



VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS **2010**



Annual Report and Financial Statements 2010

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Address by the Executive Chairman, Antonis Antoniou

for the year 2010



ANTONIS ANTONIOU
Executive Chairman

Dear Shareholders,

Welcome to the shareholders 45th 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 2010.

Review of the year

For a second consecutive year, Vassiliko Cement Works was faced with addressing a number of challenges as a consequence of, the negative economic environment on the one hand, and, on the other hand, continuing with the implementation of the projects under its strategic goals for future development.

The activity in the construction industry decreased significantly, affected by the wider economic climate, and thus directly impacting cement sales. The total consumption of cement in Cyprus was down to 1.335 thousand tons in 2010 compared to 1.439 thousand tons in 2009, recording a decrease of 7,2%, further to the 25,8% decrease observed in 2009. The international markets moved along similar lines and therefore demand for cement at the main export destinations was reduced. The total exports for the year were 13 thousand tons compared to 83 thousand tons during the previous year.

Financial Results

As a result of the general economic slowdown, the revenues of the Group in 2010 decreased to €97.745.000 from €107.986.000 in 2009. The profit for the year, that was further affected by the new wave of increases of energy and fuel costs, reached €1.309.000 during 2010 compared to €5.974.000 in 2009.

New production line

The strategically important project for the replacement of the old plants with a new production line of best available technology has now entered its final stages. The new kiln line commenced production in April 2011, with very good results, while fine tuning and optimisation is currently an on-going process.



Address by the Executive Chairman, Antonis Antoniou

for the year 2010

(continuation)

The full operation of the new kiln line will contribute significantly towards the reduction of production costs and hence improvement of the Group's profitability. Furthermore, the competitiveness of the Cyprus cement industry will be strengthened in the region, enabling us to plan towards re-establishing our exporting activities.

Finally, the operation of the new production line will further enhance the product quality as well as its environmental performance, in line with the highest standards in the global cement industry.

Dividend

The Board of Directors, having considered the results of 2010, and the prospects for 2011, has decided to propose at the Annual General Meeting the payment of a dividend of €1.079.000 or €0,015 per share. The total dividend paid out of the profits of 2009 was €0,03 and the total sum was €2.158.000.

Departing Directors

We would like to express our sincere thanks to Mr. Maurizio Mansi Montenegro who will retire from office at the Annual General Meeting for his valuable contribution during his tenure as a Company Board member from 2009 to 2011.

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 behind its people.

Finally, I would like to repeat 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 ANTONIOY

Executive Chairman

Nicosia, 25 May 2011



VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD



VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS **2010**



Officers, Professional Advisers and Bankers

Directors:	ANTONIS ANTONIOU	<i>(Executive Chairman)</i>
	FABRIZIO DONEGA	<i>(Executive Vice-Chairman)</i>
	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
	BNP PARIBAS
	COOP VASSILIKOS PENTASCHINOS
	EUROBANK EFG CYPRUS LTD
	HELLENIC BANK PUBLIC COMPANY LTD
	MARFIN POPULAR BANK PUBLIC COMPANY LTD
	NATIONAL BANK OF GREECE (CYPRUS) LTD
	NATIONAL BANK OF GREECE SA

Registered office: 1A, KYRIAKOS MATSIS AVENUE
CY-1082 NICOSIA, CYPRUS

Registered number: 1210
Internet website: www.vassiliko.com



Notice of Annual General Meeting

The 45th 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 23 June 2011 at 5:00 p.m. to transact the following business:

- 1. Consider the annual report of the Board of Directors for the year 2010.**
- 2. Receive, consider and approve the annual financial statements and the report of the auditors for the year 2010.**
- 3. Approve the dividend for the year 2010.**
- 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 2011.**
- 7. Re-appoint KPMG Limited as the auditors of the Company and fix their remuneration for the year 2011.**
- 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

14 April 2011



Notice of Annual General Meeting

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

ENTITLEMENT TO PARTICIPATE IN THE ANNUAL GENERAL MEETING

(1) Any person appearing as a shareholder in the Register of Members of the Company on the record date is entitled to participate in the Annual General Meeting. Each ordinary share is entitled to one vote. The record date for determining the right to vote at the Annual General Meeting is 21 June 2011. Transactions which will be taking place on 17 June 2011 and thereafter will not be considered in determining the right to vote at the Annual General Meeting.

(2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Shareholders may appoint any person as their proxy. Such proxy need not be a member of the Company. Shareholders who appoint a proxy to vote on their behalf, but wish to specify how their votes be cast, should tick the relevant boxes on the Form of Proxy.

(3) The instrument appointing a proxy, which is enclosed and will be available on the website of the Company www.vassiliko.com (under Investors Relations), must be deposited at the Registered Offices of the Company (1A, Kyriakos Matsis Avenue, 4th Floor, CY-1082 Nicosia, Cyprus, fax +357 22 762741) prior to the commencement of the business of the Annual General meeting.

(4) If such appointor is a company, the Form of Proxy must bear the name of the company, and be signed by its duly authorised officer/s. In the case of joint shareholders, the Form of Proxy can only be signed by the person whose name appears first in the Register of Members. Shareholders should confirm that the form of proxy has been successfully received by the Company by calling +357 22458100.

(5) Shareholders and/or their proxies who will attend the Annual General Meeting are requested to carry with them their identity card or other proof of identification.

(6) Any corporation which is a shareholder of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

VOTING PROCEDURES AT THE ANNUAL GENERAL MEETING

(7) At the Annual General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (a) by the Chairman, or
- (b) by at least three members present in person or by proxy, or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or
- (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(8) If a poll be demanded in manner aforesaid, it shall be taken in such manner, as the Chairman shall direct, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.



Notice of Annual General Meeting

(continuation)

SHAREHOLDERS RIGHTS AT THE ANNUAL GENERAL MEETING

(9) Pursuant to article 127B of Companies Law Cap 113, shareholders of the Company have the right to put an item on the agenda of the Annual General Meeting, provided that the item is accompanied by a written explanation justifying the inclusion of the item or the proposed resolution for approval at the Annual General Meeting provided that:

(a) the shareholder or group of shareholders hold at least 5% of the issued share capital of the Company, representing at least 5% of the voting rights of shareholders entitled to vote at the meeting for which an item has been added on the agenda and

(b) the shareholders' request to put an item on the agenda or resolution (as described above) is received by the Company's Secretary in hard copy or electronically at the addresses indicated below at least 42 days prior to the Annual General Meeting i.e. prior to 12 May 2011

Vassiliko Cement Works Public Company Limited
1A, Kyriakos Matsis Avenue, 4th Floor, CY-1082 Nicosia, Cyprus
or by fax at +357 22 762741
or by email at investors@vassiliko.com

(10) Pursuant to section 128C of the Companies Act Chapter 113, shareholders have a right to ask questions related to items on the agenda and to have such questions answered by the Board of Directors of the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders.

