



**Titan Cement Company S.A. and its Subsidiaries**  
**Condensed Financial Statements**  
**for the period ended 31 March 2007**

**Titan Cement Company S.A.**  
Company's No 6013/06/B/86/90 in the  
register of Societes Anonymes  
22A Halkidos Str. - 111 43 Athens

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The Interim Condensed Financial Statements presented through pages 2 to 31, both for the Group and the Parent Company, have been approved by the Board of Directors on 3.5.2007

Chairman of the Board of Directors

ANDREAS L. CANELLOPOULOS  
I.D. No AB500997

Managing Director

DIMITRIOS TH. PAPALEXOPOULOS  
I.D. No Ε163588

Chief Financial Officer

HOWARD PRINCE-WRIGHT  
PASS No P60090793

## Titan Cement Company S.A.

### Condensed Balance Sheet

(Amounts in € thousand)

|                                            | Group            |                  | Company          |                |
|--------------------------------------------|------------------|------------------|------------------|----------------|
|                                            | 31/3/2007        | 31/12/2006       | 31/3/2007        | 31/12/2006     |
| <b>ASSETS</b>                              |                  |                  |                  |                |
| Property, plant & equipment                | 1.197.941        | 1.174.541        | 257.004          | 256.561        |
| Intangible assets                          | 147.600          | 145.181          | -                | -              |
| Investment properties                      | -                | -                | 7.248            | 7.248          |
| Investment in subsidiaries                 | 213.228          | -                | 513.091          | 512.883        |
| Investment in associates                   | 5.275            | 3.880            | -                | -              |
| Available for sale financial assets        | 1.744            | 1.607            | 107              | 107            |
| Non current receivables                    | 11.526           | 14.024           | 3.024            | 3.016          |
| Deferred income tax assets                 | 713              | 779              | -                | -              |
| <b>Non current assets</b>                  | <b>1.578.027</b> | <b>1.340.012</b> | <b>780.474</b>   | <b>779.815</b> |
| Inventories                                | 201.410          | 203.137          | 64.955           | 68.404         |
| Trade receivables                          | 265.913          | 253.507          | 144.300          | 122.743        |
| Other receivables and prepayments          | 39.177           | 39.918           | 9.180            | 9.017          |
| Available for sale financial assets        | 2.104            | 2.011            | 68               | 61             |
| Cash and cash equivalents                  | 150.692          | 138.027          | 7.358            | 28             |
| <b>Current assets</b>                      | <b>659.296</b>   | <b>636.600</b>   | <b>225.861</b>   | <b>200.253</b> |
| <b>TOTAL ASSETS</b>                        | <b>2.237.323</b> | <b>1.976.612</b> | <b>1.006.335</b> | <b>980.068</b> |
| <b>LIABILITIES</b>                         |                  |                  |                  |                |
| Long-term borrowings                       | 329.454          | 326.040          | 14.496           | 16.320         |
| Deferred income tax liabilities            | 133.610          | 133.583          | 29.806           | 29.876         |
| Retirement benefit obligations             | 38.009           | 39.535           | 22.096           | 22.748         |
| Non current provisions                     | 37.950           | 37.977           | 17.178           | 17.178         |
| Other non-current liabilities              | 11.081           | 11.182           | 7.002            | 7.063          |
| <b>Non current liabilities</b>             | <b>550.104</b>   | <b>548.317</b>   | <b>90.578</b>    | <b>93.185</b>  |
| Short-term borrowings                      | 345.509          | 139.045          | 16.335           | 25.340         |
| Trade and other payables                   | 152.047          | 151.991          | 54.023           | 51.806         |
| Current income tax liabilities             | 36.324           | 29.301           | 31.042           | 23.200         |
| Current provisions                         | 8.182            | 7.313            | 4.400            | 4.400          |
| Dividends payable                          | 281              | 286              | 259              | 262            |
| <b>Current liabilities</b>                 | <b>542.343</b>   | <b>327.936</b>   | <b>106.059</b>   | <b>105.008</b> |
| <b>Total liabilities</b>                   | <b>1.092.447</b> | <b>876.253</b>   | <b>196.637</b>   | <b>198.193</b> |
| Share capital (84,485,204 shares of €2.00) | 168.970          | 168.970          | 168.970          | 168.970        |
| Treasury shares                            | -1.288           | -502             | -1.288           | -502           |
| Share Premium                              | 22.724           | 22.724           | 22.724           | 22.724         |
| Share options                              | 4.148            | 3.519            | 4.148            | 3.519          |
|                                            | 194.554          | 194.711          | 194.554          | 194.711        |
| Reserves                                   | 370.722          | 373.923          | 503.366          | 503.366        |
| Retained earnings                          | 559.351          | 511.555          | 111.778          | 83.798         |
| <b>Share capital &amp; reserves</b>        | <b>1.124.627</b> | <b>1.080.189</b> | <b>809.698</b>   | <b>781.875</b> |
| Minority interests                         | 20.249           | 20.170           | -                | -              |
| <b>Total equity</b>                        | <b>1.144.876</b> | <b>1.100.359</b> | <b>809.698</b>   | <b>781.875</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>      | <b>2.237.323</b> | <b>1.976.612</b> | <b>1.006.335</b> | <b>980.068</b> |

