CEMENTARNICA "USJE" AD SKOPJE

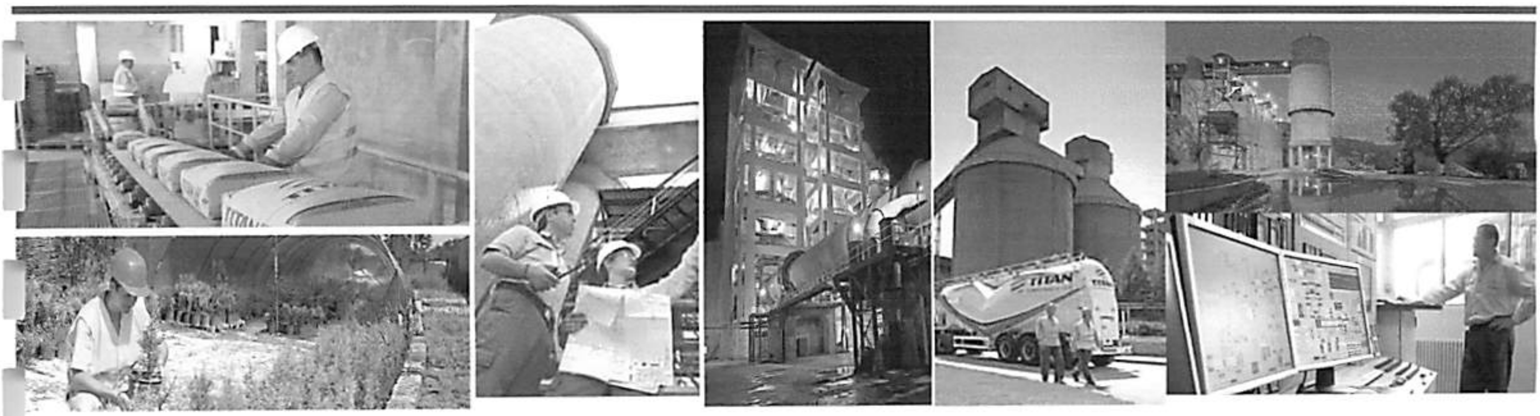
Statutory Financial Statements
31 December 2011

TITAN
CEMENTARNICA USJE

This report is translation of the original report published in Macedonian language

CEMENTARNICA “USJE” AD - SKOPJE

ANNUAL REPORT 2011



Skopje, February 2012

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1. GENERAL

Cementarnica "Usje" A.D. - Skopje (the "Company" or "Usje") is incorporated in the Republic of Macedonia with the registered address at Prvomajska bb, Skopje.

The Company's main activity is production and trade of cement, masonry cement, ready mix concrete, clinker and other related products.

2. SALES PERFORMANCE

Cement: Certain regulations adopted by the Government in 2011, together with the increased public spending, created a positive climate in the construction sector, thus the cement consumption in the domestic market is estimated to have grown in the range of 20% vs. 2010. The domestic sales of Usje followed the market performance while the prices remained almost flat for the bigger part of the year.

The cement exports to Kosovo declined by about 10%, as a result of the increased competition.

Vertical Integration: The RMC and aggregates operations, following the positive trends of the market, were increased volume wise, the adverse though pricing environment and the intense competition had an impact on the operating profitability.

3. OPERATIONS

The operation of the kilns followed the clinker demand with close follow up of the inventories. Both kilns operated at about 75% utilization factor.

In 2011 CAPEX with focus on projects related to Safety, Environment, Efficiency as well as expansion of reserves of raw materials was implemented,

USJE is contributing to a significant infrastructure project supplying the cement for the construction of a major dam on the river Treska for a new Hydro Power Plant constructed in the country. New cement types were developed and produced for the construction of this dam. The product portfolio was further expanded with products with lower CO_2 footprint which require less non-renewable natural resources & energy in alignment with TITAN Group's voluntary declared commitment to promote Corporate Social Responsibility and Sustainable Development by achieving a specific reduction of CO_2 per cementitious product by 2015.

4. HEALTH & SAFETY

Health and safety at work remains the main priority for Cementarnica Usje A.D. Skopje. This is shown through all activities that were undertaken during 2011.

After nearly one year of functioning of the Contractor Management subcommittee, at the beginning of the year the Manual for Contractor Management (from a health and safety aspect) was made official. The Manual was officially presented in February 2011 in front of around 150 representatives of Contractor companies that collaborate with Usje. With this Manual, the way of work between Cementarnica Usje and the contractor companies has been enhanced, as health and safety requirements for a job become an integral part of the process for contract awarding.

During the year a number of internal health and safety policies were introduced which cover certain aspects from this area.

A successful annual revision was completed at the end of the year of the Integrated Health & Safety Management System (OHSAS 18001:2007) from an independent certification body (ELOT).

Organizing lectures and trainings on different health and safety topics for all the employees has continued throughout 2011.

5. CORPORATE SOCIAL RESPONSIBILITY

Focus of our CSR strategy in 2011 was the stakeholder's engagement process. Usje continued its endeavor of engaging with its employees, suppliers, business partners and institutions, as well as the local and wider community, through various initiatives and disseminating best practices.

Open Day

In this manner, the Company organized the first Open Day, in the Company premises, on Sep.15, 2011.

The aim of this Open Day was that by opening the doors of our factory to promote communication, open dialogue and build partnerships for sustainable development of the community.

The aim was also to communicate with the wider public the CSR and Sustainability Report for 2010, the IPPC License, as well as to highlight our responsible way of work towards environment, H&S at work, partnership with the community and sustainable development.

There were about 900 people present at the event, clients, suppliers, partners, banks and other business representatives, universities representatives, neighbors from the vicinity of Usje, our employees and their families, representatives from Titan Group and Sharrcem. The Open Day event was attended by the Minister of environment and physical planning that made very positive remarks about Usje and made special reference to the recently acquired IPPC License, the Major of Municipality Kisela Voda, and other Ministry and Community representatives.

The Open Day initiative was evaluated as an excellent step towards building relations and disseminating best practice in open communication.



Employees Training and Development

The Company continued its effort to train and develop its employees, with special focus on health and safety, technical knowledge, as well as soft skills. Total training hours for our employees in 2011 were 6442 thus corresponding to average 19 training hrs per employee.

Training hours for both employees and contractors were 7613.
Development of our people and contractors in H&S area continued with high intensity; the total number of H&S training reached 1497 hours.

Communication on Progress - UN Global Compact: CSR & Sustainability Report

In 2011, USJE issued its second Corporate Social Responsibility and Sustainability Report, stating all the efforts, commitments and best practices of USJE in the field of Corporate Social Responsibility. The CSR Report was communicated to the stakeholders on the Open Day, through Usje web-site (www.usje.com.mk) and placed on UN Global Compact web-page as Communication on Progress report.

Initiative on Reviving the Global Compact Network Macedonia

Supporting broader objectives, Usje initiated and organized reestablishment of the UN Global Compact Network in the Country. With the aim to build new proactive leadership of the Local GC Network and re-engaging with the members, an Initiative Board was established. Members of the Initiative Board are representatives of big companies with strong commitment to the principles of UNGC and clearly expressed interest to act proactively in building and promoting the network.

Usje has shown strong leadership, provided material and personnel support and organized a Conference where the network members and also other companies participated.

Community Projects and Partnership Building - Partnering with Schools Project

Cooperation with the local community continued with a number of projects in 2011. Project Partnering with Schools was implemented with success, for the second year.

The project aims to improve the health & safety and environmental conditions in the schools and the kindergartens as part of our voluntary commitment for support of education and educational processes in the country as well as our commitment to develop H&S and environmental awareness among the young population in the community.

The Project covers eight primary schools and one kindergarten in the Municipality of Kisela Voda and includes infrastructural improvements of the schools, such as energy efficiency projects, installation of fences, building summer classrooms and playgrounds in the schools yards, buildings repairs, planting trees, as well as lessons in environment protection and professional orientation. The project will continue in the forthcoming year.

Awards for Corporate Social Responsibility

National Award for Corporate Social Responsibility for USJE

Cementarnica USJE won the first award at the National Awards for best socially responsible practices in the category Environment for the project: Biodiversity in lakes of Cementarnica Usje. USJE also received three accolades for the following projects: "Partnering with Schools" in the category - Investing in the community, for the project "Occupational Safety and Health of our Employees" in the category - Employee Relations and for the project "Corporate Governance" in the category of Ethical Management.