OTHER INFORMATION AND AVAILABLE DOCUMENTS

(11) As at 14 April 2011, the issued share capital of the Company is €30,932,457 divided into 71,935,947 ordinary shares of nominal value €0,43 each.

(12) The Annual Report and Financial Statements of the Company for 2010 (incorporating the notice to and the agenda of the Annual General Meeting, Explanatory Notes on the Agenda Items, the Directors' Report, the Corporate Governance Report, the Remuneration Report, the Auditors' Report and the Financial Statements), and the Form of Proxy shall be made available in electronic form on the website of the Company www.vassiliko.com (Investor Relations) and in hard copy at the Company's Registered Offices, 1A Kyriakos Matsis Avenue, 4th Floor, 1082 Nicosia.



Notice of Annual General Meeting

(continuation)

Explanatory notes

The formal Notice of the 2011 AGM is set out above. The Notice asks Vassiliko Cements Works Public Company Ltd 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 2010 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 2010 to the meeting.

Resolution 3: Approve the final dividend

The Directors have proposed a final dividend of €0,015 per Ordinary Share. If approved at the AGM, the dividend will be paid to the entitled shareholders registered as at 12 July 2011 (record date). The share of the Company will be traded ex-dividend as of 8 July 2011. Payment of the dividend will be made (effected) till the 2 August 2011.

Resolution 4: Re-election of Directors

Messrs Leondios Lazarou, Maurizio Mansi Montenegro, Costas Galatariotis and George Galatariotis are the Directors who will retire by rotation this year and offer themselves for reelection in accordance with the Company's Articles of Association. Brief details of all Directors appear on pages 19 to 21 of the Annual Report.

Resolution 5: Approve the remuneration report

The Shareholders are asked to approve the remuneration report that appears on pages 17 to 18.

Resolution 6: To fix the remuneration of the Directors

The Shareholders are asked to approve the remuneration of the Directors for the year 2011 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 2010, confirm that, to the best of our knowledge:

- a. The annual financial statements that are presented on pages 24 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 financial statements 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 financial statements 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	<i>Executive Chairman</i>
Fabrizio Donega	<i>Executive Vice Chairman</i>
George Galatariotis	<i>Non Executive Director</i>
Costas Galatariotis	<i>Non Executive Director</i>
Stavros Galatariotis	<i>Non Executive Director</i>
Costas Koutsos	<i>Non Executive Director</i>
Charalambos Panayiotou	<i>Non Executive Director</i>
Leondios Lazarou	<i>Independent Non Executive Director</i>
Constantinos Yiorkadjis	<i>Non Executive Director</i>

Company Officials

George Sideris	<i>General Manager</i>
George Savva	<i>Financial Manager</i>

Messrs Paolo Catani and Maurizio Mansi Montenegro were not present during this meeting for the approval of the financial statements and therefore did not sign this statement.

14 April 2011



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 2010.

Financial statements

The consolidated financial statements for the year 2010 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 has a presence in aggregates quarrying through its subsidiaries and associate companies.

Review of developments, position and performance of the operations

Total revenues for 2010 reached €97.745.000 compared to €107.986.000 during 2009. 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 2010 were at 1.348.000 tones compared to 1.522.000 tones in 2009, recording a decrease of 11,4%.

Except from the sales slowdown, the profitability of the Group was significantly affected by the sharp increases of energy costs.

The operation of the new production line, which has commenced production, will have a positive effect on cost reduction and therefore the future profitability of the Group.

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 2010 amounted to €1.310.000 compared to a net profit of €5.974.000 in 2009. 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 retained earnings reserve.

The difference between the above results from the indication for 2010 is explained on note 38 of the financial statements.

Dividends

The Board of Directors recommends the payment of a final dividend of €1.079.000 or €0,015 per share. The dividend payments out of the profits of 2009 amounted to €2.158.000 or €0,030 per share.

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

The economic downturn, which was further affected by the political instability of the south Mediterranean countries affect negatively both the fuels and energy prices as well as the cement exporting activity.

The commissioning of the new modern - energy efficient production line will have a positive effect on cost reduction and thus on future profitability. It will furthermore improve the environmental performance of the Company and enhance 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 2010. 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 are 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 2010 and 15 March 2011, is set out in note 30 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 23 June 2011, Messrs Leondios Lazarou, Maurizio Mansi Montenegro, Costas Galatariotis and George Galatariotis retire from office by rotation and, being eligible, offer themselves for re-election.

The Directors who served during the period from 24 June 2010, 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

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).

The Company complies with the provisions of the 3rd Revised Edition of the Corporate Governance Code of the CSE, which apply for the Annual Corporate Governance Report for 2010. Provisions of the 3rd Revised Edition of the Corporate Governance Code effective from 2011 will be included in the Corporate Governance Report of the Company for 2011. The Board of Directors will proceed with all necessary actions to ensure compliance with the new requirements.

The Corporate Governance Report of the Company for 2010 is available on the website of the Company (www.vassiliko.com).

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 2010 and 15 March 2011, are set out in note 31 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 listed for 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

14 April 2011



Corporate Governance Report

Section A'

The Company has adopted the 3rd Revised Edition of the Corporate Governance Code, issued by the Cyprus Stock Exchange in March 2011, and applies its principles. At the date of this report the principles of the Corporate Governance Code are fully implemented.

Section B'

The Board

The Company is headed by the Board of Directors which at 31 December 2010 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 Public Company Ltd) 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. The independent non-Executive directors of the Board are Messrs P. Catani and L. Lazarou.

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	non-Executive Director

The Company's shares are traded in the Parallel Market of the Cyprus Stock Exchange. 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. Messrs Paolo Catani and Leondios Lazarou are the two independent non-executive members of the board of directors of the Company.



Corporate Governance Report

(continuation)

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 Executive Chairman, the Executive 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 6 times during 2010. 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.
- 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 is 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.



Corporate Governance Report

(continuation)

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 is composed of three other directors, Messrs F. Donegà (Executive Vice-Chairman), C. Koutsos (non-Executive Director) and L. Lazarou (Independent non-Executive Director). 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.

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 by submitting such items, either in hard copies or soft copies (electronic), accompanied with relevant explanations, at least 42 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.



Corporate Governance Report

(continuation)

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.

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 postimplementation 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.



Corporate Governance Report

(continuation)

Remunerations Committee

During 2010 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 17).

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 Leondios Lazarou (Independent Non Executive Director), Maurizio Mansi Montenegro (Non Executive Director), Costas Galatariotis (Non-Executive Director), and George Galatariotis (Non-Executive Director) shall retire from office by rotation and, being eligible, shall offer themselves for re-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.