**Condensed Income Statement for the first quarter***(Amounts in € thousand)*

|                                                                              | <b>Group</b>          |                      | <b>Company</b>        |                      |
|------------------------------------------------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                                                              | <b>1/1 -31/3/2007</b> | <b>1/1-31/3/2006</b> | <b>1/1 -31/3/2007</b> | <b>1/1-31/3/2006</b> |
| Turnover                                                                     | 342.144               | 335.004              | 127.468               | 106.792              |
| Cost of sales                                                                | -223.702              | -227.629             | -79.357               | -69.912              |
| <b>Gross profit before depreciation &amp; amortization</b>                   | <b>118.442</b>        | <b>107.375</b>       | <b>48.111</b>         | <b>36.880</b>        |
| Other income                                                                 | 3.040                 | 3.100                | 2.332                 | 1.450                |
| Share in profit of associates                                                | 466                   | -                    | -                     | -                    |
| Administrative expenses                                                      | -23.636               | -20.523              | -8.746                | -7.610               |
| Selling and marketing expenses                                               | -5.559                | -4.971               | -814                  | -830                 |
| Other expenses                                                               | -3.844                | -4.650               | -2.044                | -1.737               |
| <b>Earnings before interest, taxes and depreciation</b>                      | <b>88.909</b>         | <b>80.331</b>        | <b>38.839</b>         | <b>28.153</b>        |
| Depreciation and amortization related to cost of sales                       | -19.762               | -17.290              | -2.333                | -2.407               |
| Depreciation and amortization related to administrative and selling expenses | -1.270                | -1.224               | -258                  | -246                 |
| <b>Earnings before interest and taxes</b>                                    | <b>67.877</b>         | <b>61.817</b>        | <b>36.248</b>         | <b>25.500</b>        |
| Income from participations and investments                                   | 12                    | 2.145                | -                     | 24                   |
| Finance revenue                                                              | 1.574                 | 789                  | 26                    | 58                   |
| Finance costs                                                                | -7.239                | -7.235               | -625                  | -1.494               |
| Gains / (losses) from financial instruments                                  | -54                   | -199                 | -8                    | -                    |
| Exchange differences gains/(losses)                                          | 515                   | 1.572                | 200                   | 1.354                |
| <b>Profit before taxes</b>                                                   | <b>62.685</b>         | <b>58.889</b>        | <b>35.841</b>         | <b>25.442</b>        |
| Current income tax                                                           | -10.923               | -15.116              | -7.931                | -5.006               |
| Deferred income tax                                                          | -498                  | -1.050               | 70                    | -1.658               |
| <b>Profit after taxes</b>                                                    | <b>51.264</b>         | <b>42.723</b>        | <b>27.980</b>         | <b>18.778</b>        |
| <b><u>Attributable to:</u></b>                                               |                       |                      |                       |                      |
| Equity holders of the parent Company                                         | 50.734                | 43.027               | 27.980                | 18.778               |
| Minority interests                                                           | 530                   | -304                 | -                     | -                    |
| <b>Earnings per share - basic (in €)</b>                                     | <b>0,60</b>           | <b>0,51</b>          | <b>0,33</b>           | <b>0,22</b>          |
| <b>Earnings per share - diluted (in €)</b>                                   | <b>0,60</b>           | <b>0,51</b>          | <b>0,33</b>           | <b>0,22</b>          |

**Condensed Statement of Changes in Equity for the first quarter***(all amounts in € thousands)*

| <b>Group</b>                                                                          | <b>Ordinary shares</b> | <b>Treasury shares</b> | <b>Share Premium</b> | <b>Preferred Ordinary shares</b> | <b>Share Options</b> | <b>Reserves</b> | <b>Retained earnings</b> | <b>Minority interest</b> | <b>Total</b>     |
|---------------------------------------------------------------------------------------|------------------------|------------------------|----------------------|----------------------------------|----------------------|-----------------|--------------------------|--------------------------|------------------|
| <b>Balance at 1 January 2006 as previously reported</b>                               | <b>153.522</b>         | -                      | <b>22.133</b>        | <b>15.138</b>                    | <b>731</b>           | <b>389.923</b>  | <b>290.943</b>           | <b>16.380</b>            | <b>888.770</b>   |
| <i>Dividend declared for fiscal year 2005</i>                                         | -                      | -                      | -                    | -                                | -                    | -               | 50.598                   | -                        | 50.598           |
| <i>Balance at 1 January 2006 - as adjusted according to I.A.S. 10</i>                 | 153.522                | -                      | 22.133               | 15.138                           | 731                  | 389.923         | 341.541                  | 16.380                   | 939.368          |
| Net gain on hedge of net investment                                                   | -                      | -                      | -                    | -                                | -                    | -10.544         | -                        | -                        | -10.544          |
| Movement on investment hedge net of deferred tax                                      | -                      | -                      | -                    | -                                | -                    | 328             | -                        | -                        | 328              |
| Net profit per income statement                                                       | -                      | -                      | -                    | -                                | -                    | -               | 43.027                   | -304                     | 42.723           |
| Losses on available for sale financial assets                                         | -                      | -                      | -                    | -                                | -                    | -1.684          | -                        | -                        | -1.684           |
| Share Capital increase due to share options exercised                                 | -                      | -                      | -                    | -                                | 472                  | -               | -                        | -                        | 472              |
| <b>Balance at 31 March 2006 - adjusted</b>                                            | <b>153.522</b>         | -                      | <b>22.133</b>        | <b>15.138</b>                    | <b>1.203</b>         | <b>378.023</b>  | <b>384.568</b>           | <b>16.076</b>            | <b>970.663</b>   |
| <b>Balance at 1 January 2007</b>                                                      | <b>153.832</b>         | <b>-502</b>            | <b>22.724</b>        | <b>15.138</b>                    | <b>3.519</b>         | <b>373.923</b>  | <b>511.555</b>           | <b>20.170</b>            | <b>1.100.359</b> |
| Exchange gains / (losses) on translation of financial statements of foreign operation | -                      | -                      | -                    | -                                | -                    | -6.590          | -                        | -                        | -6.590           |
| Treasury shares purchased                                                             | -                      | -786                   | -                    | -                                | -                    | -               | -                        | -                        | -786             |
| Net profit per income statement                                                       | -                      | -                      | -                    | -                                | -                    | -               | 50.734                   | 530                      | 51.264           |
| Share Capital increase due to share options exercised                                 | -                      | -                      | -                    | -                                | -                    | 629             | -                        | -                        | 629              |
| <b>Balance at 31 March 2007</b>                                                       | <b>153.832</b>         | <b>-1.288</b>          | <b>22.724</b>        | <b>15.138</b>                    | <b>3.519</b>         | <b>367.962</b>  | <b>562.289</b>           | <b>20.700</b>            | <b>1.144.876</b> |
| <b>Company</b>                                                                        | <b>Ordinary shares</b> | <b>Treasury shares</b> | <b>Share Premium</b> | <b>Preferred Ordinary shares</b> | <b>Share Options</b> | <b>Reserves</b> | <b>Retained earnings</b> | <b>Total</b>             |                  |
| <b>Balance at 1 January 2006 as previously reported</b>                               | <b>153.522</b>         | -                      | <b>22.133</b>        | <b>15.138</b>                    | <b>731</b>           | <b>458.573</b>  | <b>20.445</b>            | <b>670.542</b>           |                  |
| <i>Dividend declared for fiscal year 2005</i>                                         | -                      | -                      | -                    | -                                | -                    | -               | 50.598                   | 50.598                   |                  |
| <i>Balance at 1 January 2006 - as adjusted according to I.A.S. 10</i>                 | 153.522                | -                      | 22.133               | 15.138                           | 731                  | 458.573         | 71.043                   | 721.140                  |                  |
| Net gain on hedge of net investment                                                   | -                      | -                      | -                    | -                                | -                    | 328             | -                        | 328                      |                  |
| Net profit per income statement                                                       | -                      | -                      | -                    | -                                | -                    | -               | 18.778                   | 18.778                   |                  |
| Share Capital increase due to share options exercised                                 | -                      | -                      | -                    | -                                | 472                  | -               | -                        | 472                      |                  |
| <b>Balance at 31 March 2006 - adjusted</b>                                            | <b>153.522</b>         | -                      | <b>22.133</b>        | <b>15.138</b>                    | <b>1.203</b>         | <b>458.901</b>  | <b>89.821</b>            | <b>740.718</b>           |                  |
| <b>Balance at 1 January 2007</b>                                                      | <b>153.832</b>         | <b>-502</b>            | <b>22.724</b>        | <b>15.138</b>                    | <b>3.519</b>         | <b>503.366</b>  | <b>83.798</b>            | <b>781.875</b>           |                  |
| Treasury shares purchased                                                             | -                      | -786                   | -                    | -                                | -                    | -               | -                        | -786                     |                  |
| Net profit per income statement                                                       | -                      | -                      | -                    | -                                | -                    | -               | 27.980                   | 27.980                   |                  |
| Share Capital increase due to share options exercised                                 | -                      | -                      | -                    | -                                | 629                  | -               | -                        | 629                      |                  |
| <b>Balance at 31 March 2007</b>                                                       | <b>153.832</b>         | <b>-1.288</b>          | <b>22.724</b>        | <b>15.138</b>                    | <b>4.148</b>         | <b>503.366</b>  | <b>111.778</b>           | <b>809.698</b>           |                  |