USJE received the awards in competing with 63 projects from 38 companies. This year, the award competition was organized with the support of the project Corporate Social Responsibility in the Republic of Macedonia, co-funded by the European Union and implemented by the Ministry of Economy in partnership with the Macedonian Enterprise Development Foundation and the Association of Chambers of Commerce of Macedonia.

6. ENVIRONMENTAL

Green Belt

Within the Green Belt Project, about 28.000 trees were planted in the year 2011. Part of the trees are used for reforestation of the final benches in the quarries and part are used for arranging green areas in the plant or are donated for the public green areas in the Municipality of Kisela Voda.

Integrated environmental Permit

Following the commitment to environmental protection and consistently implementing the Legal requirements, USJE in March 2011 received A integrated environmental permit with adjustment plan (A-IPPC permit with adjustment plan).

The purpose of this permit is through an integral approach to address and regulate the environmental impacts resulting from industrial activity. The general public has insight in the process of issuing and monitoring of the permit.

Within the permit USJE has taken obligations that under the law should be implemented as of January 2014. Over 80% of the planned activities have been completed, where USJE has invested more than 2.5 million Euros in the period 2007 to 2011.

Biodiversity

According to the policy of Titan Group towards responsibility for the environment, USJE prepared Study for biodiversity in artificial lakes (reservoirs) created within the factory. Reservoirs do not serve as recipients of wastewater and are not used in the primary production process; their main role is ennobling of the Plant area. Research results show that there are not threatened species of plants and animals in these water bodies, but in order to slow the process of eutrophication, mitigation measures that directly affect the conservation of biological diversity in lakes were undertaken. For well-crafted study and actions taken USJE won first prize in the contest for the national award for best socially responsible practices in the category - Environment

7. OTHER INFORMATION

Usje's Management is firmly committed to the continuing integration of new rules and practices into Company operations, which promote transparency, responsibility, reliability, sustainable development and corporate social responsibility in every aspect and field of activity of the Company and its entire web of relationships with shareholders, employees, customers, suppliers, contractors and the society. With respect to this, Usje discloses the following information:

1. Usje has two executive members of the BoD - the Chief Executive Director, and Executive Director, and 5 non-executive members.

2. The CED and the Executive Director are not receiving any earnings based on their membership in the BoD. They have a regular working relation (employment) at the position Chief Executive Director and Administration Manager and their earnings are based on that. The total income (salaries, other contributions, bonuses, insurance and other receipts) of the executive members of the BoD and of the other members of the key personnel of the Company is in amount of 69.084 thousand denars. None of the 5 non-executive members have earnings based on their membership in the BoD.

3. During 2011 total amount of 602.121 thousand denars were paid out as gross dividends to the Company's shareholders or 1.068,00 denars per shares.

4. The sources of the Company's assets are its operating cash flow.

5. The financial results for 2011 are an integral part of the Financial Statements of the Company as of 31 December 2011.

6. Consequently to the previous, a financial risk management policy was explained in detail in the Note 17 to the Financial Statements of the Company as of 31 December 2011.

7. During 2011 except for transactions realized in the ordinary course of the business of the company (purchases and sales of products), Usje has no major transactions and transactions with the interested parties

8. Usje shares the Titan Group's CSR Vision and CSR Policy, to "conduct its business in an ethical and socially responsible manner doing less harm and endeavoring to do more good." In this manner, Usje in 2011 adopted the Titan Group's CSR Vision and CSR Policy and communicated them with the company employees and with wider community.

The main mission of Usje CSR Committee, chaired by the Company Chief Executive Director is to be a custodian of the implementation of the CSR Vision and Policy. The CSR Committee of the Company continues its active engagement in developing the CSR strategy, activity plans, to decide upon, coordinate and monitor the implementation of all CSR activities of the Company. Also, the main role of the CSR Committee is to be the advocate coordinator of the Group's CSR vision and policy.

Recognizing the need of embedding further the CSR Vision and Titan Group's values and code of conduct, in June 2011 a session was organized for the communication and training of 50 managers and employees on CSR and corporate values.

Usje's Management is responsible for ensuring that the Code of Conduct is understood and followed and all employees are expected to fully comply. To encourage and enable staff to communicate to the management activities that may not comply with our commitments, including the provisions of the Code of Conduct monitoring systems like "safety yellow boxes" are already used while other practices developed in other countries where TITAN operates like Greece and US are examined. The Group Internal Audit Department is monitoring compliance with the Code of Conduct at BU level. In addition, annual performance assessment reviews include relevant criteria related to practicing TITAN values and Code of Conduct, so as to meet business objectives as defined by TITAN strategy.

"Bribery and Corruption" is also addressed by TITAN's Code of Conduct while the level of exposure to relevant risks is estimated every year through reports and analyses provided by the Transparency International's Annual Corruption Perception Index.

Our Code of Conduct clearly prohibits giving and receiving bribes, while as signatories of the Global Compact we are fully committed to join national and other programs aiming at eliminating bribery and corruption. Moreover, Titan's Procurement Code of Conduct (web address) issued in 2008 is stating what the company policy and commitments are towards its suppliers, and clearly states the contractual obligations of the suppliers including the obligation to abstain from any action that could be interpreted as an act of bribery, corruption and fraud. No verifiable cases of non-compliance and breaches to our bribery policy have been reported in 2011.

Цементарница "УСЈЕ" АД Скопје

Konstantinos Derdemezis

President of the Board of Directors

Contents

GENERAL INFORMATION

Chief Executive Director

Boris Hrisafov

Registered office

Prvomajska bb
1000 Skopje

Solicitors

Lawyer Office Polenak - external lawyer
Lawyer Office Dimitrov - external lawyer

Bankers

Komercijalna Banka AD - Skopje
Stopanska Banka AD - Skopje
Tutunska Banka AD - Skopje
Alfa Banka AD - Skopje
Ohridska Banka AD - Ohrid

Auditors

Ernst & Young Certified Auditors Ltd.
Marshall Tito 19
1000 Skopje
Republic of Macedonia

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Cementarnica "USJE" AD - Skopje

We have audited the accompanying financial statements of Cementarnica "USJE" AD - Skopje ("the Company") and the consolidated financial statements of Cementarnica "USJE" AD - Skopje and its subsidiaries ("the Group"), which comprise the Company's and the Group's statements of financial position as at 31 December 2011 and the statements of comprehensive income, statements of the changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Macedonian accounting regulation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the Company's financial statements and the Group's consolidated financial statements give true and fair view of the financial position of the Company and of the Group as at 31 December 2011 and the financial performance and cash flows for the Company and for the Group for the year then ended in accordance with Macedonian accounting regulation.

Report on Other Legal and Regulatory Matters

Management is also responsible for preparation of the annual report in accordance with article 384 of the Macedonian Company Law. Our responsibility in accordance with the Audit Law is to report whether the annual report is consistent with the financial statements of the Company for the year ended 31 December 2011. Our work regarding the annual report is performed in accordance with ISA 720 and restricted to assessing whether the historical financial information of the annual report is consistent with the financial statements of the Company.

The annual report is consistent, in all material respects, with the audited financial statements of the Company for the year ended 31 December 2011.