14 April 2011



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 includes variable-pay components to ensure that the executive remuneration is linked to the Company's performance. During the previous year the remuneration of the General Manager consisted of base salary 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 2010 compared to the previous year.

The total remunerations of the executive directors under their capacity as executives for the year 2010 were €107.482.

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 2010 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 2010 was as follows:

Directors	Fees as	Fees and	Other	Bonuses	Social	Provident	Fees for	Total
	Members of	emoluments					extra-	
	the Board and	as	Benefits		Benefits	Fund	ordinary	ration
	its Committees	executives					services	
	€	€	€	€	€	€	rendered	€
Executive Directors								
Antonis Antoniou	17.400	90.000	4.800	-	4.300	8.382	-	124.882
Fabrizio Donegà	8.200	-	-	-	-	-	-	8.200
Non-Executive Directors								
Paolo Catani	8.000	-	-	-	-	-	-	8.000
Maurizio Mansi Montenegro	7.600	-	-	-	-	-	-	7.600
Marios Eliades	2.225	-	-	-	-	-	-	2.225
Constantinos Yiorkadjis	5.575	-	-	-	-	-	-	5.575
George St. Galatariotis	8.000	-	-	-	-	-	-	8.000
Costas St. Galatariotis	9.000	-	-	-	-	-	-	9.000
Stavros G. Galatariotis	14.800	-	-	-	-	-	-	14.800
Costas Koutsos	8.400	-	-	-	-	-	-	8.400
Charalambos Panayiotou	15.600	-	-	-	-	-	-	15.600
Leondios Lazarou	17.200	-	-	-	-	-	-	17.200
	122.000	90.000	4.800	-	4.300	8.382	-	229.482

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. Mr. A. Antoniou holds a BSc degree in Biological Sciences and a postgraduate diploma in Computer Sciences.

Mr. A. Antoniou worked as a Biochemist/Microbiologist at 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 Deputy General Manager from 1983 until 1998.

From 1998 until 2006 he was Senior Vice President (Operations and Systems) of Nielsen 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)

A graduate in Mechanical Engineering from Genoa University and post-graduate in Corporate Finance from SDA Bocconi (Milano, Italy) and Management Development from Harvard Business School (USA), Fabrizio Donegà began his career with Italcementi, first as Technical Assistance Manager in 1991 followed by a period as Plant Manager.

From 1995 until 1998, he served as Diagnostic & Performance Supervisor at the Italcementi headquarters. In 1999, he was appointed General Manager for Greece and Bulgaria, with his responsibilities subsequently enlarged to Cyprus, Kazakhstan and Egypt until 2003. From 2004 to 2007, he was Deputy General Manager of Italcementi S.p.A. responsible for the Industrial Operations of Italcementi Group in Italy.

Since October 2007, he has been Executive Vice President of Ciments Français, responsible for Group activities in Bulgaria, Cyprus, Egypt, Greece, Kazakhstan, Kuwait and Turkey.

Fabrizio Donegà was born in 1963.

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.



Directors - Curriculum Vitae

(continuation)

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.

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 until September 2010, upon which date he was appointed as Managing Director of the KEO PLC Group. 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 the Chairman of the Board of Directors of Hellenic Bank (Investments) Ltd.



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, Ireland and Cyprus.



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 24 to 59, which comprise the statements of financial position of the Group and the Company as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 at 31 December 2010, and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

• Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts, 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 our information and according to the explanations given to us, the financial statements of the Group and the Company give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated and Company's separate financial statements.

Pursuant to the requirements of the Directive DI 190-2007-04 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 34 of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts 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.

HARIS A. KAKOULLIS

Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

Nicosia, 14 April 2011



Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	Note	2010 €000	2009 €000
Revenue	4	97.745	107.986
Cost of sales		(86.508)	(90.057)
Gross profit		11.237	17.929
Other operating income	5	1.427	824
Distribution expenses		(5.763)	(7.293)
Administrative expenses		(3.231)	(3.348)
Other operating expenses		(3.420)	(4.415)
Operating profit before financing costs	6	250	3.697
Finance income	8	5	3
Finance expenses	8	(410)	(188)
Net finance costs		(405)	(185)
Net profit from investing activities	9	2.160	6.462
Goodwill impairment		-	(1.170)
Impairment and disposal of associates		-	(2.510)
Share of profit from associate		127	584
Profit before tax		2.132	6.878
Taxation expense	10	(822)	(904)
Profit for the year		1.310	5.974
Other comprehensive income			
Available-for-sale financial assets - fair value gains / (losses)	18	(1.187)	537
Tax on other comprehensive income		416	289
Other comprehensive income/(loss) for the year		(771)	826
Total comprehensive income for the year		539	6.800
Profit attributable to:			
Equity holders of the parent		1.310	5.974
Non-controlling interest		-	-
		1.310	5.974
Total comprehensive income attributable to:			
Equity holders of the parent		539	6.800
Non-controlling interest		-	-
		539	6.800
Basic and diluted earnings per share (cents)	11	1,8	8,3

The notes on pages 32 to 59 form an integral part of the financial statements



Company Statement of Comprehensive Income

for the year ended 31 December 2010

	Note	2010 €000	2009 €000
Revenue	4	97.745	104.725
Cost of sales		(86.244)	(86.799)
Gross profit		11.501	17.926
Other operating income	5	1.676	1.082
Distribution expenses		(5.769)	(5.952)
Administrative expenses		(3.168)	(3.103)
Other operating expenses		(3.420)	(4.415)
Operating profit before financing costs	6	820	5.538
Finance income	8	5	2
Finance expenses	8	(392)	(153)
Net finance costs		(387)	(151)
Net profit from investing activities	9	4.450	6.727
Profit before tax		4.883	12.114
Taxation expense	10	(770)	(903)
Profit for the year		4.113	11.211
Other comprehensive income			
Available-for-sale financial assets - fair value gains / (losses)	18	(1.187)	537
Tax on other comprehensive income		416	289
Other comprehensive income/(loss) for the year		(771)	826
Total comprehensive income/(loss) for the year		3.342	12.037
Basic and diluted earnings per share (cents)	11	5,7	15,6

The notes on pages 32 to 59 form an integral part of the financial statements



Consolidated Statement of Financial Position

as at 31 December 2010

	Note	2010 €000	2009 €000
Assets			
Property, plant and equipment	12	276.218	215.118
Intangible assets	14	23.894	23.964
Investment property	13	16.491	21.224
Investments in associates	17	2.070	2.574
Available-for-sale financial assets	18	2.840	4.027
Total non-current assets		321.513	266.907
Inventories	19	18.548	21.635
Income tax receivable		471	-
Trade and other receivables	20	13.584	15.547
Assets classified as held for sale	21	7.684	-
Cash and cash equivalents	22	1.132	5.323
Total current assets		41.419	42.505
Total assets		362.932	309.412
Equity			
Issued capital	23	30.932	30.932
Reserves		190.839	191.691
Total equity attributable to equity holders of the parent		221.771	222.623
Non-controlling interest		-	-
Total equity		221.771	222.623
Liabilities			
Interest-bearing loans and borrowings	24	105.670	52.098
Deferred tax liabilities	25	10.218	10.455
Total non-current liabilities		115.888	62.553
Bank overdraft	22	1.468	1.202
Interest-bearing loans and borrowings	24	7.125	85
Income tax payable		-	670
Trade and other payables	26	16.280	21.623
Provisions	27	400	656
Total current liabilities		25.273	24.236
Total liabilities		141.161	86.789
Total equity and liabilities		362.932	309.412

The financial statements were approved by the Board of Directors on 14 April 2011.