**Condensed Cash Flow Statement for the first quarter***(Amounts in € thousand)*

|                                                           | <b>Group</b>          |                      | <b>Company</b>        |                      |
|-----------------------------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                                           | <b>1/1 -31/3/2007</b> | <b>1/1-31/3/2006</b> | <b>1/1 -31/3/2007</b> | <b>1/1-31/3/2006</b> |
| <b>Cash flows from operating activities</b>               |                       |                      |                       |                      |
| Profits before taxes                                      | 62.685                | 58.889               | 35.841                | 25.442               |
| <i>Adjustments for:</i>                                   |                       |                      |                       |                      |
| Depreciation                                              | 21.032                | 18.514               | 2.591                 | 2.653                |
| Provisions                                                | 1.794                 | 4.630                | 723                   | 993                  |
| Exchange differences                                      | -515                  | -1.572               | -200                  | -1.354               |
| Income from participations & investments                  | -12                   | -2.145               | -                     | -24                  |
| Interest expense                                          | 5.665                 | 6.459                | 599                   | 1.446                |
| Other non cash flow items                                 | 429                   | 601                  | 460                   | 322                  |
| Operating profit before changes in working capital        | 91.078                | 85.376               | 40.014                | 29.478               |
| Decrease/(increase) in inventories                        | 462                   | -7.707               | 3.405                 | 2.049                |
| (Increase)/decrease in trade and other receivables        | -6.914                | 299                  | -21.533               | 16.343               |
| Decrease/(increase) in operating long-term receivables    | 2.411                 | -861                 | -8                    | -8                   |
| (Decrease)/increase in trade payables (excluding banks)   | -3.165                | 4.699                | 484                   | -2.635               |
| Cash generated from operations                            | 83.872                | 81.806               | 22.362                | 45.227               |
| Taxation paid                                             | -5.715                | -11.205              | -90                   | -91                  |
| <i>Net cash flows from operating activities</i>           | <b>78.157</b>         | <b>70.601</b>        | <b>22.272</b>         | <b>45.136</b>        |
| <b>Cash flows from investing activities</b>               |                       |                      |                       |                      |
| Acquisition of subsidiaries, net of cash                  | -218.340              | -12.505              | -                     | -156                 |
| Purchase of tangible and intangible assets                | -51.287               | -31.957              | -3.157                | -5.475               |
| Proceeds from the sale of property, plant and equipment   | 486                   | 415                  | 50                    | 280                  |
| Proceeds from dividends                                   | 5                     | 29                   | 84                    | 330                  |
| Proceeds from sale of available-for-sale financial assets | 78                    | 4.269                | -                     | 195                  |
| Purchase of available-for-sale financial assets           | -                     | -1.823               | -                     | -                    |
| Interest received                                         | 1.574                 | 778                  | 26                    | 47                   |
| <i>Net cash flows from investing activities</i>           | <b>-267.484</b>       | <b>-40.794</b>       | <b>-2.997</b>         | <b>-4.779</b>        |
| <b>Net cash flows after investing activities</b>          | <b>-189.327</b>       | <b>29.807</b>        | <b>19.275</b>         | <b>40.357</b>        |
| <b>Cash flows from financing activities</b>               |                       |                      |                       |                      |
| Treasury shares purchased                                 | -786                  | -                    | -786                  | -                    |
| Government grants received                                | 26                    | -                    | 26                    | -                    |
| Interest paid                                             | -7.379                | -7.524               | -625                  | -1.494               |
| Dividends paid                                            | -5                    | -100                 | -3                    | -100                 |
| Proceeds from borrowings                                  | 314.035               | 39.751               | 885                   | 52                   |
| Payments of borrowings                                    | -103.616              | -31.499              | -11.442               | -15.439              |
| <i>Net cash flows from financing activities</i>           | <b>202.275</b>        | <b>628</b>           | <b>-11.945</b>        | <b>-16.981</b>       |
| <b>Net increase in cash and cash equivalents</b>          | <b>12.948</b>         | <b>30.435</b>        | <b>7.330</b>          | <b>23.376</b>        |
| Cash and cash equivalents at beginning of the period      | 138.027               | 95.142               | 28                    | 17                   |
| Effects of exchange rate changes                          | -283                  | -737                 | -                     | -                    |
| <i>Cash and cash equivalents at end of the period</i>     | <b>150.692</b>        | <b>124.840</b>       | <b>7.358</b>          | <b>23.393</b>        |

# Titan Cement Company S.A.

## *Notes to the Financial Statements*

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# **Titan Cement Company S.A.**

## *Notes to the Financial Statements*

### **1. General information and summary of significant accounting policies**

#### **General information**

TITAN CEMENT S.A. (the Company) and, its subsidiaries, joint ventures and associates (collectively the Group) are engaged in the production, trade and distribution of a wide range of construction materials, from aggregates, cement, concrete, cement blocks, dry mortars and fly ash, as well as porcelain ware. The Group operates primarily in Greece, the Balkans, Egypt and the United States of America.

The Company is a limited liability company incorporated and domiciled in Greece and is listed on the Athens Stock Exchange.

These interim financial statements have been approved for issue by the Board of Directors on 3 May 2007.

#### **Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### **A. Basis of preparation**

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (I.F.R.S.), including the International Accounting Standards (IAS) and issued Interpretations by International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union, as well as the International Financial Reporting Standards (I.F.R.S.) issued by International Accounting Standards Board (IASB).

All IFRS issued by the IASB, which apply to the preparation of these financial statements have been accepted by the European Council following an approval process undertaken by European Commission ("EC"), except for IAS 39 "Financial Instruments: Recognition and Measurement". Following this process and as a result of representations made by the Accounting Regulatory Committee of the European Council, the latter issued the Directives 2086/2004 and 1864/2005 that require the application of IAS 39 by all listed companies with effect from the 1st January 2005, except for specific sections that relate to hedging of deposit portfolios.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (I.F.R.S.), as issued by IASB and they have been adopted by the European Union. The Group is not affected by the sections relating to hedging of deposit portfolios, as stated in IAS 39.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain equity investments, investment property, and derivative instruments (comprising forward exchange

*Notes to the Financial Statements*

contracts) at fair value through profit or loss.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Significant accounting estimates and judgments on page 23.