ЕРНСТ И ЈАНГ - ОВЛАСТЕНИ РЕВИЗОРИ ДОО СКОПЈЕ

Kalina Sukarova – Savovska
Administrator

Jasna Dukovska - Jegeni
Certified Auditor

Ernst & Young Certified Auditors Ltd.
Skopje, 29 March 2012

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	*Consolidated*		*Company*	
		2011 *MKD'000*	*2010* *MKD'000*	*2011* *MKD'000*	*2010* *MKD'000*
Sales	3a	4.593.340	3.925.955	4.494.653	3.795.545
Other revenue	3b	527.105	428.478	530.232	447.574
Cost of sales	3c	(2.728.277)	(2.246.737)	(2.659.984)	(2.160.801)
Gross profit		**2.392.168**	**2.107.696**	**2.364.901**	**2.082.318**
Other operating income	3d	35.678	23.519	36.878	24.719
Other operating expenses	3e	(82.462)	(70.912)	(82.982)	(70.620)
Selling and marketing expenses	3f	(31.860)	(34.562)	(30.427)	(33.449)
Administrative expenses	3g	(108.246)	(114.099)	(104.064)	(110.741)
Depreciation	5	(288.258)	(299.135)	(275.693)	(286.603)
Profit from operating activities		**1.917.020**	**1.612.507**	**1.908.613**	**1.605.624**
Finance income	3h	14.018	13.228	22.888	13.070
Finance expense	3h	(3.151)	(6.501)	(2.464)	(5.079)
Net profit before income tax		1.927.887	1.619.234	1.929.037	1.613.615
Income tax expense	4	(9.432)	(113.992)	(8.711)	(112.949)
Net profit for the year		**1.918.455**	**1.505.242**	**1.920.326**	**1.500.666**
Other comprehensive income		498	3.740	-	-
Total comprehensive income for the period		**1.918.953**	**1.508.982**	**1.920.326**	**1.500.666**

Net profit for the year attributable to:		
Equity holders of the parent	1.916.612	1.502.703
Non controlled interest	1.843	2.539
	1.918.455	**1.505.242**
Total comprehensive income for the year attributable to:		
Equity holders of the parent	1.916.777	1.504.865
Non controlled interest	2.176	4.117
	1.918.953	**1.508.982**

STATEMENT OF FINANCIAL POSITION
at 31 December 2011

	Notes	Consolidated 2011 MKD'000	Consolidated 2010 MKD'000	Company 2011 MKD'000	Company 2010 MKD'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	2.275.675	2.374.334	2.118.044	2.204.137
Intangible assets		4.034	4.034	-	-
Investment properties	6	33.008	34.404	33.008	34.404
Investments in subsidiaries		-	-	157.921	157.921
Exploration and evaluation assets		23.347	13.013	23.347	13.013
		2.336.064	**2.425.785**	**2.332.320**	**2.409.475**
Current assets					
Inventories	7	663.142	654.183	660.905	650.700
Trade and other receivables	8	259.587	213.384	231.887	201.226
Short term loans receivables	9	1.414.615	153.750	1.414.615	153.750
Income tax receivable		10.157	15.741	8.954	15.220
Cash and cash equivalents	10	176.246	36.295	147.635	24.713
		2.523.747	**1.073.353**	**2.463.996**	**1.045.609**
TOTAL ASSETS		**4.859.811**	**3.499.138**	**4.796.316**	**3.455.084**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	1.747.730	1.747.730	1.747.730	1.747.730
Other reserves	12	622.867	636.418	618.172	631.888
Retained earnings		1.919.801	656.973	1.920.326	653.784
		4.290.398	**3.041.121**	**4.286.228**	**3.033.402**
Non controlled interest		58.616	61.217	-	-
Total equity		**4.349.014**	**3.102.338**	**4.286.228**	**3.033.402**
Non-current liabilities					
Provision for retirement benefits	13	63.671	62.971	63.671	62.971
Provision for rehabilitation of quarries		14.946	16.894	14.946	16.894
		78.617	**79.865**	**78.617**	**79.865**
Current liabilities					
Trade and other payables	14	425.519	306.293	424.828	331.186
Current portion of retirement benefit obligations	13	6.610	8.234	6.610	8.234
Income tax payable		17	2.380	-	2.369
Dividend payable		34	28	33	28
		432.180	**316.935**	**431.471**	**341.817**
TOTAL EQUITY AND LIABILITIES		**4.859.811**	**3.499.138**	**4.796.316**	**3.455.084**

Authorized on behalf of the Board of Directors on 22 February 2012

:

Boris Hrisafov
Chief Executive Director

Цементарница "УСЈЕ" АД Скопје

Olivera Vasilkovska
Finance Manager

STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

	Note	Consolidated 2011 MKD'000	Consolidated 2010 MKD'000	Company 2011 MKD'000	Company 2010 MKD'000
Cash flow from operating activities					
Net profit before income taxes		**1.927.887**	**1.619.234**	**1.929.037**	**1.613.615**
Adjustments for:					
(Gain) on disposal of PP&E		(6.635)	(5.246)	(6.635)	(5.246)
Depreciation of PPE and investment properties		288.259	299.135	275.693	286.603
Reversal of provision for retirement benefits		7.738	7.687	7.738	7.687
Fly ash disposed off		-	21.834	-	21.834
Interest income		(14.018)	(13.228)	(14.008)	(13.070)
Dividend income		-	-	(8.879)	-
Interest expense and bank charges		2.609	5.086	1.925	3.658
Write off trade receivables		3.897	527	3.897	527
NBV of tangible assets written off		-	2.621	-	2.621
Other provision		1.520	8.460	1.520	8.460
Operating profit before working capital changes		**2.211.257**	**1.946.110**	**2.190.288**	**1.926.689**
(Increase) / Decrease in trade and other receivables		(30.783)	(86.267)	(34.558)	(96.076)
Decrease in inventories		(9.429)	16.149	(11.725)	12.302
Increase / (Decrease) in trade and other payables		88.424	14.408	82.940	47.094
Cash generated from operations		**2.259.469**	**1.890.400**	**2.226.945**	**1.890.009**
Interest expense and bank charges paid		(2.609)	(5.086)	(1.925)	(3.658)
Income tax paid		(5.535)	(109.895)	(4.814)	(108.874)
Net cash flows generated from operations		**2.251.325**	**1.775.419**	**2.220.206**	**1.777.477**
Cash flows from investing activities					
Purchase of PP&E		(175.173)	(147.842)	(175.173)	(147.842)
Expenditures for exploration and evaluation assets		(25.157)	(5.008)	(25.157)	(5.008)
Proceeds from sale of PP&E		8.519	6.383	8.519	6.383
Loan to associate		(1.260.865)	(153.750)	(1.260.865)	(153.750)
Dividend income		-	-	8.879	-
Interest income received		14.018	13.228	14.008	13.070
Net cash flows (used in) investing activities		**(1.438.658)**	**(286.989)**	**(1.429.789)**	**(287.147)**
Cash flows from financing activities					
Dividends paid to group shareholders		(571.024)	(1.444.673)	(571.024)	(1.444.673)
Dividends paid to minority shareholders		(35.870)	(78.666)	(31.093)	(78.666)
Tax on dividend		(65.378)	(74.372)	(65.378)	(74.372)
Net cash flows (used) in financing activities		**(672.272)**	**(1.597.711)**	**(667.495)**	**(1.597.711)**
Net increase in cash and cash equivalents		140.395	(109.281)	122.922	(107.381)
Net foreign exchange differences		(444)	1.468	-	-
Cash and cash equivalents at 1 January		36.295	144.108	24.713	132.094
Cash and cash equivalents at 31 December	10	**176.246**	**36.295**	**147.635**	**24.713**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Share capital	*Other reserves (note 12)*	*Retained earnings*	*Total*	*Non controlled interest*	*Total equity*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*	*MKD'000*	*MKD'000*
At 1 January 2010	**1.747.730**	**634.256**	**751.990**	**3.133.976**	**57.100**	**3.191.076**
Profit/(loss) for the year	-	-	1.502.703	1.502.703	2.539	1.505.242
Other comprehensive income (Translation differences)	-	2.162	-	2.162	1.578	3.740
Total comprehensive income	-	**2.162**	**1.502.703**	**1.504.865**	**4.117**	**1.508.982**
Dividends declared, net	-	-	(669.348)	(669.348)	-	(669.348)
Tax on dividend			(74.372)	(74.372)	-	(74.372)
Advance dividends paid	-	-	(854.000)	(854.000)		(854.000)
At 31 December 2010	**1.747.730**	**636.418**	**656.973**	**3.041.121**	**61.217**	**3.102.338**
Profit for the year	-	-	1.916.612	1.916.612	1.843	1.918.455
Other comprehensive income (Translation differences)	-	165	-	165	333	498
Total comprehensive income	-	**165**	**1.916.612**	**1.916.777**	**2.176**	**1.918.953**
Dividends declared	-	(13.716)	(588.406)	(602.122)	(4.777)	(606.899)
Tax on dividend	-	-	(65.378)	(65.378)	-	(65.378)
At 31 December 2011	**1.747.730**	**622.867**	**1.919.801**	**4.290.398**	**58.616**	**4.349.014**

COMPANY'S STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Share capital *MKD'000*	*Other reserves (note 12)* *MKD'000*	*Retained earnings* *MKD'000*	*Total* *MKD'000*
At 1 January 2010	**1.747.730**	**631.888**	**750.838**	**3.130.456**
Profit/(loss) for the year	-	-	1.500.666	1.500.666
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1.500.666	1.500.666
Dividends declared, net	-	-	(669.348)	(669.348)
Tax on dividend			(74.372)	(74.372)
Advance dividend paid	-	-	(854.000)	(854.000)
At 31 December 2010	**1.747.730**	**631.888**	**653.784**	**3.033.402**
Profit for the year	-	-	1.920.326	1.920.326
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1.920.326	1.920.326
Dividends declared, net	-	(13.716)	(588.406)	(602.122)
Tax on dividend	-	-	(65.378)	(65.378)
At 31 December 2011	**1.747.730**	**618.172**	**1.920.326**	**4.286.228**

On 10 May 2011, the General Assembly brought a Decision for distribution of dividend for the year ended 2010 in accordance with the Company Law. The dividend declared was in amount of MKD 602.122 thousand and taxed with tax on dividend distribution of 10% i.e. amount of MKD 65.378 thousand.