ANTONIS ANTONIOU, Director
FABRIZIO DONEGA, Director

The notes on pages 32 to 59 form an integral part of the financial statements



Company Statement of Financial Position

as at 31 December 2010

	Note	2010 €000	2009 €000
Assets			
Property, plant and equipment	12	275.037	211.378
Intangible assets	14	12.366	12.399
Investment property	13	15.861	20.253
Investments in subsidiaries	16	19.636	19.636
Investments in associates	17	51	1
Available-for-sale financial assets	18	2.840	4.027
Total non-current assets		325.791	267.694
Inventories	19	18.465	21.552
Income tax receivable		483	-
Trade and other receivables	20	21.811	23.981
Assets classified as held for sale	21	6.879	-
Cash and cash equivalents	22	1.040	4.953
Total current assets		48.678	50.486
Total assets		374.469	318.180
Equity			
Issued capital	23	30.932	30.932
Reserves		202.406	200.455
Total equity		233.338	231.387
Liabilities			
Interest-bearing loans and borrowings	24	105.670	51.900
Deferred tax liabilities	25	10.255	10.492
Total non-current liabilities		115.925	62.392
Bank overdraft	22	1.468	1.140
Interest-bearing loans and borrowings	24	7.125	-
Income tax payable		-	671
Trade and other payables	26	16.213	21.934
Provisions	27	400	656
Total current liabilities		25.206	24.401
Total liabilities		141.131	86.793
Total equity and liabilities		374.469	318.180

The financial statements were approved by the Board of Directors on 14 April 2011.

ANTONIS ANTONIOU, Director
FABRIZIO DONEGA, Director

The notes on pages 32 to 59 form an integral part of the financial statements



Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	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 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 1 January 2010	30.932	45.388	42.840	537	102.926	222.623	-	222.623
Statement of comprehensive income	-	-	-	(1.187)	1.310	123	-	123
Transfer to deferred tax	-	-	416	-	-	416	-	416
Dividends	-	-	-	-	(1.079)	(1.079)	-	(1.079)
Special Contribution for Defence	-	-	-	-	(312)	(312)	-	(312)
Transfer	-	-	(1.385)	-	1.385	-	-	-
At 31 December 2010	30.932	45.388	41.871	(650)	104.230	221.771	-	221.771

The notes on pages 32 to 59 form an integral part of the financial statements



Company Statement of Changes in Equity

for the year ended 31 December 2010

	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 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 1 January 2010	30.932	45.388	42.703	537	111.827	231.387
Statement of comprehensive income	-	-	-	(1.187)	4.113	2.926
Transfer to deferred tax	-	-	416	-	-	416
Dividends	-	-	-	-	(1.079)	(1.079)
Special Contribution for Defence	-	-	-	-	(312)	(312)
Transfer	-	-	(1.385)	-	1.385	-
At 31 December 2010	30.932	45.388	41.734	(650)	115.934	233.338

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 32 to 59 form an integral part of the financial statements



Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	Note	2010 €000	2009 €000
Cash flows from operating activities			
Profit for the year		1.310	5.974
Adjustments for:			
Depreciation and amortisation charges		15.838	14.111
Profit from disposal of investment property		(3)	(2.052)
Impairment in value of investments		-	42
Impairment of associate		-	2.500
Loss on disposal of associate		-	10
Fair value adjustment of investment property		(1.996)	(4.384)
Impairment of goodwill		-	1.170
Interest income		(5)	(3)
Dividends received		(161)	(64)
Interest expense		409	159
Share of profit from associates		(127)	(584)
Loss on disposal of property, plant and equipment		266	256
Gain on disposal of other investments		-	(4)
Income tax expense		822	904
Operating profit before changes in working capital and provisions		16.353	18.035
Decrease in trade and other receivables		1.963	12.620
Decrease in inventories		3.087	9.439
(Decrease)/increase in trade and other payables		(5.343)	22.282
Decrease in provisions		(256)	-
Cash generated from operations		15.804	62.376
Interest paid		(79)	(159)
Income taxes paid		(2.077)	(2.931)
Net cash inflow from operating activities		13.648	59.286
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1.174	270
Proceeds from disposal of investment property		35	2.726
Proceeds from disposal of other investments		-	27
Proceeds from disposal of associates		-	2.432
Interest received		5	3
Dividends received		789	1.064
Acquisition of property, plant and equipment	12	(79.094)	(92.880)
Acquisition of intangibles		(19)	(26)
Acquisition of investment property		(182)	(971)
Acquisition of associate company		(50)	-
Acquisition of available-for-sale financial assets		-	(28)
Net cash used in investing activities		(77.342)	(87.383)
Cash flows from financing activities			
Payment of transaction costs		-	(33)
Proceeds from new loans raised		60.600	38.811
Repayment of loans		(284)	(85)
Dividends paid	29	(1.079)	(2.158)
Net cash used in financing activities		59.237	36.535
Net (decrease)/increase in cash and cash equivalents		(4.457)	8.438
Cash and cash equivalents at 1 January		4.121	(4.317)
Cash and cash equivalents at 31 December	22	(336)	4.121