**New standards, interpretations and amendments to published standards**

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for financial years beginning on or after 1 January 2007. Management's estimation of the impact of these new standards, interpretations and amendments is as follows:

**– IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements Capital Disclosures** (*effective for financial years beginning on or after 1 January 2007*)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

**- IFRS 8, Operating Segments** (*effective for financial years beginning on or after 1 January 2009*)

IFRS 8 replaces IAS 14 *Segment Reporting* and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is in the process of assessing the impact this new standard will have on its financial statements. This Standard has not yet been endorsed by the EU.

**- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies** (*effective for financial years beginning on or after 1 March 2006*)

IFRIC 7 requires entities to apply *IAS 29 Financial Reporting in Hyperinflationary Economies* in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency, as if the economy had always been hyperinflationary.

*Notes to the Financial Statements*

IFRIC 7 is not relevant to the Group's operations.

- **IFRIC 8, Scope of IFRS 2** (effective for financial years beginning on or after 1 May 2006).

IFRIC 8 clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given.

IFRIC 8 is not relevant to the Group's operations.

- **IFRIC 9, Reassessment of Embedded Derivatives** (*effective for financial years beginning on or after 1 June 2006*)

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.

IFRIC 9 is not relevant to the Group's operations.

- **IFRIC 10, Interim Financial Reporting and Impairment** (*effective for financial years beginning on or after 1 November 2006*).

This Interpretation may have an impact on the financial statements should any impairment losses be recognised in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements. This Interpretation has not yet been endorsed by the EU.

- **IFRIC 11, IFRS 2-Group and Treasury Share Transactions** (*effective for financial years beginning on or after 1 March 2007*)

This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.

IFRIC 11 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

- **IFRIC 12, Service Concession Arrangements** (*effective for financial years beginning on or after 1 January 2008*)

The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset.

IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

## **Titan Cement Company S.A.**

### *Notes to the Financial Statements*

#### **B. Consolidation**

##### (1) Subsidiaries

Subsidiaries, are entities (including special purpose entities) in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquired plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Note F outlines the accounting policy on goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same reporting date with the parent company.

Minority interest reflects the portion of profit or loss and net assets attributable to equity interests that are not owned to the Group. Minority interest is reported separately in the consolidated income statement as well as in the consolidated balance sheet separately from the Share capital and reserves. In case of purchase of minority interest, the difference between the value of acquisition and the book value of the share of net assets acquired is recognized as goodwill.

At the Company's balance sheet, investment in subsidiaries is stated at cost less provision for impairment, if any.

##### (2) Joint ventures (Jointly controlled entities)

A joint venture is an entity jointly controlled by the Group and one or more other ventures in terms of a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by the proportional consolidation method of accounting, taking into consideration the percentage controlled by the Group as at the date of consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures.

The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an

## **Titan Cement Company S.A.**

### ***Notes to the Financial Statements***

impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the joint ventures are prepared for the same reporting date with the parent company.

#### **(3) Associates**

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified in acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements in balance sheet assets and liabilities are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the associates are prepared for the same reporting date with the parent company.

### **C. Foreign currency translation**

#### **(1) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured in the functional currency, which is the currency of the primary economic environment in which each Group entity operates. The consolidated financial statements are presented in Euros, which is the functional and presentation currency of the Company and of the Group.

#### **(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot 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 income statement, except when deferred in equity as qualifying net investment hedges.

## **Titan Cement Company S.A.**

### ***Notes to the Financial Statements***

Translation differences on non-monetary items, such as equity investments held at fair value are included as part of the fair value gain or loss in the income statement.

#### **(3) Group companies**

The operating results and financial position of all group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity.
- On the disposal of a foreign operation, the cumulative exchange differences relating to that particular foreign operation, deferred in the separate component of equity, are recognised in the income statement as part of the gain or loss on sale.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### **D. Property, plant and equipment**

Property, plant and equipment is stated at historical cost less subsequent depreciation and impairment, except for land (excluding quarries), which is shown at cost less impairment.

Cost includes expenditure that is directly attributable to the acquisition of the items and any environmental rehabilitation costs to the extent that they have been recognised as a provision (refer to note S – Environmental rehabilitation costs.) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Subsequent costs are depreciated over the remaining useful life of the related asset or to the date of the net major subsequent cost whichever is the sooner.

Depreciation, with the exception of quarries, is calculated on the straight-line method to write off the assets to their residual values over their estimated useful lives as follows:

|                                          |                |
|------------------------------------------|----------------|
| Buildings                                | Up to 50 years |
| Plant and machinery                      | Up to 40 years |
| Motor vehicles                           | 5 to 15 years  |
| Office equipment furniture and fittings* | 3 to 10 years  |
| Minor value assets                       | Up to 2 years  |

## **Titan Cement Company S.A.**

### ***Notes to the Financial Statements***

\* (incl. computer equipment and software)

Land on which quarries are located is depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit-of-production method. Other land is not depreciated.

Where an item of plant and machinery comprises major components with different useful lives, the components are accounted for as separate items of plant and machinery.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. (Refer to note G – Impairment of assets)

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Interest costs on borrowings specifically used to finance the construction of property, plant and equipment are capitalised during the construction period.

#### **E. Investment properties**

Investment properties are held to earn rental income and appreciate capital value. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied properties from investment properties.

Investment properties are treated as long-term investments and carried at fair value, representing open market value determined internally on an annual basis, by management. Changes in fair values are recorded in net income and are included in other operating income.

#### **F. Intangible assets**

##### **(1) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture and associate at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures are included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment.

Negative goodwill is recognised where the fair value of the Group's interest in the net assets of the acquired entity exceeds the cost of acquisition and is taken to income immediately.

## **Titan Cement Company S.A.**

### ***Notes to the Financial Statements***

#### **(2) Computer software**

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as part of office equipment, in property, plant and equipment. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

#### **(3) Other intangible assets**

Patents, trademarks and licences are shown at historical cost. These intangible assets have a definite useful life, and their cost is amortised using the straight-line method over their useful lives, not exceeding 20 years.

### **G. Impairment of assets**

Assets that have an indefinite useful life(land) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets are grouped at the lowest levels.

