liabilities		**35.680**	16.436
Total liabilities		**98.072**	40.595
Total equity and liabilities		**329.459**	263.342

The financial statements were approved by the Board of Directors on 26 April 2010.

ANTONIS ANTONIOU, Director
FABRIZIO DONEGA, Director

The notes on pages 31 to 59 form an integral part of the financial statements

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Share capital €000	Share premium €000	Revaluation reserve €000	Revaluation of investments available for sale €000	Retained earnings €000	Total equity attributable to equity holders of the parent €000	Non-controlling interest €000	Total equity €000
At 1 January 2008	22.953	834	45.204	9.722	96.919	175.632	-	175.632
Shares issued	7.826	44.771	-	-	-	52.597	-	52.597
Increase of capital for Euro conversion	153	(153)	-	-	-	-	-	-
Expenses of issue	-	(31)	-	-	-	(31)	-	(31)
Statement of comprehensive income	-	-	-	(9.722)	5.679	(4.043)	-	(4.043)
Transfer to deferred tax	-	-	10	-	-	10	-	10
Dividends	-	-	-	-	(3.885)	(3.885)	-	(3.885)
Special Contribution for Defence	-	-	-	-	(1.060)	(1.060)	-	(1.060)
Transfer	-	-	(1.236)	-	1.236	-	-	-
At 1 January 2009	**30.932**	**45.421**	**43.978**	**-**	**98.889**	**219.220**	**-**	**219.220**
Expenses of issue	**-**	**(33)**	**-**	**-**	**-**	**(33)**	**-**	**(33)**
Statement of comprehensive income	**-**	**-**	**-**	**537**	**5.974**	**6.511**	**-**	**6.511**
Transfer to deferred tax	**-**	**-**	**289**	**-**	**-**	**289**	**-**	**289**
Dividends	**-**	**-**	**-**	**-**	**(2.158)**	**(2.158)**	**-**	**(2.158)**
Special Contribution for Defence	**-**	**-**	**-**	**-**	**(1.206)**	**(1.206)**	**-**	**(1.206)**
Transfer	**-**	**-**	**(1.427)**	**-**	**1.427**	**-**	**-**	**-**
At 31 December 2009	**30.932**	**45.388**	**42.840**	**537**	**102.926**	**222.623**	**-**	**222.623**

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 to the defence fund at 15% 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 to the defence fund is payable by the Company for the account of the shareholders.

The notes on pages 31 to 59 form an integral part of the financial statements

Company Statement of Changes in Equity

for the year ended 31 December 2009

	Share capital €000	Share premium €000	Revaluation reserve €000	Revaluation of investments available for sale €000	Retained earnings €000	Total equity €000
At 1 January 2008	22.953	834	45.067	9.722	98.833	177.409
Shares issued	7.826	44.771	-	-	-	52.597
Increase of capital for Euro conversion	153	(153)	-	-	-	-
Expenses of issue	-	(31)	-	-	-	(31)
Statement of comprehensive income	-	-	-	(9.722)	7.429	(2.293)
Transfer to deferred tax	-	-	10	-	-	10
Dividends	-	-	-	-	(3.885)	(3.885)
Special Contribution for Defence	-	-	-	-	(1.060)	(1.060)
Transfer	-	-	(1.236)	-	1.236	-
At 1 January 2009	**30.932**	**45.421**	**43.841**	**-**	**102.553**	**222.747**
Expenses of issue	**-**	**(33)**	**-**	**-**	**-**	**(33)**
Statement of comprehensive income	**-**	**-**	**-**	**537**	**11.211**	**11.748**
Transfer to deferred tax	**-**	**-**	**289**	**-**	**-**	**289**
Dividends	**-**	**-**	**-**	**-**	**(2.158)**	**(2.158)**
Special Contribution for Defence	**-**	**-**	**-**	**-**	**(1.206)**	**(1.206)**
Transfer	**-**	**-**	**(1.427)**	**-**	**1.427**	**-**
At 31 December 2009	**30.932**	**45.388**	**42.703**	**537**	**111.827**	**231.387**

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 to the defence fund at 15% 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 to the defence fund is payable by the Company for the account of the shareholders.

The notes on pages 31 to 59 form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the year ended 31 December 2009

	Note	**2009 €000**	2008 €000
Cash flows from operating activities			
Profit for the year		**5.974**	5.679
Adjustments for:			
Depreciation and amortisation charges		**14.111**	14.344
Profit from disposal of investment property		**(2.052)**	-
Impairment in value of investments		**42**	1.774
Impairment of associate		**2.500**	-
Loss on disposal of associate		**10**	-
Fair value adjustment of investment property		**(4.384)**	(4.277)
Impairment of goodwill		**1.170**	-
Interest income		**(3)**	(370)
Dividends received		**(64)**	(548)
Interest expense		**159**	91
Exchange differences		**29**	(12)
Share of profit from associates		**(584)**	(1.087)
Loss on disposal of property, plant and equipment		**256**	17
Gain on disposal of other investments		**(4)**	-
Income tax expense		**904**	1.692
Operating profit before changes in working capital and provisions		**18.064**	17.303
Decrease/(increase) in trade and other receivables		**12.620**	(28.329)
Decrease/(increase) in inventories		**9.439**	(15.292)
Increase in trade and other payables		**22.282**	2.269
Cash generated from operations		**62.405**	(24.049)
Interest paid		**(159)**	(91)
Income taxes paid		**(2.931)**	(2.217)
Net cash inflow/(outflow) from operating activities		**59.315**	(26.357)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**270**	51
Proceeds from disposal of investment property		**2.726**	-
Proceeds from repayments of loan to associate		**-**	250
Proceeds from disposal of investments available for disposal		**27**	-
Proceeds from disposal of associates		**2.432**	-
Interest received		**3**	370
Dividends received		**1.064**	2.348
Acquisition of subsidiary company, net of cash acquired		-	(18.778)
Acquisition of property, plant and equipment	12	**(92.880)**	(32.263)
Acquisition of intangibles		**(26)**	(12.328)
Acquisition of investment property		**(971)**	-
Acquisition of investments available for disposal		**(28)**	-
Exchange differences		**(29)**	12
Net cash used in investing activities		**(87.412)**	(60.338)
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	52.597
Payment of transaction costs		**(33)**	(31)
Proceeds from new loans raised		**38.811**	13.000
Repayment of loans		**(85)**	(88)
Dividends paid	28	**(2.158)**	(3.885)
Net cash used in financing activities		**36.535**	61.593
Net increase/(decrease) in cash and cash equivalents		**8.438**	(25.102)
Cash and cash equivalents at 1 January		**(4.317)**	20.785
Cash and cash equivalents at 31 December	21	**4.121**	(4.317)