The notes on pages 32 to 59 form an integral part of the financial statements



Company Statement of Cash Flows

for the year ended 31 December 2010

	Note	2010 €000	2009 €000
Cash flows from operating activities			
Profit for the year		4.113	11.211
Adjustments for:			
Depreciation and amortisation charges		15.411	13.557
Profit from disposal of investment property		(3)	(2.052)
Impairment in value of investments		-	42
Impairment in value of investment in subsidiary		-	735
Fair value adjustment of investment property		(2.337)	(4.384)
Interest income		(5)	(2)
Dividends received		(2.110)	(1.064)
Interest expense		391	124
Loss on disposal of property, plant and equipment		17	-
Gain on disposal of other investments		-	(4)
Income tax expense		770	903
Operating profit before changes in working capital and provisions		16.247	19.066
Decrease in trade and other receivables		2.170	11.480
Decrease in inventories		3.087	9.343
(Decrease)/increase in trade and other payables		(5.721)	23.585
Decrease in provisions		(256)	-
Cash generated from operations		15.527	63.474
Interest paid		(89)	(124)
Income taxes paid		(2.064)	(2.931)
Net cash inflow from operating activities		13.374	60.419
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		59	10
Proceeds from disposal of investment property		35	2.726
Proceeds from disposal of other investments		-	27
Interest received		5	2
Dividends received		2.110	1.064
Acquisition of property, plant and equipment	12	(79.094)	(92.737)
Acquisition of intangibles		(19)	(26)
Acquisition of investment property		(182)	-
Acquisition of shares in associate company		(50)	-
Acquisition of available-for-sale financial assets		-	(28)
Net cash used in investing activities		(77.136)	(88.962)
Cash flows from financing activities			
Payment of transaction costs		-	(33)
Proceeds from new loans raised		60.600	38.900
Dividends paid	29	(1.079)	(2.158)
Net cash used in financing activities		59.521	36.709
Net (decrease)/increase in cash and cash equivalents		(4.241)	8.166
Cash and cash equivalents at 1 January		3.813	(4.353)
Cash and cash equivalents at 31 December	22	(428)	3.813

The notes on pages 32 to 59 form an integral part of the financial statements



Notes to the Financial Statements

for the year ended 31 December 2010

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 2010 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 14 April 2011.

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 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 financial statements for the year ended 31 December 2010 are presented in Euro (€) (rounded to the nearest thousand); Euro is the functional currency of the Group.

Use of estimates and judgments

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.



Notes to the Financial Statements

for the year ended 31 December 2010

(continuation)

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 judgments 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 judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting 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 profit or loss. 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 2010

(continuation)

Adoption of new and revised International Financial Reporting Standards and Interpretations

As from 1 January 2010, the Company adopted all of the IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a significant effect on the financial statements of the Group and the Company.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2010.

i. Standards and Interpretations adopted by the EU

- Improvements to IFRSs issued in May 2010 (Effective for annual periods beginning on or after 1 July 2010 and 1 January 2010 as applicable).
- IFRS 1 (amendment): Limited exemption from comparative IFRS7 disclosures for first time adopters (effective for annual periods beginning on or after 1 July 2010).
- IAS 24 "Related Party Disclosures" (revised)(effective for annual periods beginning on or after 1 January 2011).
- IAS 32 "Classification of rights issues" (amendments) (effective for annual periods beginning on or after 1 February 2010).
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendments) (effective for annual periods beginning on or after 1 January 2011).
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).

ii. Standards and Interpretations not adopted by the EU

- IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (amendments) (effective for annual periods beginning on or after 1 July 2011).
- IFRS 7 Financial Instruments (amendments): Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013).
- IAS 12 - "Deferred tax": Recovery of Underlying Assets (amendments) (effective for annual periods beginning on or after 1 January 2012).

The Board of Directors expects that the adoption of the above financial reporting standards in future periods will not have a significant effect on the financial statements of the Company except for:

- The adoption of IFRS 9 could change the classification and measurement of financial assets. The extent of the impact has not been determined.



Notes to the Financial Statements

for the year ended 31 December 2010

(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

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Properties under construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.



Notes to the Financial Statements

for the year ended 31 December 2010

(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 acquisition 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.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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 in associates. Goodwill on acquisition of subsidiaries is included in 'Intangible Assets'.

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 reporting 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
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Notes to the Financial Statements

for the year ended 31 December 2010

(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 2010

(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.



Notes to the Financial Statements

for the year ended 31 December 2010

(continuation)

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.

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 statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached 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.



Notes to the Financial Statements

for the year ended 31 December 2010

(continuation)

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 reporting 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.

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.

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 reporting 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.

Comparatives

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



Notes to the Financial Statements

for the year ended 31 December 2010

(continuation)

4. Revenue	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000

Revenue analysis:

Local cement sales	97.140	101.861	97.140	102.024
Export cement sales	484	2.574	484	2.574
Concrete sales	-	3.424	-	-
Other	121	127	121	127
	97.745	107.986	97.745	104.725

5. Other operating income	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000

Income from Vassiliko Port	148	423	148	423
Rental of investment property	419	413	419	413
Loss on disposal of property, plant and equipment	(266)	(256)	(17)	-
Other	1.126	244	1.126	246
	1.427	824	1.676	1.082

6. Operating profit before financing costs	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000

This is stated after charging:

Staff costs (see note 7)	16.542	17.646	16.284	16.986
Directors remuneration as directors	122	94	122	94
Directors remuneration as executives	107	107	107	107
Depreciation of property, plant and equipment	15.823	13.911	13.355	13.355
Amortisation of intangible fixed assets	52	64	64	64
Independent auditors' remuneration	50	43	40	30



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for the year ended 31 December 2010

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7. Staff costs	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Wages and salaries	14.122	15.080	13.901	14.532
Social insurance costs	788	827	773	790
Provident fund contributions	979	1.044	966	1.022
Other contributions	653	695	644	642
	16.542	17.646	16.284	16.986
Average number of employees	276	306	267	286

8. Net finance costs	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Interest income	5	3	5	2
Finance income	5	3	5	2
Interest expense	(409)	(159)	(391)	(124)
Net foreign exchange differences	(1)	(29)	(1)	(29)
Finance expense	(410)	(188)	(392)	(153)
Net finance costs	(405)	(185)	(387)	(151)

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

9. Net profit from investing activities	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Dividend receivable	161	64	2.110	1.064
Profit on sale of available-for-sale financial assets	-	4	-	4
Impairment charge on available-for-sale financial assets	-	(42)	-	(42)
Impairment charge - investment in subsidiary	-	-	-	(735)
Fair value adjustment of investment property	1.996	4.384	2.337	4.384
Gain on disposal of investment property	3	2.052	3	2.052
	2.160	6.462	4.450	6.727



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for the year ended 31 December 2010

(continuation)

10. Taxation expense	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Recognised in the statement of comprehensive income				
Analysis of charge in year				
Current year tax:				
Income tax on profits of the year	470	1,250	470	1,250
Special contribution to the defence fund	9	9	9	9
Capital gains tax	155	22	155	22
Share of tax from associate	39	95	-	-
Deferred tax	179	(472)	179	(378)
	852	904	813	903
Adjustments for previous periods	(30)	-	(43)	-
	822	904	770	903

The Group is subject to income tax at 10%.