### **H. Leases – where a Group entity is the lessee**

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

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

## **Titan Cement Company S.A.**

### ***Notes to the Financial Statements***

#### **I. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

#### **J. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all of the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

#### **K. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

#### **L. Share capital**

- (1) Ordinary shares and non-redeemable non-voting preferred shares with minimum statutory non-discretionary dividend features are classified as equity. Share capital represents the value of company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in shareholders equity.
- (2) Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.
- (3) Where the Company or its subsidiaries purchases the Company's own equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

#### **M. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

*Notes to the Financial Statements*

Borrowings are classified as current liabilities unless the Group entity has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

**N. Current and Deferred income taxes**

Current income tax is calculated using the financial statements of every company included in the consolidated financial statements, along with the applicable tax law in the respective countries. The charge from income tax consists in the current income tax calculated upon the results of the Group companies, as they have been reformed in their taxation return applying the applicable tax rate.

Deferred income tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.

Deferred income tax assets are recognised only to the extent that is it probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income taxation is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

**O. Employee benefits**

**(1) Pension and other retirement obligations**

Certain Group companies have various pension and other retirement schemes in accordance with the local conditions and practices in the countries in which they operate. These schemes are both funded and unfunded. The funded scheme is funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension or a similar retirement plan that defines an amount of pension or retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

















## 4. Segment information

*(Amounts in € thousand)*

| For the Period 1/1 - 31/3                         | Greece and<br>Western Europe |         | North America |         | South Eastern<br>Europe |        | Eastern<br>Mediterranean |        | Total   |         |
|---------------------------------------------------|------------------------------|---------|---------------|---------|-------------------------|--------|--------------------------|--------|---------|---------|
|                                                   | 2007                         | 2006    | 2007          | 2006    | 2007                    | 2006   | 2007                     | 2006   | 2007    | 2006    |
|                                                   | Turnover                     | 153.828 | 115.877       | 135.147 | 183.996                 | 37.801 | 20.964                   | 15.368 | 14.167  | 342.144 |
| Gross profit before depreciation & amortization   | 60.314                       | 44.018  | 31.532        | 50.635  | 18.078                  | 5.063  | 8.518                    | 7.659  | 118.442 | 107.375 |
| Earnings before interest, taxes, and depreciation | 47.186                       | 32.331  | 18.266        | 38.180  | 15.864                  | 2.952  | 7.593                    | 6.868  | 88.909  | 80.331  |
| Earnings before interest and taxes                | 43.508                       | 28.877  | 5.461         | 27.615  | 13.356                  | 720    | 5.552                    | 4.605  | 67.877  | 61.817  |

|                   | Greece and<br>Western Europe       |          | North America |          | South Eastern<br>Europe |          | Eastern<br>Mediterranean |          | Total     |           |
|-------------------|------------------------------------|----------|---------------|----------|-------------------------|----------|--------------------------|----------|-----------|-----------|
|                   | 31/3/07                            | 31/12/06 | 31/3/07       | 31/12/06 | 31/3/07                 | 31/12/06 | 31/3/07                  | 31/12/06 | 31/3/07   | 31/12/06  |
|                   | Capital expenditure <sup>(1)</sup> | 6.936    | 36.061        | 34.710   | 88.052                  | 8.751    | 32.530                   | 890      | 3.070     | 51.287    |
| Total assets      | 613.818                            | 580.746  | 1.123.016     | 906.965  | 352.511                 | 346.755  | 147.978                  | 142.146  | 2.237.323 | 1.976.612 |
| Total liabilities | 249.181                            | 241.681  | 747.031       | 529.707  | 36.892                  | 34.760   | 59.343                   | 70.105   | 1.092.447 | 876.253   |

<sup>(1)</sup> Capital expenditure for the 3months to 31.3.07 compared to expenditure for the 12month to 31.12.06