1. Corporate information

Cementarnica "Usje" A.D. - Skopje ("the Company") is incorporated in the Republic of Macedonia with the registered address at Prvomajska bb, Skopje.

The Company's main activity is production and trade with cement, masonry cement, ready mix concrete, clinker and other related products.

The Company is controlled by Titan Cement Netherlands B.V. registered in Netherlands, which has 94,84% shareholding in the Company. The Company's ultimate parent is Titan Cement Company S.A. - Greece.

The number of employees as of 31 December 2011 was 321 (2010: 348 employees).

The Company and the Group financial statements for the year ended 31 December 2011 have been approved for issue by the Board of Directors on 22 February 2012.

2.1 Basis of preparation

The consolidated financial statements of Cementarnica "Usje" A.D.- Skopje and its subsidiaries ("the Group") and the financial statements of the Company have been prepared in accordance with the Company Law (Official Gazette of Republic of Macedonia 28/04 with amendments 84/05, 25/07, 87/08, 42/10 and 48/10) and Accounting Principles applicable in the Republic of Macedonia ("Macedonian GAAP"), which are in accordance to the new Rulebook of Accounting published on 29 December 2009 (Official Gazette of Republic of Macedonia 159/09) effective from 1 January 2010. This Rulebook comprise the basic text of IFRS's including SIC's and IFRIC's as issued by IASB at 1 January 2009.

In the period as of 31 December 2009 applicable standards were the International Accounting Standards published in Official Gazette of Republic of Macedonia which comprise the following:

- The revisions of International Accounting Standards, IAS 1 to IAS 39 were published on 30 December 2004, previously effective as of 5 November 1999. The effective date for all revised standards is January 1, 2005. In addition, International Accounting Standards, IAS 40 and IAS 41 were published with the effective date 1 January 2005.
- On 10 February 2005 International Financial Reporting Standard 1 was published. The effective date was set to 17 February 2005.
- On 29 December 2005 International Financial Reporting Standards, IFRS 2 to IFRS 7 were published. The effective date was set to 30 December 2005.

The Group's consolidated financial statements and the Company's financial statements have been prepared on a historical cost basis. The consolidated financial statements and the Company's financial statements are presented in Macedonian Denars ("MKD") and all values are rounded to the nearest thousands ('000) except when otherwise indicated.

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its three subsidiaries: Cement Plus for building materials DOO incorporated in Kosovo with 65% holding, RUDMAK DOOEL export-import Skopje with 100% holding and TROJAN CEM EOOD Bulgaria with 100% holding. The financial statements of the consolidated subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non controlled interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholder's equity.

2.2 Summary of significant accounting policies

a. Foreign currency translation

The Group and the Company prepare the financial statements in Macedonian denars, which is the Group's and the Company's functional currency and the presentation currency for local statutory purposes. Each entity in the Group determines its own functional currency and items included in the financial statements in each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

The functional currency of the domestic operations, RUDMAK DOOEL export-import Skopje is the Macedonian denars. The functional currency of the foreign operations, Cement Plus for Building Materials - Kosovo and Trojan Cem Eood - Bulgaria is the Euro. As of each reporting date, the assets and liabilities of this subsidiary are translated through conversion in euro into the presentation currency of Cementarnica "USJE" AD (the Macedonian Denars) at the rate of exchange ruling at the reporting date (2011: MKD 61.5050 for Euro 1; 2010: MKD 61,5050 for Euro 1) and, its profit or loss is translated at the weighted average exchange rate for the year (2011: MKD 61,5050 for Euro 1; 2010: MKD 61, 3391 for Euro 1). The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the profit or loss.

2.2 Summary of significant accounting policies (continued)

b. Investment in subsidiary

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. In the stand alone financial statements of the Company, investment in subsidiaries is presented at cost less any impairment in value. Distributions received in excess of accumulated profits from the investor are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

c. Property, plant and equipment

Property, plant and equipment is stated as follows:

- those assets acquired up to 31 December 1998, the revaluation under the previous GAAP at the date of transition of the Group to IFRS (1 January 2004) was accepted as deemed cost since the revaluation was broadly comparable to depreciated cost under IFRS adjusted to reflect changes in general price index.

- those assets acquired after 31 December 1998 are stated at historical cost less accumulated depreciation and any subsequent accumulated impairment loss.

Additions are recorded at cost. Cost represents the prices by suppliers together with all costs incurred in bringing new property, plant and equipment into use.

Items of property, plant and equipment that are retired or otherwise disposed of are eliminated from the statement of financial position, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation of property, plant and equipment, with exception of quarries, is designed to write off the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives. The principal depreciation rates in use are:

Buildings	2,5 -10%
Equipment	5 - 25%

Land is stated in the statement of financial position at cost less impairment and is not depreciated as it is deemed to have an infinite life, except quarries which are depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit of - production method.

The asset's methods of depreciation, useful lives and residual values are reviewed at each financial year end.

2.2 Summary of significant accounting policies (continued)

d. Investment property

Investment property, comprising of land, production premises with business offices and construction object - restaurant and cafeteria room, is held for long-term rental yields and is not occupied by the Group. Investment property is measured under cost model which means that it is carried at cost, less accumulated depreciation and impairment loss, if any, in accordance with IAS 16 requirements in respect of property, plant and equipment and IAS 36 regarding impairment.

e. Exploration and evaluation assets

Exploration and evaluation expenditure for each area of interest (geographically specific to the concession, permit or mining license granted) is carried forward as an asset if a decision has been made that a mining operation is economically feasible and can be developed for commercial production. At the end of the reporting period, these costs include costs of acquisition of rights to explore. All other exploration and evaluation expenditures are charged to the profit or loss as incurred.

Administrative and general expenses relating to exploration and evaluation activities are expensed as incurred.

f. Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, and short term loans.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2.2 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

Subsequent measurement(continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement. The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are measured at amortized cost using the effective interest rate method (EIR). The gains and losses are recognized in the income statement in the moment when the loans and receivables are reversed or when the value is decreased due to impairment, and through the amortization process.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method. This method use effective interest rate which accurately discounts the estimated future cash follows thought the use full life of the financial asset to net financial value of the financial asset. The gains and losses are recognized in the income statement in the moment when the investments are reversed or when the value is decreased due to impairment, and through the amortization process. The Group did not have any investments held to maternity during the period ended 31 December 2011 and the year ended 31 December 2010.

Available-for-sale financial investments
Available-for-sale financial investments are non derivative financial assets which are determinate as available for sales or aren't classified in the previous three categories. After initial measurement, available-for-sale financial investments are measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative gain or loss is reclassified to the income statement. The Group did not have any available-for-sale financial investments during the period ended 31 December 2011 and the year ended 31 December 2010.

2.2 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

2.2 Summary of significant accounting policies (continued)

(ii) Financial liabilities (continued)

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognized in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.2 Summary of significant accounting policies (continued)

g. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, excluding distribution costs and administrative expenses. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Tools and consumable stores are written-off 100% when consumed.

h. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in banks and deposits held with banks with original maturities of up to three months or less.

i. Share capital

Ordinary shares are classified as equity.

j. Taxation

Current income tax

The income tax expense comprises the current income tax on: non-deductible items and taxes on dividend distribution. The tax rate for both 2011 and 2010 is 10%.