Factors affecting the income tax charge for the year

Profit before tax	2.132	6,878	4.883	12,114
Tax for the year at the applicable tax rates				
Income tax at 10%	213	688	488	1,211
Special contribution to the defence fund	9	9	9	9
Capital gains tax	155	22	155	22
	377	719	652	1,242
Effects of:				
Non-taxable income / expenses	436	90	161	(339)
	813	809	813	903
Adjustments to tax charge in respect of previous periods	(30)	-	(43)	-
Share of tax from associate	39	95	-	-
Current tax charge for the year	822	904	770	903

11. Earnings per share

The calculation of earnings per share was based on the profit attributable to ordinary shareholders of €1.310.000 (2009: €5.974.000) and the weighted average number of ordinary shares outstanding during the year 71.935.947 (2009: 71.935.947). The calculation of earnings per share in the Company Statement of Comprehensive Income was based on the profit for the year of €4.113.000 (2009: €11.211.000).



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for the year ended 31 December 2010

(continuation)

12. Property, plant and equipment	<u>Land and buildings</u>	<u>Vassiliko port</u>	<u>Plant and equipment</u>	<u>Total</u>
	€000	€000	£000	€000
Group				
Cost				
Balance at 1 January 2009	54.242	23.920	161.793	239.955
Acquisitions	1.499	88	91.293	92.880
Transfer to investment property	(1.257)	-	-	(1.257)
Disposals	-	-	(746)	(746)
Balance at 31 December 2009	<u>54.484</u>	<u>24.008</u>	<u>252.340</u>	<u>330.832</u>
Balance at 1 January 2010	54.484	24.008	252.340	330.832
Acquisitions	158	-	78.936	79.094
Transfer to assets classified as held for sale	-	-	(1.504)	(1.504)
Disposals	-	-	(2.493)	(2.493)
Balance at 31 December 2010	<u>54.642</u>	<u>24.008</u>	<u>327.279</u>	<u>405.929</u>
Depreciation				
Balance at 1 January 2009	4.558	920	96.584	102.062
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	<u>6.196</u>	<u>1.843</u>	<u>107.675</u>	<u>115.714</u>
Balance at 1 January 2010	6.196	1.843	107.675	115.714
Charge for the year on historical cost	747	481	13.136	14.364
Additional charge on revalued amounts	944	441	-	1.385
Transfer to assets classified as held for sale	-	-	(699)	(699)
Disposals	-	-	(1.053)	(1.053)
Balance at 31 December 2010	<u>7.887</u>	<u>2.765</u>	<u>119.059</u>	<u>129.711</u>
Carrying amounts				
At 1 January 2009	49.684	23.000	65.209	137.893
At 31 December 2009	<u>48.288</u>	<u>22.165</u>	<u>144.665</u>	<u>215.118</u>
At 1 January 2010	48.288	22.165	144.665	215.118
At 31 December 2010	<u>46.755</u>	<u>21.243</u>	<u>208.220</u>	<u>276.218</u>



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for the year ended 31 December 2010

(continuation)

Company	Land and buildings	Vassiliko port	Plant and equipment	Total
	€000	€000	€000	€000
Cost				
Balance at 1 January 2009	52.866	23.920	157.733	234.519
Acquisitions	1.499	88	91.150	92.737
Transfer to investment property	(1.257)	-	-	(1.257)
Disposals	-	-	(255)	(255)
Balance at 31 December 2009	53.108	24.008	248.628	325.744
Balance at 1 January 2010	53.108	24.008	248.628	325.744
Acquisitions	158	-	78.936	79.094
Disposals	-	-	(286)	(286)
Balance at 31 December 2010	53.266	24.008	327.278	404.552
Depreciation				
Balance at 1 January 2009	4.466	920	95.726	101.112
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	6.052	1.843	106.471	114.366
Balance at 1 January 2010	6.052	1.843	106.471	114.366
Charge for the year on historical cost	695	481	12.798	13.974
Additional charge on revalued amounts	944	441	-	1.385
Disposals	-	-	(210)	(210)
Balance at 31 December 2010	7.691	2.765	119.059	129.515
Carrying amounts				
At 1 January 2009	48.400	23.000	62.007	133.407
At 31 December 2009	47.056	22.165	142.157	211.378
At 1 January 2010	47.056	22.165	142.157	211.378
At 31 December 2010	45.575	21.243	208.219	275.037

Property, plant and equipment under construction

During the year ended 31 December 2010, the property plant and equipment under construction were €149,250,000 (2009: €101,989,000).

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 €290,000 are secured by fixed charges on plant and machinery. Bank loans of €105,500,000 are secured by €26,800,000 mortgages on land and buildings and €46,732,000 fixed charges on plant and machinery.



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for the year ended 31 December 2010

(continuation)

13. Investment property	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Balance at 1 January	21.224	15.286	20.253	15.286
Acquisitions	182	971	182	-
Transfer from property, plant and equipment	-	1.257	-	1.257
Fair value adjustments	1.996	4.384	2.337	4.384
Transfer to assets classified as held for sale	(6.879)	-	(6.879)	-
Disposals	(32)	(674)	(32)	(674)
Balance at 31 December	16.491	21.224	15.861	20.253

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 was performed in December 2010.

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 2009	24.517	598	1.347	26.462
Acquisitions	-	-	26	26
Impairment	(1.170)	-	-	(1.170)
Balance at 31 December 2009	23.347	598	1.373	25.318
Balance at 1 January 2010	23.347	598	1.373	25.318
Acquisitions	-	-	19	19
Balance at 31 December 2010	23.347	598	1.392	25.337
Amortisation and impairment charge				
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
Balance at 1 January 2010	-	77	1.277	1.354
Amortisation for the year	-	19	70	89
Balance at 31 December 2010	-	96	1.347	1.443
Carrying amounts				
At 1 January 2009	24.517	540	152	25.209
At 31 December 2009	23.347	521	96	23.964
At 1 January 2010	23.347	521	96	23.964
At 31 December 2010	23.347	502	45	23.894



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(continuation)

	Goodwill	Software	Total
	€000	€000	€000
Company			
Cost			
Balance at 1 January 2009	12.328	1.270	13.598
Acquisitions	-	26	26
Balance at 31 December 2009	<u>12.328</u>	<u>1.296</u>	<u>13.624</u>
Balance at 1 January 2010	12.328	1.296	13.624
Acquisitions	-	19	19
Balance at 31 December 2010	<u>12.328</u>	<u>1.315</u>	<u>13.643</u>
Amortisation and impairment charge			
Balance at 1 January 2009	-	1.161	1.161
Amortisation for the year	-	64	64
Balance at 31 December 2009	<u>-</u>	<u>1.225</u>	<u>1.225</u>
Balance at 1 January 2010	-	1.225	1.225
Amortisation for the year	-	52	52
Balance at 31 December 2010	<u>-</u>	<u>1.277</u>	<u>1.277</u>
Carrying amounts			
At 1 January 2009	<u>12.328</u>	<u>109</u>	<u>12.437</u>
At 31 December 2009	<u>12.328</u>	<u>71</u>	<u>12.399</u>
At 1 January 2010	<u>12.328</u>	<u>71</u>	<u>12.399</u>
At 31 December 2010	<u>12.328</u>	<u>38</u>	<u>12.366</u>