## 5. Principal subsidiaries and joint ventures

| Subsidiary and joint venture name                    | Country of incorporation | Nature of business                       | % of direct investment | % of indirect investment |
|------------------------------------------------------|--------------------------|------------------------------------------|------------------------|--------------------------|
| <b>Full consolidation method</b>                     |                          |                                          |                        |                          |
| Titan Cement S.A                                     | Greece                   | Cement Producer                          |                        | Parent company           |
| Achaiki Maritime Company                             | Greece                   | Shipping                                 | 100,000                | -                        |
| Aeolian Maritime Company                             | Greece                   | Shipping                                 | 100,000                | -                        |
| Albacem S.A.                                         | Greece                   | Import & Distribution of Cement          | 99,996                 | 0,004                    |
| Betotechniki S.A.                                    | Greece                   | Ready Mix                                | -                      | 100,000                  |
| Dodekanesos Quarries S.A.                            | Greece                   | Quarries & Aggregates                    | -                      | 100,000                  |
| Interbeton Construction Materials S.A.               | Greece                   | Ready Mix & Aggregates                   | 99,679                 | 0,321                    |
| Intercement S.A.                                     | Greece                   | Trading Company                          | 99,950                 | 0,050                    |
| Intertitan Trading International S.A.                | Greece                   | Trading Company                          | 99,995                 | 0,005                    |
| Ionia S.A.                                           | Greece                   | Porcelain                                | 100,000                | -                        |
| Lakmos S.A.                                          | Greece                   | Trading Company                          | 99,950                 | 0,050                    |
| Lateem S.A.                                          | Greece                   | Aggregates                               | -                      | 100,000                  |
| Leecem S.A.                                          | Greece                   | Trading Company                          | 3,193                  | 96,807                   |
| Leros Quarries S.A.                                  | Greece                   | Quarries & Aggregates                    | -                      | 100,000                  |
| Loukas Tsogas Beta S.A.                              | Greece                   | Ready Mix                                | -                      | 100,000                  |
| Naftitan S.A.                                        | Greece                   | Shipping                                 | 99,900                 | 0,100                    |
| Polikos Maritime Company                             | Greece                   | Shipping                                 | 100,000                | -                        |
| Quarries Corinthias S.A.                             | Greece                   | Quarries & Aggregates                    | -                      | 100,000                  |
| Quarries Gournon S.A.                                | Greece                   | Quarries & Aggregates                    | 54,930                 | 45,070                   |
| Tagarades Community Quarries S.A.                    | Greece                   | Quarries & Aggregates                    | -                      | 79,928                   |
| Titan Atlantic Cement Industrial and Commercial S.A. | Greece                   | Investment Holding Company               | 99,817                 | 0,183                    |
| Titan Cement International Trading S.A.              | Greece                   | Trading Company                          | 99,800                 | 0,200                    |
| Double W & Co OOD                                    | Bulgaria                 | Port                                     | -                      | 99,989                   |
| Granitoid AD                                         | Bulgaria                 | Trading Company                          | -                      | 99,668                   |
| Gravel & Sand PIT AD                                 | Bulgaria                 | Investment Holding Company               | -                      | 99,989                   |
| Zlatna Panega Beton EOOD                             | Bulgaria                 | Ready Mix                                | -                      | 99,989                   |
| Zlatna Panega Cement AD                              | Bulgaria                 | Cement Producer                          | -                      | 99,989                   |
| Fintitan SRL                                         | Italy                    | Import & Distribution of Cement          | 100,000                | -                        |
| Separation Technologies Canada Ltd                   | Canada                   | Converter of waste material into fly ash | -                      | 100,000                  |
| Aemos Cement Ltd                                     | Cyprus                   | Investment Holding Company               | 100,000                | -                        |
| Alvacim Ltd                                          | Cyprus                   | Investment Holding Company               | -                      | 100,000                  |
| Balkcem Ltd                                          | Cyprus                   | Investment Holding Company               | -                      | 100,000                  |
| Iapetos Ltd                                          | Cyprus                   | Investment Holding Company               | 100,000                | -                        |
| Rea Cement Ltd                                       | Cyprus                   | Investment Holding Company               | -                      | 100,000                  |
| Themis Holdings Ltd                                  | Cyprus                   | Investment Holding Company               | -                      | 51,006                   |
| Tithys Ltd                                           | Cyprus                   | Investment Holding Company               | -                      | 100,000                  |
| Separation Technologies U.K. Ltd                     | U.K                      | Converter of waste material into fly ash | -                      | 100,000                  |
| Titan Cement U.K. Ltd                                | U.K                      | Import & Distribution of Cement          | 100,000                | -                        |
| Central Concrete Supermix Inc.                       | U.S.A.                   | Ready Mix                                | -                      | 100,000                  |
| Essex Cement Co. LLC                                 | U.S.A.                   | Trading Company                          | -                      | 100,000                  |
| Markfield America LLC                                | U.S.A.                   | Insurance Company                        | -                      | 100,000                  |
| Metro Redi-Mix LLC                                   | U.S.A.                   | Ready Mix                                | -                      | 100,000                  |
| Miami Valley Ready Mix of Florida LLC                | U.S.A.                   | Cement Producer                          | -                      | 100,000                  |
| Pennsuco Cement Co. LLC                              | U.S.A.                   | Cement Producer                          | -                      | 100,000                  |
| Roanoke Cement Co. LLC                               | U.S.A.                   | Ready Mix                                | -                      | 100,000                  |
| S&W Ready Mix Concrete Co. Inc.                      | U.S.A.                   | Converter of waste material into fly ash | -                      | 100,000                  |
| Separation Technologies LLC                          | U.S.A.                   | Trading Company                          | -                      | 100,000                  |
| Standard Concrete LLC                                | U.S.A.                   | Ready Mix                                | -                      | 100,000                  |
| Summit Ready-Mix LLC                                 | U.S.A.                   | Cement Producer                          | -                      | 100,000                  |
| Tarmac America LLC                                   | U.S.A.                   | Ready Mix                                | -                      | 100,000                  |
| Titan Virginia Ready Mix LLC                         | U.S.A.                   | Ready Mix                                | -                      | 100,000                  |
| Titan America LLC                                    | U.S.A.                   | Investment Holding Company               | -                      | 100,000                  |
| Jim Smith Contracting Co. LLC                        | U.S.A.                   | Quarries & Aggregates                    | -                      | 100,000                  |
| Cumberland River Resources LLC                       | U.S.A.                   | Quarries & Aggregates                    | -                      | 100,000                  |
| Cementara Kosjeric AD                                | Serbia & Montenegro      | Cement Producer                          | -                      | 74,280                   |
| Cement Plus LLC                                      | F.Y.R.O.M                | Trading Company                          | -                      | 61,643                   |
| Usje Cementarnica AD                                 | F.Y.R.O.M                | Cement Producer                          | -                      | 94,835                   |
| Titan Cement Netherlands                             | Holland                  | Investment Holding Company               | -                      | 100,000                  |
| Antea Cement SHA                                     | Albania                  | Cement Producer                          | -                      | 100,000                  |
| <b>Proportionate consolidation method</b>            |                          |                                          |                        |                          |
| Alexandria Portland Cement Co. S.A.E                 | Egypt                    | Cement Producer                          | -                      | 48,640                   |
| Beni Suef Cement Co.S.A.E.                           | Egypt                    | Cement Producer                          | -                      | 49,932                   |
| Blue Circle Cement Egypt S.A.E.                      | Egypt                    | Cement Producer                          | -                      | 48,490                   |
| Four M Titan Silo Co. LLC                            | Egypt                    | Cement Silo Operations                   | -                      | 49,322                   |
| Misrieen Titan Trade & Distribution                  | Egypt                    | Cement Silo Operations                   | -                      | 49,470                   |
| Balkan Cement Enterprises Ltd                        | Cyprus                   | Investment Holding Company               | -                      | 51,006                   |
| East Cement Trade Ltd                                | Cyprus                   | Investment Holding Company               | -                      | 50,000                   |
| Alexandria Development Co.Ltd                        | U.K. (Channel Islands)   | Investment Holding Company               | -                      | 50,000                   |
| Lafarge Titan Egyptian Inv. Ltd                      | U.K. (Channel Islands)   | Investment Holding Company               | -                      | 50,000                   |
| <b>Equity consolidation method</b>                   |                          |                                          |                        |                          |
| Karieri AD                                           | Bulgaria                 | Quarries & Aggregates                    | -                      | 48,711                   |
| Karierni Materiali AD                                | Bulgaria                 | Quarries & Aggregates                    | -                      | 48,764                   |
| Mechanicsville Concrete INC.                         | U.S.A.                   | Ready Mix                                | -                      | 49,000                   |