The notes on pages 31 to 59 form an integral part of the financial statements

Company Statement of Cash Flows

for the year ended 31 December 2009

	Note	2009 €000	2008 €000
Cash flows from operating activities			
Profit for the year		**11.211**	7.429
Adjustments for:			
Depreciation and amortisation charges		**13.557**	13.804
Profit from disposal of investment property		**(2.052)**	-
Impairment in value of investments		**42**	1.774
Impairment in value of investment in subsidiary		**735**	-
Fair value adjustment of investment property		**(4.384)**	(4.277)
Interest income		**(2)**	(404)
Dividends received		**(1.064)**	(2.297)
Interest expense		**124**	54
Exchange differences		**29**	(12)
Loss on disposal of property, plant and equipment		**-**	4
Gain on disposal of other investments		**(4)**	-
Income tax expense		**903**	1.642
Operating profit before changes in working capital and provisions		**19.095**	17.717
Decrease/(increase) in trade and other receivables		**11.480**	(28.666)
Decrease/(increase) in inventories		**9.343**	(15.278)
Increase in trade and other payables		**23.585**	2.088
Cash generated from operations		**63.503**	(24.139)
Interest paid		**(124)**	(54)
Income taxes paid		**(2.931)**	(2.218)
Net cash inflow/(outflow) from operating activities		**60.448**	(26.411)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**10**	1
Proceeds from disposal of investment property		**2.726**	-
Interest received		**2**	404
Dividends received		**1.064**	2.297
Acquisition of subsidiary company, net of cash acquired		**-**	(18.779)
Acquisition of property, plant and equipment	12	**(92.737)**	(32.249)
Acquisition of intangibles		**(26)**	(12.366)
Acquisition of other investments		**(28)**	-
Proceeds from disposal of other investments		**27**	-
Exchange differences		**(29)**	12
Net cash used in investing activities		**(88.991)**	(60.680)
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	52.597
Payment of transaction costs		**(33)**	-
Proceeds from new loans raised		**38.900**	13.000
Dividends paid	28	**(2.158)**	(3.885)
Net cash used in financing activities		**36.709**	61.712
Net increase/(decrease) in cash and cash equivalents		**8.166**	(25.379)
Cash and cash equivalents at 1 January		**(4.353)**	21.026
Cash and cash equivalents at 31 December	21	**3.813**	(4.353)

The notes on pages 31 to 59 form an integral part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2009

1. Reporting entity and principal activities

"Τσιμεντοποιία Βασιλικού Δημόσια Εταιρεία Λτδ", translated in English as "Vassiliko Cement Works Public Company Ltd" (the 'Company') is a company domiciled in Cyprus and is a public company in accordance with the requirements of the Cyprus Companies Law, cap 113, the Cyprus Stock Exchange Law and Regulations. The Company's registered office is at 1A Kyriakos Matsis Avenue, CY-1082 Nicosia, Cyprus.

The consolidated financial statements of the Company for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

The Company and the Consolidated Financial Statements were authorised for issue by the Board of Directors on 26 April 2010.

Principal activities

The Group principal activities are the production of clinker and cement, which are sold in the local and international markets. The Group also has a presence in the ready mix concrete market and aggregates quarrying through its subsidiary and associate companies.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the Cyprus Stock Exchange Law and Regulations.

Basis of measurement

The financial statements have been prepared on the historical cost basis, modified to include the revaluation to fair value of land and buildings, Vassiliko port, financial instruments classified as available for sale and investment property.

Functional and presentation currency

The Company’s financial statements are for the year ended 31 December 2009 and are presented in Euro (€) (rounded to the nearest thousand), which as from 1 January 2008 is the official currency of the Republic of Cyprus and in the case of the Group is also its functional currency.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Use of estimates and judgements

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

a. Income taxes

Significant judgment 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 Group 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.

b. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date. The Group regularly evaluates the methods used to ensure their validity and appropriateness. Changes in the estimations and assumptions used are possible to affect the fair value of the related financial instruments.

c. Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

d. Impairment of investments in subsidiaries/associates

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Adoption of new and revised IFRSs
During the year 2009 the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Company, with the exception of the following:

International Accounting Standard (IAS) 1 "Presentation of financial statements" (revised). As a result of the adoption of this revised standard, the Company presents in the statement of changes in equity all changes resulting from transactions with shareholders, whereas all changes in equity resulting from transactions with nonshareholders of the Company are presented in the statement of comprehensive income. The presentation of comparative information has been adjusted in conformity with the revised standard. The change had an impact only on the presentation of the financial statements.

i. Standards and Interpretations adopted by the EU

IFRS 1 (Revised): "First time adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 July 2009).

IFRS 3 (Revised): "Business combinations" (effective for annual periods beginning on or after 1 July 2009).

International Accounting Standard (IAS) 27 (Amended): "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1 July 2009).

International Financial Reporting Interpretation Committee (IFRIC) 17: "Distribution of non-cash assets to owners" (effective for annual periods beginning on or after 1 July 2009).

Amendments to IAS 39: "Eligible hedged items" (effective for annual periods beginning on or after 1 July 2009).

Improvements to IFRSs 2008- Amendments to IFRS 5: "Non-Current Assets Held For Sale and Discontinued Operations" (effective for annual periods beginning on or after 1 July 2009).