15. Group entities

Name and country of incorporation	Principal Activity	Ownership 2010	Ownership 2009
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	Provision of services	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%



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(continuation)

16. Investments in subsidiary companies

Company Name and country of incorporation	Principal Activity	Ownership	Ownership
		2010	2009
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	Provision of services	100,0%	100,0%
CCC Building Materials Ltd - Cyprus	Investment company	100,0%	100,0%
		2010 €000	2009 €000
Balance at 1 January		19.636	20.371
Additions		-	-
Disposals		-	-
Impairment charge		-	(735)
Balance at 31 December		19.636	19.636
Vassiliko (Building Materials) Ltd - Cyprus		855	855
Estia Etimo Skirodema Ltd - Cyprus		-	-
Vassiliko Energy Ltd - Cyprus		2	2
CCC Building Materials Ltd - Cyprus		18.779	18.779
		19.636	19.636

17. Investments in associates

Name and country of incorporation	Principal Activity	Ownership	Ownership
		2010	2009
Latomio Pyrgon Ltd - Cyprus	Aggregates quarry	30,0%	30,0%
ENERCO - Energy Recovery Ltd - Cyprus	Waste to energy	50,0%	50,0%
Latomia Latouros Ltd - Cyprus	Aggregates quarry	50,0%	50,0%
		2010 €000	2009 €000
Balance at 1 January		2.574	8.110
Additions		50	-
Disposals		-	(2.441)
Impairment charge		-	(2.500)
Share of profit from associate		127	584
Share of tax from associate		(39)	(95)
Dividends from associate		(642)	(1.084)
Balance at 31 December		2.070	2.574
Latomio Pyrgon Ltd - Cyprus		1.058	1.312
ENERCO - Energy Recovery Ltd - Cyprus		51	1
Latomia Latouros Ltd - Cyprus		961	1.261
		2.070	2.574

The Group's share of post-acquisition total recognised profit or loss in the above associates for the year ended 31 December 2010 was €127.000 (2009: €584.000).



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(continuation)

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
18. Available-for-sale financial assets				
At 1 January	4.027	3.528	4.027	3.528
Additions	-	28	-	28
Disposals	-	(23)	-	(23)
Fair value adjustment	(1.187)	537	(1.187)	537
Impairment charge of unquoted equity investments	-	(43)	-	(43)
At 31 December	2.840	4.027	2.840	4.027

	Valuation		Valuation	
	2010 €000	2009 €000	2010 €000	2009 €000
Non-current investments				
Equity securities available for sale	2.840	4.027	2.840	4.027
Unquoted equity investments	-	-	-	-
	2.840	4.027	2.840	4.027

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
19. Inventories				
Raw materials and work in progress	4.880	5.217	4.859	5.196
Finished goods	2.779	4.479	2.779	4.479
Fuel stocks	5.623	5.508	5.605	5.490
Spare parts and consumables	5.266	6.431	5.222	6.387
	18.548	21.635	18.465	21.552

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
20. Trade and other receivables				
Trade receivables	12.879	12.804	11.992	10.794
Amount owed by subsidiary companies	-	-	8.327	9.500
Amount owed by associate companies	114	153	33	10
Other receivables and prepayments	1.758	4.300	1.742	4.275
	14.751	17.257	22.094	24.579
Less impairment	(1.167)	(1.710)	(283)	(598)
	13.584	15.547	21.811	23.981

Impairment movement				
At 1 January	1.710	375	598	38
Impairment recognised	(593)	1.075	(365)	300
Accrued discounts	50	260	50	260
At 31 December	1.167	1.710	283	598

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.



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(continuation)

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
21. Assets classified as held for sale				
Assets classified as held for sale	7.684	-	6.879	-

Assets classified as held for sale include land valued at €3.579.000 that is under compulsory acquisition by the District Land Registry intended for the construction of the Cyprus Energy Center and land of €3.300.000, previously classified as investment property, that was decided to be disposed within the next twelve months. Additionally, in the Consolidated Statement of Financial Position, plant and equipment of €805.000 that relates to the suspended ready mixed concrete activities have been classified as held for sale.

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
22. Cash and cash equivalents				
Cash and bank balances	1.132	5.323	1.040	4.953
Cash and cash equivalents	1.132	5.323	1.040	4.953
Bank overdrafts	(1.468)	(1.202)	(1.468)	(1.140)
Cash and cash equivalents in the statement of cash flows	(336)	4.121	(428)	3.813

Bank overdrafts of €290.000 are secured by fixed charges on plant and machinery.

23. Capital and reserves

Share capital			2010 000	2009 000
Authorised:				
Ordinary shares of €0,43 each			72.000	72.000
Allotted, called up and fully paid:				
Ordinary shares of €0,43 each	71.935.947	71.935.947	30.932	30.932

Reserves

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of land and buildings and Vassiliko port. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

Revaluation of investments available-for-sale reserve

The revaluation of investments available-for-sale reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.



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(continuation)

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
24. Interest bearing loans and borrowings				
Non-current liabilities				
Unsecured bank loans	7.273	-	7.273	-
Secured bank loans	98.397	52.098	98.397	51.900
	105.670	52.098	105.670	51.900
Current liabilities				
Current portion of secured bank loans	7.125	85	7.125	-
Analysis of maturity of debt:				
Within one year or on demand	7.125	85	7.125	-
Between one and two years	16.931	4.989	16.931	4.904
Between two and five years	30.720	25.728	30.720	25.615
After five years	58.019	21.381	58.019	21.381
	112.795	52.183	112.795	51.900

The bank loans are secured as follows:

- By mortgage against immovable property of the Company for €26,800,000 (2009 : €26,800,000)
- Fixed charge on the Company's financed plant and machinery for €46,732,000 (2009: €22,500,000).

Weighted average effective interest rate

The rate of interest payable on the above loans is floating. At 31 December 2010 the prevailing rate of interest for these loans was on average 3,82% (2009: 3,29%).

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
25. Deferred taxation				
Accelerated capital allowances	2.195	1.958	2.158	1.921
Revaluation of fixed assets	8.176	8.650	8.097	8.571
Tax losses carried forward	(153)	(153)	-	-
	10.218	10.455	10.255	10.492
At 1 January	10.455	10.960	10.492	11.159
Deferred tax charge in statement of comprehensive income	179	(216)	179	(378)
Transfer to revaluation reserve	(416)	(289)	(416)	(289)
At 31 December	10.218	10.455	10.255	10.492

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
26. Trade and other payables				
Trade payables	11.713	18.584	11.645	18.433
Amount owed to subsidiary companies	-	-	8	728
Amounts owed to related companies	980	645	980	395
Other payables	3.587	2.394	3.580	2.378
	16.280	21.623	16.213	21.934



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(continuation)

	Group Non-current		Company Non-current	
	2010 €000	2009 €000	2010 €000	2009 €000
27. Provisions for liabilities and charges				
Provisions for quarry environmental restoration and other contingent liabilities	400	656	400	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.