## Titan Cement Company S.A.

### 6. Fiscal years unaudited by the tax authorities

|                                                      |           |                                       |           |
|------------------------------------------------------|-----------|---------------------------------------|-----------|
| Titan Cement S.A                                     | 2002-2006 | Markfield America LLC                 | 2003-2006 |
| Achaiki Maritime Company                             | 2000-2006 | Mechanicsville Concrete, Inc.         | -         |
| Aeolian Maritime Company                             | 2000-2006 | Metro Redi-Mix LLC                    | 2006      |
| Albacem S.A.                                         | 2003-2006 | Miami Valley Ready Mix of Florida LLC | 2006      |
| Betotechniki S.A.                                    | -         | Pennsuco Cement Co LLC                | 2003-2006 |
| Dodekanesos Quarries S.A.                            | 2006      | Roanoke Cement Co. LLC                | 2003-2006 |
| Interbeton Construction Materials S.A.               | 2002-2006 | Separation Technologies LLC           | 2003-2006 |
| Intercement S.A.                                     | 2003-2006 | Standard Concrete LLC                 | 2003-2006 |
| Intertitan Trading International S.A.                | 2000-2006 | Summit Ready-Mix LLC                  | 2006      |
| Ionia S.A.                                           | 2006      | Tarmac America LLC                    | 2003-2006 |
| Lakmos S.A.                                          | 2003-2006 | Titan Virginia Ready Mix LLC          | 2003-2006 |
| Lateem S.A.                                          | -         | Titan America LLC                     | 2003-2006 |
| Leecem S.A.                                          | 2003-2006 | Separation Technologies Canada Ltd    | 2004-2006 |
| Leros Quarries S.A.                                  | 2006      | Cementara Kosjeric AD                 | 2001-2006 |
| Loukas Tsogas Beta S.A.                              | 2006      | Double W & Co OOD                     | 2002-2006 |
| Naftitan S.A.                                        | 2003-2006 | Granitoid AD                          | 2005-2006 |
| Polikos Maritime Company                             | 2001-2006 | Gravel & Sand PIT AD                  | 2002-2006 |
| Quarries Corinthias S.A.                             | 2005-2006 | Zlatna Panega Beton EOOD              | 2002-2006 |
| Quarries Gournon S.A.                                | 2000-2006 | Zlatna Panega Cement AD               | 2005-2006 |
| Tagarades Community Quarries S.A.                    | 2003-2006 | Cement Plus LLC                       | 2006      |
| Titan Atlantic Cement Industrial and Commercial S.A. | 2001-2006 | Usje Cementarnica AD                  | 2006      |
| Titan Cement International Trading S.A.              | 2001-2006 | Karieri AD                            | -         |
| Aemos Cement Ltd                                     | 2002-2006 | Karierni Materiali AD                 | -         |
| Alvacim Ltd                                          | 2006      | Titan Cement Netherlands              | 2006      |
| Balkcem Ltd                                          | 2002-2006 | Antea Cement SHA                      | 2006      |
| Iapetos Ltd                                          | 2002-2006 | Alexandria Development Co.Ltd         | (a)       |
| Rea Cement Ltd                                       | 2004-2006 | Alexandria Portland Cement Co. S.A.E  | 2004-2006 |
| Tithys Ltd                                           | 2003-2006 | Balkan Cement Enterprises Ltd         | 2003-2006 |
| Themis Holdings Ltd                                  | 2004-2006 | Beni Suef Cement Co.S.A.E.            | 2004-2006 |
| Fintitan SRL                                         | (a)       | Blue Circle Cement Egypt S.A.E.       | (a)       |
| Separation Technologies U.K. Ltd                     | (a)       | East Cement Trade Ltd                 | 2003-2006 |
| Titan Cement U.K. Ltd                                | (a)       | Four M Titan Silo Co. LLC             | 2001-2006 |
| Central Concrete Supermix Inc.                       | 2006      | Lafarge Titan Egyptian Inv. Ltd       | (a)       |
| Essex Cement Co. LLC                                 | 2003-2006 | Misrieen Titan Trade & Distribution   | 2005-2006 |

(a) Under special tax status

\* Under liquidation

## **7. Changes in Accounting Policies**

The accounting policies applied in preparing these Financial statements are the same as those applied for the Financial statements at 31.12.2006.

## **8. Pledge of Assets**

The assets of the Group and the Company have not been pledged.

## **9. Number of employees**

Number of employees at the end of the reporting period : Group 6,275 (31.3.2006 5,689), Parent Company 1,098 (31.3.2006 1,123).

## **10. Capital expenditure and disposals**

Capital expenditure for the first quarter 2007, not including fixed assets acquired through a business combination, amounted to: Group € 51.3 m (31.3.2006 € 32.0 m), Parent Company € 3.2 m (31.3.2006 € 5.5 m). Assets with a net book value of € 0.7 m have been disposed of by the Group during the three months ended 31 March 2007 (2006: € 0.4 m), resulting in a net loss € 0.2m (2006: gain € 0.02 m).

## **11. Earnings per share**

Earnings per share have been calculated on the total weighted average number of shares (i.e. ordinary and preferred).

## **12. Related Party Transactions**

Intercompany transactions for the first nine months of 2006 and intercompany balances as of 31 March 2007, according to I.A.S. 24 are as follows

Amounts in € thousand

|                                                 | Group | Company |
|-------------------------------------------------|-------|---------|
| a) Sales of goods and services                  | 5     | 29.232  |
| b) Purchases of goods and services              | 251   | 7.207   |
| c) Receivables from related parties             | 8     | 37.000  |
| c) Payables to related parties                  | 151   | 6.570   |
| e) Key management compensations                 | 1.186 | 1.139   |
| f) Receivables from key management              | 35    | 35      |
| g) Payables to key management included in above | 592   | 592     |

## **13. Treasury shares purchased**

According to article 16 of Greek Law 2190/1920 and the resolution approved by the Annual General Meeting of May 23, 2006 the Company acquired 20,000 of its own common shares during the period 14-20.3.2007. The total consideration was € 786,812.50. The shares are held as treasury shares and have been deducted from the Shareholder Equity.

## **14. Significant movements in consolidated balance sheet and profit and loss items**

The following significant movements have occurred between the periods presented in these financial statements.

Non current assets have increased by € 238 m due to capital expenditure and to acquisition of new subsidiaries in U.S.A. (note 16).

The increase of trade receivables is in line with the increase of Group turnover.

The increase of borrowings by € 209.9 m relates to the financing of new acquisitions.

Gross profit has increased due to the growth of sales along with the reduction of cost of sales.

The variance in income from participations and investments is due to the disposal of available for sale investments in 2006.

## 15. Contingencies

### Contingent liabilities

| <i>(all amounts in Euro thousands)</i>                | <b>Group</b>     |                  | <b>Company</b>   |                  |
|-------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                       | <b>31/3/2007</b> | <b>31/3/2006</b> | <b>31/3/2007</b> | <b>31/3/2006</b> |
| Guarantees to third parties on behalf of subsidiaries | 90.999           | 78.794           | 633.374          | 387.386          |
| Bank guarantee letters                                | 49.367           | 31.989           | 17.423           | 30.698           |
| Other                                                 | 13.463           | 7.262            | 6.226            | 5.874            |
|                                                       | <b>153.829</b>   | <b>118.045</b>   | <b>657.023</b>   | <b>423.958</b>   |

On March 22, 2006, the United States District Court Judge Hoeverler of the Southern District of Florida ruled that the mining permits for the Lake Belt region of Florida had been improperly issued. The Judge remanded the permitting process to the U.S. Army Corps of Engineers for further review and consideration. The Judge's ruling affects most of the twelve mining permits issued for Florida's Lake Belt region. We hold three of the twelve permits and the quarries are one of the sources of supply of limestone for our Pennsuko plant and aggregates operation. We believe that the permits issued by the Corps of Engineers were properly issued and therefore we are seeking re-issuance of the permits.

To date mining has been unaffected pending the outcome of a hearing which began in June, 2006 and ended January 2007, on a claim seeking the temporary mining shutdown in the region pending the outcome of the reassessment of the environmental impact being prepared by the Army Corps of Engineers. The Judge has not issued as yet, any rulings as to the remedy he intends to order at the conclusion of these proceedings. The impact of this ruling on our operations and future results is largely dependent on whether mining will be allowed to continue pending reconsideration of the permit by the Corps of Engineers. We are developing contingency plans in the event of a temporary or permanent mining shutdown ruling of the Judge, which we intend to appeal. However, it should be noted that either a temporary or permanent mining shutdown in the region could have a significant adverse affect on the buildings materials industry and economy in Southern Florida and the Group's financial results.