Amendments to IAS 32: "Classification of Rights Issues" (effective for annual periods beginning on or after 1 February 2010).

ii. Standards and Interpretations not adopted by the EU

Improvements to IFRSs – 2009 (effective for annual periods beginning on or after 1 July 2009 / 1 January 2010).

Amendments to IFRS 2: "Group Cash-Settled Share-Based Payment" (effective for annual periods beginning on or after 1 January 2010).

Amendments to IFRS 1: "Additional Exemptions for First-Time Adopters" (effective for annual periods beginning on or after 1 January 2010).

IFRIC 19: "Extinguishing financial liabilities with equity instruments" (effective for annual periods beginning on or after 1 July 2010).

Amendments to IFRIC 14: "Prepayments of a minimum funding requirement" (effective for annual periods beginning on or after 1 January 2011).

IAS 24 (Revised): "Related party disclosures" (effective for annual periods beginning on or after 1 January 2011).

IFRS 9: "Financial instruments" (effective for annual periods beginning on or after 1 January 2013).

The Board of Directors expects that the adoption of these standards and interpretations in future periods will not have a material effect on the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

3. Significant accounting policies

The following accounting policies have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Group entities.

Basis of consolidation

i. Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are consolidated from the date that control is transferred to the Group until the date that control is transferred outside the Group.

ii. Associates
Associates are those entities in which the Group has significant influence but no control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

iii. Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions
Transactions in foreign currencies are translated to Euros using the foreign exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to Euros at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

Property, plant and equipment

i. Owned assets
Items of property, plant and equipment are stated at cost, or deemed cost less accumulated depreciation and impairment losses (see accounting policy l). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

ii. Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

iii. Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	20-50 years
Vassiliko Port	50 years (term of lease)
Machinery, plant and equipment	4-40 years

Intangible assets

i. Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets of the acquired undertaking at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see note 14) . Goodwill on acquisition of associates is included in investments associates. Goodwill on acquisition of subsidiaries is included in 'Intangible Assets'.

Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of comprehensive income.

ii. Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

iii. Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

iv. Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 years

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Investments

i. Investments in equity securities

Equity financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of comprehensive income.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the year end date.

Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by the Group on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Group.

ii. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio at regular intervals. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income. Rental income from investment property is accounted for as described in accounting policy for Revenue.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity, if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

Trade and other receivables

Trade receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw materials, spare parts and other consumables is based on the average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and at bank and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment of assets
The carrying amounts of the Group's assets, other than investment property, inventories and deferred tax assets, are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each year end date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

Interest-bearing borrowings
Interest-bearing borrowings are stated at cost.

Employee benefits
Obligations for contributions to defined contribution schemes are recognised as an expense in the statement of comprehensive income as incurred.

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Group contributes to the Provident Funds of its employees and management team which are defined contribution plans.

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Trade and other payables
Trade and other payables are presented at the nominal value outstanding at the year end date.

Revenue

i. Goods sold
Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

ii. Rental income
Rental income from investment property is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

iii. Government grants
Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attaching to it. Grants that compensate the Group for expenses incurred are recognised as revenue in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset.

iv. Finance income
Finance income includes interest income which is recognised using the effective interest method.

v. Dividend income
Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

Expenses

i. Operating lease payments
Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

ii. Net financing costs
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the statement of comprehensive income.

iii. Foreign currency transactions
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.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro using the rate of exchange ruling at the balance sheet date. The exchange differences that arise are transferred to the statement of comprehensive income, and are presented separately when considered material, except for exchange differences that arise from the exchange rate movement between foreign currencies and the Euro related to foreign currency loans made for the purpose of hedging the exchange risk in connection with revenues received in the same currency.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Tax expense

Income tax on the statement of comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

As from 1 January 2003, companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profit of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders and is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using the applicable tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the year end date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Share capital

Ordinary shares are classified as equity.

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.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

4. Revenue

	Group 2009 €000	Group 2008 €000	Company 2009 €000	Company 2008 €000

Revenue represents amounts invoiced to third parties during the year, stated net of value added tax, as follows:

	Group 2009 €000	Group 2008 €000	Company 2009 €000	Company 2008 €000
Revenue analysis:				
Local cement sales	**101.861**	119.832	**102.024**	121.790
Export cement sales	**2.574**	-	**2.574**	-
Concrete sales	**3.424**	7.813	**-**	-
Other	**127**	87	**127**	87
	107.986	127.732	**104.725**	121.877

5. Other operating income

	Group 2009 €000	Group 2008 €000	Company 2009 €000	Company 2008 €000
Income from Vassiliko Port	**423**	805	**423**	805
Rental of investment property	**413**	404	**413**	404
Loss on disposal of property, plant and equipment	**(256)**	(17)	**-**	(4)
Other	**244**	287	**246**	287
	824	1.479	**1.082**	1.492

6. Operating profit before financing costs

	Group 2009 €000	Group 2008 €000	Company 2009 €000	Company 2008 €000

This is stated after charging:

	Group 2009 €000	Group 2008 €000	Company 2009 €000	Company 2008 €000
Staff costs	**17.646**	19.383	**16.986**	18.430
Directors remuneration as directors	**111**	99	**111**	99
Directors remuneration as executives	**79**	106	**79**	106
Depreciation of property, plant and equipment	**13.911**	13.730	**13.355**	13.215
Amortisation of intangible fixed assets	**64**	109	**64**	90
Independent auditors' remuneration	**43**	52	**30**	36

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

7. Staff costs

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Wages and salaries	**15.080**	16.596	**14.532**	15.824
Social insurance costs	**827**	857	**790**	806
Provident fund contributions	**1.044**	1.134	**1.022**	1.107
Other contributions	**695**	796	**642**	693
	17.646	19.383	**16.986**	18.430
Average number of employees	**306**	334	**286**	318

8. Net financing (costs)/income

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Interest income	**3**	370	**2**	404
Dividend receivable	**64**	548	**1.064**	2.297
Financial income	**67**	918	**1.066**	2.701
Interest expense	**(159)**	(91)	**(124)**	(54)
Net foreign exchange differences	**(29)**	12	**(29)**	12
Financial expenses	**(188)**	(79)	**(153)**	(42)
Net financing (costs)/income	**(121)**	839	**913**	2.659

Interest income is earned on bank deposits held in current and short term notice accounts. The interest rate on the above deposits is floating.