Taxes on non deducible items

The calculation and payment of the current income tax is in accordance with the Income Tax Law which include the model for taxation whose tax base are the specified non-deductible expenses, adjusted for tax credits and tax exemptions. The payment of the monthly tax is in advance only on the unrecognised expenses.

Taxes on dividend distribution and other distributions of profit

The amount which is distributed as dividends and other types of profit distributions, in monetary or non-monetary form, is taxed at the moment of payment.

For further details please refer to Note 4.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the reporting date.

2.2 Summary of significant accounting policies (continued)

k. Employee benefits

Pension obligations

The Group, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. The Group makes these contributions to the Government’s health and retirement funds. The cost of these payments is charged to the income statement in the same period as the related salary cost.

The Group does not operate any other pension scheme or post retirement benefits plan and consequently, has no obligation in respect of pensions.

Termination and retirement benefits

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pursuant to the Group’s signed collective bargaining agreements the Group is obligated to pay retirement benefits in an amount equal to six average republic salaries and between one and three average republic salaries to be paid out as a jubilee anniversary award. The number of average republic salaries for jubilee anniversary awards corresponds to the total number of years of service of the employee as presented in the table bellow:

Total number of Service Years	*Number of Wages*
10	1
20	3
30	3
35 (women)	3
40 (men)	3

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the discount rate of the Central Bank of Republic of Macedonia due to the absence of the market of high quality corporate bond or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Employee’s children scholarships

Staring from 31 December 2009, included in the actuarial calculation of the defined benefits are allowances for scholarships of Group employees attending secondary school or graduate studies. Assumption is made that for the children who are still not eligible for scholarship under the scheme that 50% will start with their graduate studies in 2012, i.e. 40% in the next period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income or expense in the period in which they arise.

2.2 Summary of significant accounting policies (continued)

l. Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The provisions comprise of provision for retirement benefits and provision for rehabilitation of quarries. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to time values is recognized as interest expense.

l. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific criteria must also be met before revenue is recognized:

Sales of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, usually on delivery of the goods.

Rendering of services

Fees from services provided are recognized over the period in which the services are rendered and accepted by the buyer.

Interest income

The interest relates to time deposit are accounted for at the expired date of time deposit.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

2.2 Summary of significant accounting policies (continued)

m. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

n. Dividends distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders.

o. Subsequent events

Events after the balance sheet date, which provide evidence of conditions that exist as of the balance sheet date, are treated as adjustable events in these financial statements. Those that are indicative of conditions that arose after the balance sheet date have been treated as non-adjustable events.

q. Financial risk management

Accounting estimates and assumptions

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

Provisions for environmental restoration

Companies that operate quarries and processing sites are required to restore these quarries and processing sites at the end of their producing lives to a condition that is in line with the prevailing environmental legislation of the country in which the Group operates (to restore the land within 3 years after the closure of the mine site), to the level acceptable to the relevant authorities and to the level that is consistent with the Group's environmental policies and practices.

The provision for environmental restoration reflects the present value of the expected future restoration costs that are expected to be incurred for the areas that have been disturbed at the reporting date. The provision is determined as present value of expected future cash outflows to be incurred for sites rehabilitation. This includes determination of the amount based on rehabilitation project, discount rate and expected inflation rates. The provision is re-measured at every reporting date and is adjusted to reflect the present value of the future expenses required to fulfil the obligation.

The present value of estimated restoration costs (that is, original estimation as well as changes in the accounting estimates) are charged to the income statement unless they relate to property, plant and equipment that is on the site, in which case the costs are included within property, plant and equipment and depreciated over the useful life of the related item of property, plant and equipment.

Any change in the net present value of the environmental provision due to the passing of time is included in finance costs in profit or loss.

2.2 Summary of significant accounting policies (continued)

q. Financial risk management (continued)

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the discount rate of the Central Bank of Republic of Macedonia due to the absence of the market of high quality corporate bond or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market.

Fair value

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

3. Revenue and expenses

a. Sales

	Consolidated		*Company*	
	2011	*2010*	*2011*	*20101*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Gross sales				
Domestic market	4.588.907	3.892.415	3.406.735	2.520.048
Foreign market	4.433	33.540	1.087.918	1.275.497
	4.593.340	**3.925.955**	**4.494.653**	**3.795.545**
Domestic market				
Income from cement	4.315.294	3.634.740	3.146.360	2.271.904
Income from RMC	136.198	121.827	136.198	121.827
Income from white cement	64.051	60.385	50.813	50.854
Income from use of own products	73.364	75.463	73.364	75.463
	4.588.907	**3.892.415**	**3.406.735**	**2.520.048**
Foreign market				
Income from cement	382	31.499	1.071.907	1.265.094
Income from white cement	4.051	2.041	15.764	10.360
Income from sand	-	-	247	43
	4.433	**33.540**	**1.087.918**	**1.275.497**

b) Other revenues

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Pet coke	426.109	305.932	426.109	305.932
Limestone	30.511	42.819	30.511	42.819
Third part freight	16.551	33.410	16.551	33.410
Services	27.573	26.792	27.573	26.792
Income from use of own products	24.818	18.532	24.818	18.532
Transport of cement - intercompany	-	-	3.456	19.096
Sand	904	605	574	605
Additives	639	388	639	388
	527.105	**428.478**	**530.232**	**447.574**

3. Revenues and expenses (continued)

c. Cost of sales

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Kiln fuel	646.920	477.184	646.920	477.184
Cost of goods traded	467.334	387.529	403.276	305.428
Salaries & other benefits	262.916	259.484	261.439	258.009
Electricity	326.488	251.572	325.707	250.827
Raw materials	245.383	172.029	245.383	172.029
Packing expenses	193.974	168.276	193.974	168.276
Own products	93.622	93.995	93.622	93.995
Consumables	98.282	77.230	97.894	77.230
Transportation services	38.544	70.563	38.544	70.563
Contract labour	81.044	63.851	80.802	63.474
Other services	57.420	56.019	56.608	55.218
Spare parts	41.381	36.044	40.897	35.977
Change of inventories	39.326	8.577	39.326	8.577
Insurance premium	5.760	6.982	5.760	6.656
Other expenses	129.883	117.402	129.832	117.358
	2.728.277	**2.246.737**	**2.659.984**	**2.160.801**

3. Revenues and expenses (continued)

d. Other operating income

	Consolidated 2011 MKD'000	*Consolidated* 2010 MKD'000	*Company* 2011 MKD'000	*Company* 2010 MKD'000
Gain from disposed fixed assets and investment property	6.635	5.246	6.635	5.246
Actuarial gains and reversals	4.593	5.009	4.593	5.009
Revenues from sold materials	2.710	4.457	2.710	4.457
Surplus of products	5.696	15	5.696	15
Rent income	9.428	4.401	9.428	4.401
Collected damages from insurance companies	109	1.601	109	1.601
Technical fee	-	-	1.292	1.292
Scrap	2.201	958	2.201	958
Revenue from participation for H&S	-	615	-	615
Income from other services	920	406	920	406
Revenues from sold fixed assets	1.884	-	1.884	-
Others	1.502	811	1.410	719
	35.678	**23.519**	**36.878**	**24.719**

Rent income in amount of MKD 9.428 thousand consist of rented RMC pump and silo trucks in amount of 3.219 thousand, land in amount of MKD 2.123 thousand, and business premises space together with the re-invoiced utilities in amount of MKD 4.086 thousand all to third parties.

Gain from disposed fixed assets in amount of MKD 6.635 thousand consist of sale of four vehicles, loading shovel, bulldozer caterpillar, dump truck and one RMC pump.

Surplus of products in amount of MKD 5.696 thousand relates to surplus of poozolana due to variable moisture find out during inventory count preformed as of 31 March 2011 and 31 December 2011 and surplus of gypsum during inventory count as of 31 December 2011.

The actuarial gains and reversal of unused provision for employee's benefits in amount of MKD 4.593 thousand relates to changes in actuarial assumptions calculated annually by independent actuaries using the projected unit credit method.

Revenues from sold materials in amount of MKD 2.710 thousand consist of MKD 2.110 thousand related to sold refractory to related party in Kosovo, MKD 304 thousand related to fly-ash (transit) and MKD 296 related to sell of old rail tracks.