28. Transactions with related companies

The Company has entered into an agreement with Hellenic Mining Company, the scope of which is the provision of consultancy 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 (HMG). 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 Italmec 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 agreement expires on 31 December 2013. The fees payable by the Company for these services are €600,000 per annum. Apart from this agreement, the Company purchases from Italcementi equipment and spare parts, pet-coke and other services and further sells.

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

	Sales		Purchases	
	2010 €000	2009 €000	2010 €000	2009 €000
Hellenic Mining Group	84	455	577	395
Italcementi Group	430	2,102	13,262	10,744
KEO Plc	-	-	52	52
Athinodorou Beton Ltd	-	5,333	-	-
Latomia Latouros Ltd	-	-	-	74
	514	7,890	13,891	11,265

Further to the above, the Company and Hellenic Mining Company have jointly developed land which they individually own at Vassiliko area into industrial plots. The development resulted in nine industrial plots, eight of which will belong to the Company and one to Hellenic Mining Company. For this purpose the Company exchanged and sold land to HMG with the payment to the Company of the sum of €774,000.

29. Dividends

	2010 €000	2009 €000
Interim dividend paid at €0,015 (2009: €0,015) per share	-	1,079
Additional dividend paid at €0,015 (2009: €0,015) per share	1,079	1,079
	1,079	2,158

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



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(continuation)

30. Directors' shareholdings

At 31 December 2010 and thirty days prior to 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 2010	15 Mar 2011
Leondios Lazarou	0,0001%	0,0001%
Costas Koutsos	0,0139%	0,0139%
Stavros Galatariotis	0,0125%	0,0125%
	<u>0,0265%</u>	<u>0,0265%</u>

At 31 December 2010, the Company had no material agreements in which Directors of the Company, or their related parties, had a direct or indirect interest.

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

At 31 December 2010 and thirty days prior to 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 2010	15 Mar 2011
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%
	<u>79,58%</u>	<u>79,58%</u>

32. Capital commitments

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Amounts contracted for but not provided in the financial statements	<u>4.867</u>	63.500	<u>4.867</u>	63.500

The Company has entered into various contracts for the supply and erection of a new cement production line at Vassiliko. The amounts above represent the contracted amounts less any sums provided in the financial statements.



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33. 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 €1.109.000 (2009: €1.165.000).

34. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2010 €000	2009 €000	2010 €000	2009 €000
Less than one year	182	147	135	99
Between one and five years	451	434	263	246
More than five years	1.197	1.288	239	283
	1.830	1.869	637	628

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	
	2010 €000	2009 €000	2010 €000	2009 €000
Less than one year	324	391	324	391
Between one and five years	838	927	838	927
More than five years	196	243	196	243
	1.358	1.561	1.358	1.561

During the year ended 31 December 2010, €419.000 was recognised as net rental income in the statement of comprehensive income (2009: €413.000).



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35. 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 cash and equivalents, and the investments in securities and trade receivables. The main monetary financial liabilities are bank overdrafts, loans and trade payables.

Interest rate risk

Interest rate risk results from 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 24.

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.



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

	Group Carrying amount		Company Carrying amount	
	2010 €000	2009 €000	2010 €000	2009 €000
Trade and other receivables	12.879	12.804	11.992	10.794
Amount receivable from related parties	114	153	33	10
Prepayments	37	300	21	284
Available for sale financial assets	2.840	4.027	2.840	4.027
Cash and cash equivalents	1.132	5.323	1.040	4.953
Total credit risk exposure	17.002	22.607	15.926	20.068

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 2010	31 December 2009
	US\$'000	US\$'000
Trade receivables	4	3
Trade payables	(1.538)	(60)
Net exposure	(1.534)	(57)

Company	31 December 2010	31 December 2009
	US\$'000	US\$'000
Trade receivables	4	3
Trade payables	(1.538)	(60)
Net exposure	(1.534)	(57)

The following significant exchange rates were applied during the year:

USD	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
	0,754430	0,770038	0,754430	0,770038



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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	Carrying amount €000	Contractual cash flow €000	Payable on demand and up to 6 months				More than 5 years €000
			€000	€000	€000	€000	
31 December 2010							
Secured bank loans	105.522	(134.573)	(4.702)	(6.149)	(20.479)	(38.698)	(64.545)
Secured bank overdrafts	290	(290)	(290)	-	-	-	-
Unsecured bank overdrafts	1.178	(1.178)	(1.178)	-	-	-	-
Trade and other payables	16.280	(16.280)	(16.280)	-	-	-	-
	123.270	(152.321)	(22.450)	(6.149)	(20.479)	(38.698)	(64.545)
31 December 2009							
Secured bank loans	52.183	(53.749)	(44)	(44)	(5.139)	(26.500)	(22.022)
Secured bank overdrafts	1.202	(1.202)	(1.202)	-	-	-	-
Trade and other payables	21.623	(21.623)	(21.623)	-	-	-	-
	75.008	(76.574)	(22.869)	(44)	(5.139)	(26.500)	(22.022)

Company

Non-derivative financial liabilities	Carrying amount €000	Contractual cash flow €000	Payable on demand and up to 6 months				More than 5 years €000
			€000	€000	€000	€000	
31 December 2010							
Secured bank loans	105.522	(134.573)	(4.702)	(6.149)	(20.479)	(38.698)	(64.545)
Secured bank overdrafts	290	(290)	(290)	-	-	-	-
Unsecured bank overdrafts	1.178	(1.178)	(1.178)	-	-	-	-
Trade and other payables	16.213	(16.213)	(16.213)	-	-	-	-
	123.203	(152.254)	(22.383)	(6.149)	(20.479)	(38.698)	(64.545)
31 December 2009							
Secured bank loans	51.900	(13.000)	-	-	-	(3.900)	(9.100)
Secured bank overdrafts	1.140	(1.140)	(1.140)	-	-	-	-
Trade and other payables	21.934	(21.934)	(21.934)	-	-	-	-
	74.974	(36.074)	(23.074)	-	-	(3.900)	(9.100)



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(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 EU. 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 any 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.



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36. 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.

37. Events after the reporting period

There were no material events after the reporting period, which affect the financial statements as at 31 December 2010.

38. Changes from indication of results

The changes between the net profit reported in the profit indication for 2010 and the audited financial statements are attributed to the following changes:

	<u>2010</u> <u>€000</u>
Profit as per indication of results	1,540
Decrease in share of net profit from associate	(53)
Increase of taxation	(179)
Other	<u>2</u>
Audited net profit	<u>1,310</u>



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