9. Net profit from investing activities

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Profit on sale of available-for-sale financial assets	**4**	-	**4**	-
Impairment charge on available-for-sale financial assets	**(42)**	(1.774)	**(42)**	(1.774)
Impairment charge - investments in subsidiary	**-**	-	**(735)**	-
Fair value adjustment of investment property	**4.384**	4.277	**4.384**	4.277
Gain on disposal of investment property	**2.052**	-	**2.052**	-
	6.398	2.503	**5.663**	2.503

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

10. Taxation expense

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Recognised in the statement of comprehensive Income				
Analysis of charge in year				
Current year tax:				
Income tax on profits of the year	**1.250**	900	**1.250**	900
Special contribution to defence fund	**9**	33	**9**	33
Capital gains tax	**22**	-	**22**	-
Share of tax from associate	**95**	166	**-**	-
Deferred tax	**(472)**	653	**(378)**	768
	904	1.752	**903**	1.701
Adjustments for previous periods	**-**	(60)	**-**	(60)
	904	1.692	**903**	1.641

The Group is subject to income tax at 10%.

Factors affecting the income tax charge for the year

	Group 2009	Group 2008	Company 2009	Company 2008
Profit before tax	**6.878**	7.371	**12.114**	9.070
Tax for the year at the applicable tax rates				
Income tax at 10%	**688**	737	**1.211**	907
Special contribution for defence	**9**	33	**9**	33
Capital gains tax	**22**	-	**22**	-
	719	770	**1.242**	940
Effects of:				
Non-taxable income / expenses	**90**	816	**(339)**	761
	809	1.586	**903**	1.701
Adjustments to tax charge in respect of previous periods	**-**	(60)	**-**	(60)
Share of tax from associate	**95**	166	**-**	-
Current tax charge for the year	**904**	1.692	**903**	1.641

11. Earnings per share

The calculation of earnings per share was based on the profit attributable to ordinary shareholders of €5.974.000 (2008: €5.679.000) and the weighted average number of ordinary shares outstanding during the year 71.935.947 (2008 : 71.935.947).

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

12. Property, plant and equipment

	Land and buildings €000	Vassiliko port €000	Plant and equipment £000	Total €000
Group				
Cost				
Balance at 1 January 2008	54.267	27.845	131.636	213.748
Acquisitions	1.691	-	30.572	32.263
Disposals	-	-	(287)	(287)
Balance at 31 December 2008	55.958	27.845	161.921	245.724
Balance at 1 January 2009	**55.958**	**27.845**	**161.921**	**245.724**
Acquisitions	**1.429**	**86**	**91.365**	**92.880**
Transfer to investment property	**(1.257)**	**-**	**-**	**(1.257)**
Disposals	**-**	**-**	**(746)**	**(746)**
Balance at 31 December 2009	**56.130**	**27.931**	**252.540**	**336.601**
Depreciation				
Balance at 1 January 2008	4.779	3.923	85.135	93.837
Charge for the year on historical cost	643	671	11.666	12.980
Additional charge on revalued amounts	987	249	-	1.236
Disposals	-	-	(222)	(222)
Balance at 31 December 2008	6.409	4.843	96.579	107.831
Balance at 1 January 2009	**6.409**	**4.843**	**96.579**	**107.831**
Charge for the year on historical cost	**651**	**483**	**11.449**	**12.583**
Additional charge on revalued amounts	**987**	**440**	**-**	**1.427**
Disposals	**-**	**-**	**(358)**	**(358)**
Balance at 31 December 2009	**8.047**	**5.766**	**107.670**	**121.483**
Carrying amounts				
At 1 January 2008	49.488	23.922	46.501	119.911
At 31 December 2008	49.549	23.002	65.342	137.893
At 1 January 2009	**49.549**	**23.002**	**65.342**	**137.893**
At 31 December 2009	**48.083**	**22.165**	**144.870**	**215.118**

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

	Land and buildings	Vassiliko port	Plant and equipment	Total
	€000	€000	£000	€000
Company				
Cost				
Balance at 1 January 2008	52.904	27.845	127.515	208.264
Acquisitions	1.678	-	30.571	32.249
Disposals	-	-	(225)	(225)
Balance at 31 December 2008	54.582	27.845	157.861	240.288
Balance at 1 January 2009	**54.582**	**27.845**	**157.861**	**240.288**
Acquisitions	**1.429**	**86**	**91.222**	**92.737**
Transfer to investment property	**(1.257)**	**-**	**-**	**(1.257)**
Disposals	**-**	**-**	**(255)**	**(255)**
Balance at 31 December 2009	**54.754**	**27.931**	**248.828**	**331.513**
Depreciation				
Balance at 1 January 2008	4.738	3.923	84.725	93.386
Charge for the year on historical cost	592	671	11.215	12.478
Additional charge on revalued amounts	987	249	-	1.236
Disposals	-	-	(219)	(219)
Balance at 31 December 2008	6.317	4.843	95.721	106.881
Balance at 1 January 2009	**6.317**	**4.843**	**95.721**	**106.881**
Charge for the year on historical cost	**599**	**483**	**10.984**	**12.066**
Additional charge on revalued amounts	**987**	**440**	**-**	**1.427**
Disposals	**-**	**-**	**(239)**	**(239)**
Balance at 31 December 2009	**7.903**	**5.766**	**106.466**	**120.135**
Carrying amounts				
At 1 January 2008	48.166	23.922	42.790	114.878
At 31 December 2008	48.265	23.002	62.140	133.407
At 1 January 2009	**48.265**	**23.002**	**62.140**	**133.407**
At 31 December 2009	**46.851**	**22.165**	**142.362**	**211.378**

Property, plant and equipment under construction
During the year ended 31 December 2009, the property plant and equipment under construction were €101.989.000 (2008: €16.573.000).