3. Revenues and expenses (continued)

e. Other operating expenses

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Actuarial losses and related costs for employees benefits	12.331	12.696	12.331	12.696
Correction of value of stocks	1.520	8.460	1.520	8.460
Staff leaving indemnities (including VELP)	44.835	6.377	44.835	6.377
Cost of sold materials	1.798	3.840	1.798	3.840
Promotion, advertisement and entertainment	2.241	2.651	2.241	2.651
Penalties for non-fulfilment of obligations	1.901	-	1.901	-
De-recognition of intangible assets	1.300	-	1.300	-
Rebates and discounts	3.042	2.778	4.005	2.734
Net book value of disposed fixed assets	1.767	1.138	1.767	1.138
Business premises costs	2.902	953	2.902	953
Provision for bad and doubtful debts	3.897	527	3.897	527
Withholding tax	1.286	420	1.274	420
Cost for compensation to clients	481	316	481	316
Shortage of goods in warehouse	-	22	-	22
Fly-ash B disposed off	-	21.834	-	21.834
Other	3.161	8.900	2.730	8.652
	82.462	**70.912**	**82.982**	**70.620**

Staff's leaving indemnities (including VELP) in amount of MKD 44.835 thousand consist of MKD 32.587 thousand related to restructuring activities during 2011 when 23 people voluntary leaved the Company and MKD 12.248 thousand related to 16 employees, out of total 41 employees, who have been served termination notices during 2009 and who subsequently during 2011 applied for the voluntary scheme proposed by the Company as part of the Company's activities for reduction of the number of employees.

The amount of MKD 12.331 thousand represents actuarial losses, additional finance costs and current service costs related to employees benefits which arise from experience adjustments and changes in actuarial assumptions calculated annually by independent actuaries using the projected unit credit (see Note 13).

Provision for impairment of advance payment in amount of MKD 3.897 represents aged advance payment to Opalit DOOEL Skopje.

Business premises costs in amount of MKD 2.902 thousand consist of MKD 1.812 thousand related to re-invoiced utilities from rented PPE and MKD 1.090 thousand related to water fee for the Cementarnica football club.

3. Revenues and expenses (continued)

f. Selling and marketing expenses

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Gross salaries and wages	23.043	23.075	21.771	21.962
Car expenses	3.385	3.081	3.385	3.081
Elect., telephones, post expenses etc.	2.286	2.404	2.286	2.404
Research costs	-	1.819	-	1.819
IT consultancy fees and related expenses	738	548	738	548
Travelling	182	373	182	373
Promotion, advertisement and entertainment	405	1.282	405	1.282
Insurance	79	97	79	97
Other taxes	4	41	4	41
Legal fees	1	2	1	2
Other expenses	1.737	1.840	1.576	1.840
	31.860	**34.562**	**30.427**	**33.449**

g. Administrative expenses

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Gross salaries and wages	39.651	42.699	37.270	40.675
Technical fee	31.107	30.567	31.107	30.567
Donations and sponsorship	5.602	4.276	5.602	4.276
Elect., telephones, post expenses etc	4.388	4.773	3.966	4.378
Legal fees	3.378	4.191	3.378	4.081
Promotion, advertisement and entertainment	1.421	3.035	1.421	3.035
PR Image	2.590	2.800	2.590	2.800
Other services	2.671	3.027	2.185	2.843
Travelling	1.934	2.801	1.934	2.801
Car expenses	2.899	2.636	2.899	2.636
Audit fees	2.708	2.851	2.343	2.503
IT consultancy fees and related expenses	1.617	1.427	1.469	1.283
Insurance	138	203	138	203
Other expenses	8.142	8.813	7.762	8.660
	108.246	**114.099**	**104.064**	**110.741**

3. Revenues and expenses (continued)

h. Finance income, net

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Interest income	14.018	13.228	14.009	13.070
Dividend income	-	-	8.879	-
Bank charges	(2.357)	(3.230)	(1.678)	(1.806)
Interest expense	(252)	(1.857)	(248)	(1.853)
Net foreign exchange (losses)	(542)	(1.414)	(538)	(1.420)
	10.867	**6.727**	**20.424**	**7.991**

4. Income tax expense

The income tax expense comprises of:

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Tax on non-deductible expenses	8.711	11.132	8.711	11.132
Tax on pre dividend distribution	-	94.889	-	94.889
Other income tax expense	721	1.043	-	-
Reversal of temporary differences	-	6.928	-	6.928
	9.432	**113.992**	**8.711**	**112.949**

As of 31 December 2010, as previously explain in note 2j the tax on non-deductible expenses is as follows:

Consolidated and the Company

	31 December 2010
	MKD'000
Tax on non-deductible expenses:	
Fly-ash B disposed off	2.183
Other compensations to the employees	1.413
Depreciation on land in exploitation	1.370
Actuarial provisions	1.270
Write-off based on inventory count	1.022
Entertainment	784
Penalties and WHT	592
Sponsorship	456
Scholarship	183
Other	1.859
	11.132

4. Income tax expense (continued)

For 2011, the tax on non-deductible expenses is as follows:

Consolidated and the Company

	31 December 2011 MKD'000
Tax on non-deductible expenses:	
Other compensations to the employees	5.450
Expenses not related to the main activities	860
Sponsorship	467
Entertainment	441
Provision for bad debts	390
Penalties and WHT	342
Scholarship	137
Other	624
	8.711

In addition, the Group has plus income tax which arose from its subsidiary, Cement Plus for Building Materials Kosovo and Trojan Cem Eood Bulgaria in amount of MKD 721 thousand.

5. Property, plant and equipment

The Group Cost	*Land and Buildings MKD'000*	*Equipment MKD'000*	*Construction in progress MKD'000*	*Total MKD'000*
At 1 January 2011	**3.082.194**	**4.470.537**	**191.919**	**7.744.650**
Additions	17.625	36.560	120.988	175.173
Transfers from CIP	54.450	86.846	(141.296)	-
Transfer to investment property	(11.738)	-	-	(11.738)
Disposals	-	(51.025)	-	(51.025)
Write off	(106)	(11.088)	-	(11.194)
At 31 December 2011	**3.142.425**	**4.531.830**	**171.611**	**7.845.866**
Depreciation				
At 1 January 2011	**1.997.465**	**3.372.851**	-	**5.370.316**
Charge for the year	42.666	229.373	-	272.039
Transfer to investment property	(11.738)	-	-	(11.738)
Disposals	-	(49.527)	-	(49.527)
Write off	(95)	(10.804)	-	(10.899)
At 31 December 2011	**2.028.298**	**3.541.893**	-	**5.570.191**
Net book value at 31 December 2011	**1.114.127**	**989.937**	**171.611**	**2.275.675**

The Company Cost	*Land and Buildings MKD'000*	*Equipment MKD'000*	*Construction in progress MKD'000*	*Total MKD'000*
At 1 January 2011	**2.933.121**	**4.419.083**	**191.919**	**7.544.123**
Additions	17.625	36.560	120.988	175.173
Transfers from CIP	54.450	86.846	(141.296)	-
Transfer to investment property	(11.738)	-	-	(11.738)
Disposals	-	(51.025)	-	(51.025)
Write off	(106)	(11.088)	-	(11.194)
At 31 December 2011	**2.993.352**	**4.480.376**	**171.611**	**7.645.339**
Depreciation				
At 1 January 2011	**1.986.404**	**3.353.582**	-	**5.339.986**
Charge for the year	38.092	221.381	-	259.473
Transfer to investment property	(11.738)	-	-	(11.738)
Disposals	-	(49.527)	-	(49.527)
Write off	(95)	(10.804)		(10.899)
At 31 December 2011	**2.012.663**	**3.514.632**	-	**5.527.295**
Net book value at 31 December 2011	**980.689**	**965.744**	**171.611**	**2.118.044**

5. Property, plant and equipment (continued)

The Group **31 December 2010**	*Land and Buildings MKD'000*	*Equipment MKD'000*	*Construction in progress MKD'000*	*Total MKD'000*
Cost				
At 1 January 2010	**3.040.625**	**4.477.988**	**128.842**	**7.647.455**
Additions	14.060	27.616	106.011	147.687
Transfer from CIP	28.430	14.504	(42.934)	-
Currency translation differences	562	278	-	840
Disposal	(1.483)	(49.849)	-	(51.332)
At 31 December 2010	**3.082.194**	**4.470.537**	**191.919**	**7.744.650**
Depreciation				
At 1 January 2010	**1.951.868**	**3.177.448**	-	**5.129.316**
Charge for the year	45.550	244.032	-	289.582
Currency translation differences	47	82	-	129
Disposal	-	(48.711)	-	(48.711)
At 31 December 2010	**1.997.465**	**3.372.851**	-	**5.370.316**
Net book value at 31 December 2010	**1.084.729**	**1.097.686**	**191.919**	**2.374.334**