As part of the Kyoto Protocol, the European Union has committed itself to reduce greenhouse gas emissions. Within this context a Community Directive was issued that foresees the commercialisation of CO<sub>2</sub> emission licences. The directive has been transposed to Greek Legislation, impacting amongst other industries the cement industry. The Company has been made aware of its allocation, from 1 January 2005 through 31 December 2007, in terms of the National Allocation Plan for CO<sub>2</sub> emissions. In the event that the allocated amount will be lower than the Company's present emissions, the Company will incur costs for either having to acquire emission rights or via an investment in equipment that reduces the emission of the gas. Presently the Company believes that it will not incur such an obligation.

The Company has not been tax audited for the years 2002 to 2006. In addition, the Group's subsidiaries have not been audited for the financial years mentioned in note 6, therefore their tax obligations have not been finalized. In potential future tax audit, the tax authorities may reject certain expenses, increasing in this way the Company's and the Group's subsidiaries taxable income, by imposing additional taxes, fines and accessions. At the present time it is not possible to define with accuracy the level of the additional taxes and fines which may possibly be imposed, as it depends to the findings of the tax audit.

Other than the items referred to in the preceding paragraph, it is not anticipated that any material contingent liabilities will arise.

### Contingent assets

| <i>(all amounts in Euro thousands)</i> | <b>Group</b>     |                  | <b>Company</b>   |                  |
|----------------------------------------|------------------|------------------|------------------|------------------|
|                                        | <b>31/3/2007</b> | <b>31/3/2006</b> | <b>31/3/2007</b> | <b>31/3/2006</b> |
| Bank guarantee letters                 | 12.197           | 11.291           | 12.197           | 11.291           |
|                                        | <b>12.197</b>    | <b>11.291</b>    | <b>12.197</b>    | <b>11.291</b>    |

Litigation between our subsidiary Intertitan S.A and the French state is pending before the competent French administrative court of appeal in regard to a claim of our subsidiary against the French state for damages, which at first instance had been accepted for € 2,663,375.40 plus interest. The ruling was overturned in the Court of Appeal and will be heard by a higher court.

## **16. Acquisitions of subsidiaries**

On 12.1.2007 the Group announced the acquisition of 100% of Betotechniki S.A. and on 27.3.2007 acquired 100% of Double W & Co OOD established in Rousse, Bulgaria. The above companies were fully incorporated in the consolidated financial statements at their acquisition date. The assets and liabilities of the above mentioned companies, as they were preliminary recorded at the date of acquisition, are as follows:

| <i>(Amount in € 000s)</i>                              | <b><u>Total</u></b>  |
|--------------------------------------------------------|----------------------|
| <b><u>Assets</u></b>                                   |                      |
| Property, plant and equipment                          | 569                  |
| Inventories                                            | 44                   |
| Receivables and Prepayments                            | 3.821                |
| Cash & cash equivalents                                | <u>271</u>           |
| <b>Total assets</b>                                    | <b><u>4.705</u></b>  |
| <b><u>Liabilities</u></b>                              |                      |
| Other liabilities and taxes                            | <u>4.730</u>         |
| <b>Total liabilities</b>                               | <b><u>4.730</u></b>  |
| <b>Fair value of net assets</b>                        | <b>-25</b>           |
| Goodwill arising on acquisition                        | <u>4.468</u>         |
| <b>Total</b>                                           | <b><u>4.443</u></b>  |
| <b>Composed of:</b>                                    |                      |
| Cash and cash equivalents of acquired subsidiary       | 271                  |
| Net cash outflow for acquisition of subsidiaries       | <u>-4.443</u>        |
| <b>Net cash outflow</b>                                | <b><u>-4.172</u></b> |
| Plus cash paid for acquisition of associated companies | <u>-940</u>          |
| <b>Total cash outflow</b>                              | <b><u>-5.112</u></b> |

During the first quarter, the Group acquired an extra 24% of the equity of Mechanicsville Concrete Inc. (Powhatan Ready Mix), increasing the Group's participation to 49%. The above company was incorporated in the financial statements with the equity method. The amount paid was € 940 thousands (\$ 1,251 thousands).

On 23.3.2007, the Group acquired 100% of S&W Ready Mix Concrete Co Inc., South Carolina U.S.A. and on 30.3.2007 acquired 100% of Jim Smith Contracting Company LLC and Cumberland River Resources LLC, Kentucky U.S.A., the owners of the "Cumberland" quarry in Kentucky Tennessee. The amount paid till 31.3.2007 was € 213,227 thousands (\$ 283,976 thousands). The above mentioned companies will be incorporated in the consolidated financial statements of the second quarter.

Purchase price allocation of the acquired companies will be completed within twelve months from acquisition date.

## **17. Post balance sheet events**

On 10.4.2007 the Group, announced that it has signed an agreement to purchase the outstanding shares of Mechanicsville Concrete Inc. (Powhatan Ready Mix), which currently operates in the Greater Richmond (Virginia) market. The company will be fully incorporated in the Group's financial statements after its anticipated purchase in May. This acquisition is not expected to materially affect Titan Group financial statements.

A new subsidiary, Titan Global Finance PLC, was established in Hull U.K., in April 2007. On April 27th Titan Global Finance PLC, announced the closing, in London, with financial institutions, of a syndicated multicurrency 5 year revolving credit facility agreement of up to € 800,000,000 or its optional currency equivalent, under the guarantee of Titan Cement Company S.A.. The amount of the credit facility shall be used for general corporate purposes of the Group.

## **18. Principal exchange rates**

| <b>Balance sheet</b>   | <b>31/3/2007</b> | <b>31/12/2006</b> | <b>31/3/2007 vs 31/12/2006</b> |
|------------------------|------------------|-------------------|--------------------------------|
| €1 = USD               | 1,33             | 1,32              | -1,1%                          |
| €1 = EGP               | 7,59             | 7,52              | -0,9%                          |
| 1USD=EGP               | 5,70             | 5,74              | 0,8%                           |
| €1 = RSD               | 81,57            | 79,00             | -3,3%                          |
| 1USD = JPY             | 118,13           | 116,24            | -1,6%                          |
| <b>Profit and loss</b> | <b>Ave 3M 07</b> | <b>Ave 3M 06</b>  | <b>Ave 3M 07 vs 3M 06</b>      |
| €1 = USD               | 1,32             | 1,20              | -9,4%                          |
| €1 = EGP               | 7,50             | 6,90              | -8,7%                          |
| 1USD=EGP               | 5,70             | 5,74              | 0,6%                           |
| €1 = RSD               | 80,19            | 87,13             | 8,0%                           |
| 1USD = JPY             | 119,32           | 117,11            | -1,9%                          |