The construction of the Vassiliko Port was paid for by the Company. The Cyprus Ports Authority, which according to the Cyprus Ports Authority Law is the owner of the port, leased it to the Company for a period of 50 years as from 1 January 1984.

The last revaluation of land and buildings and of the Vassiliko port was performed in 2007 by independent professional valuers.

Bank overdrafts of €1.202.000 are secured by fixed charges on plant and machinery. Bank loans of €52.098.000 are secured by mortgages on land and buildings and fixed charges on plant and machinery.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

13. Investment property

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Balance at 1 January	**15.286**	11.009	**15.286**	11.009
Acquisitions	**971**	-	**-**	-
Transfer from property, plant and equipment	**1.257**	-	**1.257**	-
Fair value adjustments	**4.384**	4.277	**4.384**	4.277
Disposals	**(674)**	-	**(674)**	-
Balance at 31 December	**21.224**	15.286	**20.253**	15.286

The carrying amount of investment property is the fair value of the property as determined by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property. The last revaluation of investment property wasperformed in December 2009.

Investment property comprises a number of commercial properties that are leased to third parties or land held for capital appreciation.

14. Intangible assets

	Goodwill	Leasehold property	Software	Total
	€000	€000	**€000**	€000
Group				
Cost				
Balance at 1 January 2008	1.170	598	1.306	3.074
Acquisitions	23.348	-	41	23.389
Balance at 31 December 2008	24.518	598	1.347	26.463
Balance at 1 January 2009	**24.518**	**598**	**1.347**	**26.463**
Acquisitions	**-**	**-**	**26**	**26**
Impairment	**(1.171)**	**-**	**-**	**(1.171)**
Balance at 31 December 2009	**23.347**	**598**	**1.373**	**25.318**
Amortisation and impairment charge				
Balance at 1 January 2008	-	38	1.087	1.125
Amortisation for the year	-	20	108	128
Balance at 31 December 2008	-	58	1.195	1.253
Balance at 1 January 2009	**-**	**58**	**1.195**	**1.253**
Amortisation for the year	**-**	**19**	**82**	**101**
Balance at 31 December 2009	**-**	**77**	**1.277**	**1.354**
Carrying amounts				
At 1 January 2008	1.170	560	219	1.949
At 31 December 2008	24.518	540	152	25.210
At 1 January 2009	**24.518**	**540**	**152**	**25.210**
At 31 December 2009	**23.347**	**521**	**96**	**23.964**

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

	Goodwill	Software	Total
	€000	€000	€000
Company			
Cost			
Balance at 1 January 2008	-	1.232	1.232
Acquisitions	12.328	38	12.366
Balance at 31 December 2008	12.328	1.270	13.598
Balance at 1 January 2009	**12.328**	**1.270**	**13.598**
Acquisitions	**-**	**26**	**26**
Balance at 31 December 2009	**12.328**	**1.296**	**13.624**
Amortisation and impairment charge			
Balance at 1 January 2008	-	1.071	1.071
Amortisation for the year	-	90	90
Balance at 31 December 2008	-	1.161	1.161
Balance at 1 January 2009	**-**	**1.161**	**1.161**
Amortisation for the year	**-**	**64**	**64**
Balance at 31 December 2009	**-**	**1.225**	**1.225**
Carrying amounts			
At 1 January 2008	-	161	161
At 31 December 2008	12.328	109	12.437
At 1 January 2009	**12.328**	**109**	**12.437**
At 31 December 2009	**12.328**	**71**	**12.399**

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

15. Group entities

Name and country of incorporation	Principal Activity	Ownership 2009	Ownership 2008
Vassiliko (Building Materials) Ltd - Cyprus	*Investment company*	**100,0%**	100,0%
AES Atlas Etimo Skirodema Ltd - Cyprus	*Concrete production*	**100,0%**	100,0%
Estia Etimo Skirodema Ltd - Cyprus	*Concrete production*	**100,0%**	100,0%
Vassiliko Energy Ltd - Cyprus	*Electricity generation*	**100,0%**	100,0%
Venus Beton Ltd - Cyprus	*Dormant company*	**51,0%**	51,0%
CCC Building Materials Ltd - Cyprus	*Investment company*	**100,0%**	100,0%
CCC Aggregates Ltd - Cyprus	*Dormant company*	**51,0%**	51,0%

16. Investments in subsidiary companies

Company

Name and country of incorporation	Principal Activity	Ownership 2009	Ownership 2008
Vassiliko (Building Materials) Ltd - Cyprus	*Investment company*	**100,0%**	100,0%
Estia Etimo Skirodema Ltd - Cyprus	*Concrete production*	**100,0%**	100,0%
Vassiliko Energy Ltd - Cyprus	*Electricity generation*	**100,0%**	100,0%
CCC Building Materials Ltd - Cyprus	*Investment company*	**100,0%**	100,0%

	2009 €000	2008 €000
Balance at 1 January	**20.371**	1.592
Additions	**-**	18.779
Disposals	**-**	-
Impairment charge	**(735)**	-
Balance at 31 December	**19.636**	20.371
Vassiliko (Building Materials) Ltd - Cyprus	**855**	855
Estia Etimo Skirodema Ltd - Cyprus	**-**	735
Vassiliko Energy Ltd - Cyprus	**2**	2
CCC Building Materials Ltd - Cyprus	**18.779**	18.779
	19.636	20.371

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

17. Investments in associates

Name and country of incorporation	Principal Activity	Ownership 2009	Ownership 2008
Pyrga Quarry Ltd - Cyprus	*Aggregates quarry*	**30,0%**	30,0%
ENERCO - Energy Recovery Limited - Cyprus	*Waste to energy*	**50,0%**	50,0%
Latomia Latouros Ltd - Cyprus	*Aggregates quarry*	**50,0%**	50,0%
Athinodorou Beton Ltd - Cyprus	*Read mix concrete*	**0,0%**	38,0%
Athinodorou Beton - Transport Ltd - Cyprus	*Bulk materials transport*	**0,0%**	38,0%
Athinodorou Beton - Estates Ltd - Cyprus	*Property investments*	**0,0%**	38,0%