The Company **31 December 2010**	*Land and Buildings MKD'000*	*Equipment MKD'000*	*Construction in progress MKD'000*	*Total MKD'000*
Cost				
At 1 January 2010	**2.892.114**	**4.426.812**	**128.842**	**7.447.768**
Additions	14.060	27.616	106.011	147.687
Transfers from CIP	28.430	14.504	(42.934)	-
Disposals	(1.483)	(49.849)	-	(51.332)
At 31 December 2010	**2.933.121**	**4.419.083**	**191.919**	**7.544.123**
Depreciation				
At 1 January 2010	**1.945.416**	**3.166.231**	-	**5.111.647**
Charge for the year	40.988	236.062	-	277.050
Disposal	-	(48.711)	-	(48.711)
At 31 December 2010	**1.986.404**	**3.353.582**	-	**5.339.986**
Net book value at 31 December 2010	**946.717**	**1.065.501**	**191.919**	**2.204.137**

6. Investment property

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Opening balance at 1 January	34.404	35.796	34.404	35.796
Additions	-	156	-	156
Less: Depreciation charge for the period	(1.396)	(1.548)	(1.396)	(1.548)
Closing balance at 31 December	**33.008**	**34.404**	**33.008**	**34.404**

Investment property principally comprise of land, production premises with business offices and construction object - restaurant and a cafeteria room and is held for long-term rental yields and is not occupied by the Group.

The fair value of the investment property approximates its cost.

7. Inventories

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Spare parts and supplies	253.366	248.024	253.366	248.024
Consumable stores	184.505	162.438	184.388	162.438
Raw materials	108.239	79.931	108.239	79.931
Finished goods	55.896	56.326	55.896	56.326
Semi-finished goods	43.722	82.617	43.722	82.617
Packing materials	14.988	17.267	14.988	17.268
Goods for resale	2.347	3.588	227	104
Prepayments for inventory purchase	79	3.992	79	3.992
	663.142	**654.183**	**660.905**	**650.700**

8. Trade and other receivables

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Trade debtors domestic	94.510	99.274	79.251	96.098
Trade debtors foreign	102.261	59.006	111.426	60.297
Prepayments	25.803	17.189	4.279	6.916
Advances to suppliers	8	1.019	8	1.019
Other current assets	37.005	36.896	36.923	36.896
	259.587	**213.384**	**231.887**	**201.226**

8. Trade and other receivables (continued)

Included in other current assets are restricted time deposits held with Stopanska Banka of MKD 14.023 thousand related to the issued guarantees for custom duties and supply of electrical energy and natural gas.

Trade receivables are non-interest bearing and are generally on 0 - 120 days terms.

As at 31 December, the aging analysis of trade receivables is as follows:

The Group

	Total	Neither past due nor impaired	Past due but not impaired < 30 days	30-60 days	60-90 days	90-120 days	>120 days
2011	196.771	176.002	13.426	7.343	-	-	-
2010	158.280	155.933	1.876	471	-	-	-

The Company

	Total	Neither past due nor impaired	Past due but not impaired < 30 days	30-60 days	60-90 days	90-120 days	>120 days
2011	190.677	175.161	11.650	3.866	-	-	-
2010	156.395	154.048	1.876	471	-	-	-

9. Short term loans receivable

On 06 December 2011, the Company concluded a Credit Facility Agreement with TITAN Global Finance PLC ("the Borrower") representing revolving credit line agreement with a limit of EUR 30.000 thousand. The frame can be withdrawn upon written request of the Borrower in one or more tranches (each representing separate loan). The withdrawn facilities are repayable by the Borrower in whole or in part on demand by the Company at any time or at discretion of the Borrower, but not later than two years after the date of the Agreement. The Agreement is concluded for a period of one year and eleven months and the interest rate is EURIBOR for the relevant period plus 2,70 per cent p.a..

As of 31 December 2011, only the Company allows loan in amount of MKD 1.414.615 thousand i.e. EUR 23.000 thousand for the period from 15 December 2011 up to 16 February 2012.

10. Cash and cash equivalents

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Bank deposits	136.142	-	135.827	-
Cash at bank	40.075	36.272	11.779	24.690
Cash at hand	29	23	29	23
	176.246	**36.295**	**147.635**	**24.713**

11. Share capital

The authorized, issued and fully paid share capital is:

The Group and the Company	*Number of shares*	*MKD '000*
Titan Cement Netherlands B.V. - ordinary shares of MKD 3.100 each	534.667	94,84%
Other shareholders - ordinary shares of MKD 3.100 each	29.117	5,16%
	563.784	**100%**

	MKD'000
Share capital as registered	
At 31 December 2011 and 31 December 2010	**1.747.730**

Dividends paid and proposed

The Group and the Company	*MKD'000*
Declared and paid during the period ended 31 December 2010	
Final dividend for 2009:	
MKD 1.187,00 per share	
Declared:	669.348
Paid:	669.344
Advanced dividend for 2010:	
MKD 1.514,76 per share	
Declared:	854.000
Paid:	853.996
Declared and paid during the period ended 31 December 2011	
Final dividend for 2010:	
MKD 1.068,00 per share	
Declared:	602.121
Paid:	602.117

11. Share capital (continued)

Dividends declared and paid for the year ended 31 December 2011 and year ended 31 December 2010 entirely relate to cash dividends on ordinary shares.

12. Other reserves

The Group	*Asset revaluation reserve* *MKD'000*	*Statutory reserves* *MKD'000*	*Foreign currency translation reserve* *MKD'000*	*Total* *MKD'000*
At 1 January 2010	**268.551**	**363.337**	**2.368**	**634.256**
Currency translation difference	-	-	2.162	2.162
At 31 December 2010	**268.551**	**363.337**	**4.530**	**636.418**
Dividends declared, net	-	(13.716)	-	(13.716)
Currency translation difference	-	-	165	165
At 31 December 2011	**268.551**	**349.621**	**4.695**	**622.867**

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

The Company	*Asset revaluation reserve* *MKD'000*	*Statutory reserves* *MKD'000*	*Total* *MKD'000*
At 31 December 2010	**268.551**	**363.337**	**631.888**
Dividends declared, net	-	(13.716)	(13.716)
At 31 December 2011	**268.551**	**349.621**	**618.172**

13. Provision for retirement benefits

	Consolidated 2011 MKD'000	Consolidated 2010 MKD'000	Company 2011 MKD'000	Company 2010 MKD'000
Defined retirement benefit obligations	24.323	24.422	24.323	24.422
Defined jubilee anniversary award obligations	22.960	23.297	22.960	23.297
Defined scholarship obligations	22.998	23.486	22.998	23.486
	70.281	**71.205**	**70.281**	**71.205**
Analyzed as:				
Non-current portion	63.671	62.971	63.671	62.971
Current portion	6.610	8.234	6.610	8.234
	70.281	**71.205**	**70.281**	**71.205**

The movement in the defined benefit obligation over the year is as follows:

	Consolidated 2011 MKD'000	Consolidated 2010 MKD'000	Company 2011 MKD'000	Company 2010 MKD'000
At 1 January	71.205	71.859	71.205	71.859
Current service costs	6.675	7.454	6.675	7.454
Interest cost	3.717	4.363	3.717	4.363
Recognised actuarial (gains)/losses, net	505	(1.480)	505	(1.480)
	82.102	82.196	82.102	82.196
Benefits paid during the year	(8.662)	(8.341)	(8.662)	(8.341)
(Gains)/losses, net, from reconciling the actuarial calculation	428	-	428	-
Unused provision reversed	(3.587)	(2.650)	(3.587)	(2.650)
At 31 December	**70.281**	**71.205**	**70.281**	**71.205**

The amounts recognised in the income statement are as follows:

	Consolidated 2010 MKD'000	Consolidated 2009 MKD'000	Company 2010 MKD'000	Company 2009 MKD'000
Current service costs	6.675	7.454	6.675	7.454
Interest cost	3.717	4.363	3.717	4.363
Recognised actuarial (gains)/losses, net	505	(1.480)	505	(1.480)
Losses from reconciling the actuarial calculation, net	428	-	428	-
	11.325	**10.337**	**11.325**	**10.337**

13. Provision for retirement benefits (continue)

The principal actuarial assumptions used in 2011 by the independent actuaries were as follows:

a) Live probability and mortality by age and sex are determined according to the Mortality Table for the population of Republic of Macedonia for the period 1980-1982;
b) Turnover rate of employees is insignificant and it is not taken into consideration because percentage of leaving the company is almost none, except for 2009, when the Company during the year decided to carry out program for decreasing the employees, and
c) Employee's retirement in the future will be according to the current legislative (64 for male and 62 for female).
d) The actuarial calculation also included the scholarships for the children of the Company's employees who attend graduate and post graduated studies as well as the children of the died employees attending secondary school or graduate studies. In addition, assumption is also made for the children who are still not eligible for scholarship under the assumption that 50% will registered at a university in 2012, i.e. 40% in the next periods.