	2009 €000	2008 €000
Balance at 1 January	**8.110**	1.247
Additions	**-**	7.742
Disposals	**(2.441)**	-
Impairment charge	**(2.500)**	-
Share of profit from associate	**584**	1.087
Share of tax from associate	**(95)**	(166)
Dividends from associate	**(1.084)**	(1.800)
Balance at 31 December	**2.574**	8.110

Pyrga Quarry Ltd - Cyprus	**1.313**	1.361
ENERCO - Energy Recovery Limited - Cyprus	**-**	-
Latomia Latouros Ltd - Cyprus	**1.261**	1.730
Athinodorou Beton Ltd - Cyprus	**-**	2.988
Athinodorou Beton - Transport Ltd - Cyprus	**-**	299
Athinodorou Beton - Estates Ltd - Cyprus	**-**	1.732
	2.574	8.110

The Group's share of post-acquisition total recognised profit or loss in the above associates for the year ended 31 December 2009 was €584.000 (2008 : €1.087.000).

On 30 July 2009 the Group entered into an agreement for the disposal of its share held in Athinodorou Beton Ltd, Athinodorou Beton - Transport Ltd and Athinodorou Beton - Estates Ltd for €2.432.000. The agreement became effective on 30 September 2009 following the approval of the Committee for the Protection of Competition. Following an impairment charge of €2.500.000 there was a further loss of €10.000.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

18. Other investments

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
At 1 January	**3.528**	15.024	**3.528**	15.024
Additions	**28**	-	**28**	-
Disposals	**(23)**	-	**(23)**	-
Fair value adjustment	**537**	(11.496)	**537**	(11.496)
Impairment charge of unquoted equity investments	**(43)**	-	**(43)**	-
At 31 December	**4.027**	3.528	**4.027**	3.528

	Valuation		Valuation	
Non-current investments	**2009 €000**	2008 €000	**2009 €000**	2008 €000
Equity securities available for sale	**4.027**	3.485	**4.027**	3.485
Unquoted equity investments	**-**	43	**-**	43
	4.027	3.528	**4.027**	3.528

19. Inventories

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Raw materials and work in progress	**5.217**	6.636	**5.196**	6.534
Finished goods	**4.479**	5.061	**4.479**	5.061
Fuel stocks	**5.508**	10.379	**5.490**	10.334
Spare parts and consumables	**6.431**	8.998	**6.387**	8.966
	21.635	31.074	**21.552**	30.895

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

20. Trade and other receivables

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Trade debtors	**12.804**	16.809	**10.794**	14.001
Amount owed by subsidiary companies	-	-	**9.500**	10.257
Amount owed by associate companies	**153**	3.186	**10**	3.026
Other debtors and prepayments	**15.579**	19.799	**15.554**	19.748
	28.536	39.794	**35.858**	47.032
Less impairment	**(1.710)**	(375)	**(598)**	(38)
	26.826	39.419	**35.260**	46.994
Impairment movement				
At 1 January	**375**	357	**38**	161
Impairment losses recognised	**1.075**	141	**300**	-
Accrued discounts	**260**	(123)	**260**	(123)
At 31 December	**1.710**	375	**598**	38

Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers who have a variety of end markets in which they sell. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collections losses is inherent in the Company's trade receivables.

21. Cash and cash equivalents

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Bank balances	**5.323**	664	**4.953**	423
Cash and cash equivalents	**5.323**	664	**4.953**	423
Bank overdrafts	**(1.202)**	(4.981)	**(1.140)**	(4.776)
Cash and cash equivalents in the statement of cash flows	**4.121**	(4.317)	**3.813**	(4.353)

Bank overdrafts of €1.202.000 are secured by fixed charges on plant and machinery.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

22. Share capital

	2009 000	2008 000
Authorised:		
Ordinary shares of €0,43 each	72.000	72.000

Allotted, called up and fully paid:	**2009 No. of shares**	2008 No. of shares	**2009 €000**	2008 €000
Ordinary shares of €0,43 each	**71.935.947**	71.935.947	**30.932**	30.932

Movement in share capital

	2009 €000	2008 €000
At 1 January	30.932	22.953
Increase of share capital due to conversion in Euro	-	153
Shares issued	-	7.826
At 31 December	30.932	30.932

As from 1 January 2008, Euro ("€") is the official currency of the Republic of Cyprus. During 2008, the share capital of the Company was converted from Cyprus Pounds to Euro according to the requirements of the Adoption of Euro Law (Law 33(I)/2007). During the conversion, the resulting rounding was treated in accordance with the aforementioned Law. For the conversion of the share capital of the Company from Cyprus Pounds to Euro the irrevocable conversion rate €1=£0,585274 was used and the provisions in the legislation for rounding, were followed.

On 17 December 2008, at the Extraordinary General Meeting of the shareholders of the Company, it was resolved to convert and increase the nominal value of each of the Company's shares from £0,25 to €0,43.

Additionally, the Extraordinary General Meeting of the shareholders of the Company approved that the authorised and issued share capital of the Company is converted into Euro.

The resulting increase from the conversion of the issued share capital from £ to € amounting to €153.000 was capitalised through the share premium reserve.

On 1 January 2008, the Company proceeded with the issue of 18.199.794 shares to the Cyprus Cement Public Company Ltd as consideration to acquire its cement, ready-mix concrete and aggregates businesses, which have subsequently been listed on the Cyprus Stock Exchange.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

23. Interest bearing loans and borrowings

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Non-current liabilities				
Secured bank loans	**52.098**	13.287	**51.900**	13.000
Current liabilities				
Current portion of secured bank loans	**85**	86	**-**	-
Analysis of maturity of debt:				
Within one year or on demand	**85**	86	**-**	-
Between one and two years	**4.989**	85	**4.904**	-
Between two and five years	**25.728**	3.985	**25.615**	3.900
After five years	**21.381**	9.217	**21.381**	9.100
	52.183	13.373	**51.900**	13.000

The bank loans are secured as follows:

By mortgage against immovable property of the Company for €26.800.000 (2008 : €25.500.000).

Fixed charge on the Company's financed plant and machinery for €22.500.000 (2008: € -.).

Weighted average effective interest rate

The rate of interest payable on the above loans is floating. At 31 December 2009 the prevailing rate of interest for these loans was on average 3,29% (2008: 5,18%).

24. Deferred taxation

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Accelerated capital allowances	**1.958**	2.720	**1.921**	2.801
Revaluation of fixed assets	**8.650**	8.393	**8.571**	8.358
Tax losses carried forward	**(153)**	(153)	**-**	-
	10.455	10.960	**10.492**	11.159
At 1 January	**10.960**	10.317	**11.159**	10.401
Deferred tax charge in statement of comprehensive income	**(216)**	653	**(378)**	768
Transfer to revaluation reserve	**(289)**	(10)	**(289)**	(10)
At 31 December	**10.455**	10.960	**10.492**	11.159

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

25. Trade and other payables

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Trade creditors	**29.863**	7.142	**29.712**	6.148
Amount owed to subsidiary companies	**-**	-	**728**	22
Amounts owed to related companies	**645**	1.439	**395**	1.439
Other creditors	**2.394**	2.039	**2.378**	2.019
	32.902	10.620	**33.213**	9.628

26. Provisions for liabilities and charges

	Group Non-current		Company Non-current	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Provision for quarry environmental restoration	**656**	656	**656**	656

The provision for environmental restoration of quarries relates to the estimated cost of work required to be carried out for environmental restoration of the sites currently exploited by the Group.

27. Transactions with related companies

The Company has entered into an agreement with Hellenic Mining Company, the scope of which is the provision of consultancy services and other services. The fees payable by the Company for these services are €205.000 per annum. The duration of the agreement is 5 years and expires on 30 June 2014. Further, the Company enters into various other transactions with the Hellenic Mining Company Group. These transactions, which are entered into at mutually agreed prices, include the provision of port facilities, hiring of machinery and the purchase and sale of spare parts and other goods.

The Company has entered into an agreement with Italcementi, S.p.A Italy, holding company of Italmed Cement Company Ltd and Compagnie Financiere et de Participations (Cofipar), the scope of which is the provision by Italcementi to the Company of consultancy services of technical nature. The duration of the agreement is 5 years and expires on 31 December 2010. The fees payable by the Company for these services are €600.000 per annum. Apart from this agreement, the Company purchased from Italcementi equipment and spare parts and other services and sells cement and clinker.

The transactions between the Group and the related companies, including the above agreements were as follows:

	Sales		Purchases	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Hellenic Mining Group	**455**	150	**395**	586
Italcementi Group	**2.102**	-	**10.744**	22.762
KEO Plc	**-**	-	**52**	95
Athinodorou Beton Ltd	**5.333**	10.920	**-**	-
Latouros Quarry Ltd	**-**	-	**74**	222
	7.890	11.070	**11.265**	23.665

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for the year ended 31 December 2009 *(continuation)*

28. Dividends

	2009 €000	2008 €000
Interim dividend paid at €0,015 (2008:€0,02) per share	**1.079**	1.439
Additional dividend paid at €0,015 (2008:€0,034) per share	**1.079**	2.446
	2.158	3.885

Dividends are subject to defence fund contribution at the rate of 15% when the beneficiary is a physical person resident of Cyprus.

29. Directors' shareholdings

At 31 December 2009 and the date of the approval of the financial statements, the proportions of shares held directly or indirectly by the Directors and their related parties were as follows:

	Fully paid shares	
	31 Dec 2009	**21 April 2010**
Leondios Lazarou	0,0001%	0,0001%
Costas Koutsos	0,0139%	0,0139%
Stavros Galatariotis	0,0125%	0,0125%
	0,0265%	0,0265%

At 31 December 2009 the Company had no material agreements in which Directors of the Company, or their related parties, had a direct or indirect interest.

30. Shareholders holding at least 5% of the issued share capital

At 31 December 2009 and the date of approval of the financial statements the following shareholders were holding at least 5% of the nominal value of the issued share capital.

	Fully paid shares	
	31 Dec 2009	**21 April 2010**
Hellenic Mining Public Company Ltd	13,07%	13,07%
KEO Plc	6,44%	6,44%
Gypsum and Plasterboards Public Company Ltd	4,78%	4,78%
Italmed Cement Company Ltd	14,94%	14,94%
Compagnie Financiere et de Participations	9,71%	9,71%
Anastasios G. Leventis Foundation	5,34%	5,34%
The Cyprus Cement Public Company Ltd	25,30%	25,30%
	79,58%	79,58%

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

31. Capital commitments

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Amounts contracted for but not provided in the accounts	**63.500**	87.500	**63.500**	87.500

The Company has entered into various contracts for the installation of a new production line at Vassiliko which is expected to reach a total cost of €170 million. The €63,5 million above represents the contracted amounts less any sums provided in the accounts.

32. Employee contribution schemes

The Company has two schemes, the Vassiliko Cement Works Ltd Employees' Provident Fund and the Vassiliko Cement Works Ltd Employees' Medical Fund. The two schemes are funded separately and prepare their own financial statements. According to these schemes, the employees are entitled to payment of certain benefits upon retirement, prior termination of service or sickness. These are defined contribution schemes and the contributions of the Company for the year were €.1.165.000 (2008: €1.272.000).

33. Operating leases

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Leases as lessee				
Non-cancellable operating lease rentals are payable as follows:				
Less than one year	**147**	80	**99**	77
Between one and five years	**434**	178	**246**	167
More than five years	**1.288**	335	**283**	277
	1.869	593	**628**	521

The Group leases a number of properties under operating leases. The leases typically run for periods up to 50 years, with options to renew the lease after that date. The leases provide for rental increases to reflect market rentals. None of the leases include contingent rentals.