The used financial assumptions were as follows:

Nominal annual increase of the average republic net salary: 4,5%;

Discount rate: 5,5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in the country.

14. Trade and other payables

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Domestic trade creditors	214.040	164.268	213.738	163.441
Foreign trade creditors	115.252	34.311	115.235	34.311
Tangible assets creditors	45.902	48.364	45.902	48.364
Customer prepayments	30.107	35.310	29.823	61.186
Other current liabilities	20.218	24.040	20.130	23.884
	425.519	**306.293**	**424.828**	**331.186**

15. Contingences and Commitments

Contingent liabilities

	Consolidated 2011 MKD'000	*Consolidated* 2010 MKD'000	*Company* 2011 MKD'000	*Company* 2010 MKD'000
Performance guarantees	14.023	2.170	14.023	2.170
Tender guarantees	2.140	3.194	2.140	3.194
Bank guarantees	-	23.878	-	21.133
	16.163	**29.242**	**16.163**	**26.497**

As of 31 December 2011 the Company has obtained a Bank payment guaranties from Stopanska Banka in favour of Customs of MKD 5.043 thousand valid till 19 March 2012, in favour of MEPSO AD Macedonia of MKD 3.937 thousand for transmission of electricity valid till 15 February 2012 and in favour of Makpetrol AD Skopje of MKD 5.043 thousand related to the purchase of natural gas valid till 15 February 2012.

In addition, the Company has obtained bank payment guarantees from Alpha Bank in total of MKD 2.140 thousand in favour of the Ministry of Economy for realisation of concession agreements.

Commitments

Operating lease commitments - company as lessee

The Group leases motor vehicles under lease agreements. The leases have varying terms and clauses. The expenditures are recognised in the profit or loss for the period.

	Consolidated 2011 MKD'000	*Consolidated* 2010 MKD'000	*Company* 2011 MKD'000	*Company* 2010 MKD'000
Up to 1 year	5.312	4.010	5.312	4.010
Later than 1 year and not later than 5 years	10.519	3.116	10.519	3.116
	15.831	**7.126**	**15.831**	**7.126**

Purchase commitments

As at 31 December 2011, the Company has entered into contract for the purchase of electricity for 2012. The commitment undertaken for the whole 2012 will be approximately in amount to MKD 335.841 thousand.

16. Related party transactions

Titan Cement Netherlands B.V. owns 94.84% of the Company's share capital.

The following transactions were carried out with the related parties:

a) Sales of goods and services

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Cement Plus Ltd - cement and white cement	-	-	1.069.731	1.233.779
SHARRCEM SH.P.K - pet coke	412.254	305.753	412.254	305.753
Antea Cement SHA - grey cement	852	22.433	852	22.433
Cement Plus Ltd - freight revenue	-	-	3.458	19.096
Trojan Cem EOOD Sofija - cement	-	-	12.791	8.035
SHARRCEM SH.P.K -Fly Ash	1.586	3.895	1.586	3.895
Cement Plus Ltd - technical fee	-	-	1.292	1.292
SHARR Beteiligungs Pretstavnistvo Skopje services	270	-	270	-
Titan Global Finance PLC London - interest income	3.210	367	3.210	367
	418.172	**332.448**	**1.505.444**	**1.594.650**

Outstanding balances arising from the transactions mentioned above are presented bellow:

Receivables from related parties

	Consolidated		*Company*	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Titan Global Finance-short term loan	1.414.615	153.750	1.414.615	153.750
SHARRCEM SH.P.K - fly Ash and pet coke	96.222	59.006	96.222	59.006
Cement Plus Ltd - cement and white cement	-	-	4.426	-
Trojan Cem EOOD SOFIJA - grey cement	-	-	3.512	-
Cement Plus Ltd - technical fee	-	-	1.227	1.292
Titan Global Finance - interest	2.312	94	2.312	94
	1.513.149	**212.850**	**1.522.314**	**214.142**

16. Related party transactions (continued)

b) Purchases of goods and services

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Titan Cement Company - white cement and pet coke	896.725	592.558	896.725	592.558
Balkcem Limited - technical fee	31.107	30.567	31.107	30.567
Titan Zlatna Panega - grinding media	2.535	2.637	2.535	2.637
Titan Cement Company - purchased clinker	16.478	2.566	16.478	2.566
Titan Zlatna Panega - grey cement	2.304	329	2.304	329
SHARRCEM SH.P.K - grey cement	1.814	127	1.814	127
SHARRCEM SH.P K- pallets	98	-	98	-
Titan Cement Company - services	18	-	18	-
	951.079	**628.784**	**951.079**	**628.784**

Outstanding balances arising from the transactions mentioned above are presented bellow:

Payables to related parties

	Consolidated		Company	
	2011	*2010*	*2011*	*2010*
	MKD'000	*MKD'000*	*MKD'000*	*MKD'000*
Cement Plus Ltd. - prepayments	-	-	-	27.982
Titan Cement Company - white cement and pet coke	66.076	15.017	66.076	15.017
Titan Cement Company - construction in progress	1.876	-	1.876	-
Balkcem Limited - technical fee	6.370	9.179	6.370	9.179
SHARR CEM SH.P.K- grey cement	-	127	-	127
Titan Zlatna Panega - grey cement	104	105	104	105
Beni Suef Cement Co - services	110	-	110	-
	74.536	**24.428**	**74.536**	**52.410**

The Group and the Company enter into these transactions with the above related parties at mutually agreed terms.

17. Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables. The Group has various financial assets such as trade receivables and cash and cash equivalents short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

a) Interest risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

b) Foreign exchange risk

The Group's exposure to foreign currency risk is minimal due to the fact that the majority of foreign currency transactions relating to selling and purchases are denominated in EURO, which was stable during all 2011.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company's and Group's financial liabilities at 31 December 2011 and 31 December 2010 based on contractual undiscounted payments.

The Group

Year ended 31 December 2011

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	300.658	-	-	-	300.658
Other payables	-	50.325	-	-	-	50.325
Payables to related parties	-	74.536	-	-	-	74.536

17. Financial risk management objectives and policies (continued)

c) Liquidity risk (continued)

Year ended 31 December 2010

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	222.515	-	-	-	222.515
Other payables	-	61.730	-	-	-	61.730
Payables to related parties	-	24.428	-	-	-	24.428

The Company

Year ended 31 December 2011

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	300.339	-	-	-	300.339
Other payables	-	49.953	-	-	-	49.953
Payables to related parties	-	74.536	-	-	-	74.536

Year ended 31 December 2010

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	221.660	-	-	-	221.660
Other payables	-	59.485	-	-	-	59.485
Payables to related parties	-	52.410	-	-	-	52.410

17. Financial risk management objectives and policies (continued)

d) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any one customer. In addition, to reduce this risk the Group has required as collateral: bank guaranties and deposits. Recognisable risks are accounted for by adequate provisions on receivables.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial investments and other financial assets (non-current), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

e) Fair values

The fair values of the Group financial instruments approximate their carrying amounts due to their short term of maturity.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, following shareholders' approval. No changes were made in the objectives, policies or processes during the years end 31 December 2011 and 31 December 2010.

The Group monitors its equity capital using earnings before interest, tax, depreciation and amortization (EBITDA) for the year.

The Group

	2011	*2010*
	MKD'000	*MKD'000*
EBITDA	**2.205.278**	**1.911.642**

The Company

	2011	*2010*
	MKD'000	*MKD'000*
EBITDA	**2.184.306**	**1.892.227**