Leases as lessor

The Group leases out its investment property under operating leases (see note 13). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Less than one year	**391**	390	**391**	390
Between one and five years	**927**	1.033	**927**	1.033
More than five years	**243**	492	**243**	492
	1.561	1.915	**1.561**	1.915

During the year ended 31 December 2009, €413.000 was recognised as net rental income in the statement of comprehensive income (2008 : €404.000) and €5.000 in respect of repairs and maintenance that was recognised as an expense in the statement of comprehensive income relating to investment property (2008 : €5.000).

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for the year ended 31 December 2009 *(continuation)*

34. Financial instruments and risk management

The Group is exposed to the following risks from its use of financial instruments:

- Interest rate risk
- Credit risk
- Currency risk
- Liquidity risk

The Group also has exposure to the following other risks:

- Market and industry risk
- Operational risk
- Compliance risk
- Litigation risk
- Reputation risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The main monetary financial assets of the Group and the Company are the cash in hand and at bank, and the investments in securities and trade debtors. The main monetary financial liabilities are the bank overdrafts, loans and trade creditors.

Interest rate risk

Interest rate risk results from changes in market interest rates. The Group's income and operating cash flows are not directly related to changes in market interest rates. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The interest rate and repayment terms of the loans are disclosed in note 23.

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

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 statement of financial position date. The Company has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets representing the maximum credit exposure to credit risk at the reporting date was:

	Group Carring amount		Company Carring amount	
	2009 €000	2008 €000	**2009 €000**	2008 €000
Trade and other receivables	**12.804**	16.809	**10.794**	14.001
Amount receivable from related parties	**153**	3.186	**10**	3.026
Prepayments	**11.579**	19.799	**11.563**	19.748
Equity securities available for sale	**4.027**	3.485	**4.027**	3.485
Cash and cash equivalents	**5.323**	664	**4.953**	423
Total credit risk exposure	**33.886**	43.943	**31.347**	40.683

No customer balance represents a significant percentage of the total trade receivables.

Prepayments of €10.875.000 relate to advance payments for the construction of a new production line at Vassiliko which are secured by bank guarantees, issued on behalf of the suppliers.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency rate risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar.

Exposure to currency risk was as follows:

Group	31 December 2009 US$'000	31 December 2008 US$'000
Trade receivables	3	440
Trade payables	(60)	(1.586)
Net exposure	(57)	(1.146)

Company	31 December 2009 US$'000	31 December 2008 US$'000
Trade receivables	3	440
Trade payables	(60)	(1.586)
Net exposure	(57)	(1.146)

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2009	2008	**2009**	2008
USD	0,770038	0,692120	0,770038	0,692120

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for the year ended 31 December 2009 *(continuation)*

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 are the contractual maturities of financial liabilities, including estimated interest payments:

Group

Non-derivative financial liabilities	Carring amount €000	Contractual cash flow €000	Payable on demand and up to 6 months €000	6-12 months €000	1-2 years €000	2-5 years €000	More than 5 years €000
31 December 2009							
Secured bank loans	52.183	53.749	44	44	5.139	26.500	22.022
Secured bank ovedrafts	62	62	62	-	-	-	-
Unsecured bank overdrafts	1.140	1.140	1.140	-	-	-	-
Trade and other payables	32.902	32.902	32.902	-	-	-	-
	86.287	87.853	34.148	44	5.139	26.500	22.022
31 December 2008							
Secured bank loans	13.373	1.958	226	225	499	546	462
Secured bank ovedrafts	4.981	4.981	4.981	-	-	-	-
Trade and other payables	10.620	10.620	10.620	-	-	-	-
	28.974	17.559	15.827	225	499	546	462

Company

Non-derivative financial liabilities	Carring amount €000	Contractual cash flow €000	Payable on demand and up to 6 months €000	6-12 months €000	1-2 years €000	2-5 years €000	More than 5 years €000
31 December 2009							
Secured bank loans	51.900	53.456	-	-	5.051	26.383	22.022
Secured bank ovedrafts	-	-	-	-	-	-	-
Unsecured bank overdrafts	1.140	1.140	1.140	-	-	-	-
Trade and other payables	33.213	33.213	33.213	-	-	-	-
	86.253	87.809	34.353	-	5.051	26.383	22.022
31 December 2008							
Secured bank loans	13.000	13.000	-	-	-	3.900	9.100
Secured bank ovedrafts	4.776	4.776	4.776	-	-	-	-
Trade and other payables	9.628	9.628	9.628	-	-	-	-
	27.404	27.404	14.404	-	-	3.900	9.100

Notes to the Financial Statements

for the year ended 31 December 2009 *(continuation)*

Market and industry risk
The activities of the Group are subject to various risks and uncertainties related to the construction industry and the economy in general. These activities are influenced by a number of factors which include, but are not restricted to, the following:

- National and international economic and geopolitical factors and markets;
- The growth of the construction and real estate sectors;
- The impact of war, terrorist acts, diseases and epidemics which are likely to influence tourists' arrivals on the island;
- Increases in labour and energy costs;
- Increased domestic competition as well as competition from neighbouring countries.

Operational risk
Operational risk is the risk that derives from the deficiencies relating to the Group's information technology, production processes and control systems as well as the risk of a human error and natural disasters. The Group's systems are evaluated, maintained, and upgraded continuously.

Compliance risk
Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with the laws and regulations of the Republic of Cyprus and the European Union. The risk is limited through the monitoring controls applied by the Group.

Litigation risk
Litigation risk is the risk of financial loss which arises from the interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequently from lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

Reputation
The risk of loss of reputation arising from the negative publicity relating to the Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital which the Group defines as total shareholders' equity, excluding non-redeemable preference shares and minority interests, and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

35. Fair values

The fair value of the investments in securities quoted on the Cyprus Stock Exchange is disclosed in note 18. The fair value of investment property is disclosed in note 13. The fair values of the other monetary assets and liabilities are approximately the same as their book values.

36. Events after the reporting period

There were no material events after the reporting period, which affect the financial statements as at 31 December 2009.

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