

TITAN CEMENT GROUP

TITAN CEMENT CO SA No 6013/06/B/86/90 IN THE REGISTER OF SOCIETES ANONYMES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

(EURO)

ASSETS

| | Amounts of current fiscal year 2004 | | | Amounts of previous fiscal year 2003 | | |
|---|-------------------------------------|--------------------|--------------------|--------------------------------------|--------------------|--------------------|
| | At Cost | Depreciation | Balance | At Cost | Depreciation | Balance |
| B. FORMATION EXPENSES | | | | | | |
| 1. Formation and first installation expenses | 446.704 | 415.623 | 31.081 | 412.733 | 350.512 | 62.221 |
| 4. Other formation expenses | 1.927.621 | 1.898.072 | 29.549 | 1.868.605 | 1.824.776 | 43.829 |
| | <u>2.374.325</u> | <u>2.313.695</u> | <u>60.630</u> | <u>2.281.338</u> | <u>2.175.288</u> | <u>106.050</u> |
| C. FIXED ASSETS | | | | | | |
| I. Intangible assets | | | | | | |
| 1. Research and development costs | 25.380 | 25.380 | - | 46.933 | 46.933 | |
| 2. Licenses and Industrial property rights | 3.804.347 | 907.854 | 2.896.493 | 3.794.496 | 967.672 | 2.826.824 |
| 3. Goodwill | 18.473.953 | 4.489.517 | 13.984.436 | 18.078.006 | 2.865.274 | 15.212.732 |
| 5. Other | 10.084.608 | 3.260.268 | 6.824.340 | 10.465.959 | 2.132.558 | 8.333.401 |
| | <u>32.388.288</u> | <u>8.683.019</u> | <u>23.705.269</u> | <u>32.385.394</u> | <u>6.012.437</u> | <u>26.372.957</u> |
| II. Tangible assets | | | | | | |
| 1. Land | 127.019.994 | - | 127.019.994 | 126.767.513 | - | 126.767.513 |
| 2. Mines - Quarries | 108.939.899 | 18.488.727 | 90.451.172 | 110.739.170 | 16.793.691 | 93.945.479 |
| 3. Buildings and installations | 245.995.504 | 130.534.717 | 115.460.787 | 229.858.855 | 121.588.362 | 108.270.493 |
| 4. Plant and machinery | 697.813.249 | 335.240.217 | 362.573.032 | 483.319.581 | 298.750.752 | 184.568.829 |
| 5. Transportation equipment | 114.966.256 | 59.760.380 | 55.205.876 | 93.597.154 | 49.850.233 | 43.746.921 |
| 6. Furniture and fixtures | 24.476.259 | 20.798.714 | 3.677.545 | 22.960.605 | 17.563.900 | 5.396.705 |
| 7. Construction in progress | 52.643.667 | 14.772 | 52.628.895 | 195.145.466 | | 195.145.466 |
| | <u>1.371.854.828</u> | <u>564.837.527</u> | <u>807.017.301</u> | <u>1.262.388.344</u> | <u>504.546.938</u> | <u>757.841.406</u> |
| Total (CI + CII) | <u>1.404.243.116</u> | <u>573.520.546</u> | <u>830.722.570</u> | <u>1.294.773.738</u> | <u>510.559.375</u> | <u>784.214.363</u> |
| III. Investments and Long term receivables | | | | | | |
| 1. Equity participations in affiliated companies | | 27.586.944 | | | 24.686.637 | |
| 2. Equity participations | | 181.680 | 27.768.624 | | 106.529 | 24.793.166 |
| 7. Other long-term receivables | | | 16.339.961 | | | 56.812.996 |
| | | | <u>44.108.585</u> | | | <u>81.606.162</u> |
| Total Fixed Assets and Investments (CI+CII+CIII) | | | <u>874.831.155</u> | | | <u>865.820.525</u> |
| D. CURRENT ASSETS | | | | | | |
| I. Inventories | | | | | | |
| 1. Finished products | | | 4.853.063 | | | 6.932.585 |
| 2. Finished and semi-finished products | | | 44.860.321 | | | 38.746.510 |
| 4. Raw materials, consumables, spare parts, other | | | 80.188.558 | | | 64.807.001 |
| 5. Advances for the purchase of inventories | | | 670.748 | | | 1.445.941 |
| | | | <u>130.572.690</u> | | | <u>111.932.037</u> |
| II. Accounts Receivable | | | | | | |
| 1. Trade receivables | | | 104.443.540 | | | 100.700.074 |
| 2. Notes receivable : | | | | | | |
| - In hand | | 46.442 | | | 172.180 | |
| - At banks for collection | | 440.985 | 487.427 | | 217.211 | 389.391 |
| 3. Notes receivable overdue | | | 70.283 | | | 38.983 |
| 3a. Cheques in hand | | | 84.224.513 | | | 82.606.100 |
| 10. Doubtful accounts receivable | | | 3.724.453 | | | 5.506.091 |
| 11. Sundry receivables | | | 51.467.796 | | | 96.602.439 |
| 12. Sundry advances | | | 618.811 | | | 614.453 |
| | | | <u>245.036.823</u> | | | <u>286.457.531</u> |

LIABILITIES

| | Amounts of current fiscal year 2004 | Amounts of previous fiscal year 2003 |
|--|-------------------------------------|--------------------------------------|
| A. SHAREHOLDERS' EQUITY | | |
| I. Share Capital | | |
| 1. Paid up : | | |
| 76.560.264 common shares | 153.120.528 | 91.636.637 |
| 7.568.960 preferred shares without voting rights | 15.137.920 | 9.082.752 |
| ----- | | |
| 84.129.224 shares at€ 2,00 each | <u>168.258.448</u> | <u>100.719.389</u> |
| II. Share Premium Account | <u>19.585.653</u> | <u>17.095.301</u> |
| III. Revaluation reserve - Investment grants | | |
| 1. Reserve from revaluation of affiliated companies | 592.306 | 592.312 |
| 2. Reserve from revaluation of fixed assets | 4.396.303 | 992.198 |
| 3. Investment grants for fixed assets | 2.218.482 | 1.680.840 |
| | <u>7.207.091</u> | <u>3.265.350</u> |
| IV. Reserves | | |
| 1. Legal reserve | 46.005.476 | 39.827.174 |
| 3. Special reserve | 10.752.514 | 10.803.913 |
| 4. Contingency reserve | 194.816.232 | 171.150.708 |
| 5. Tax exempt reserves under special laws | 133.217.475 | 163.806.210 |
| | <u>384.791.697</u> | <u>385.588.005</u> |
| V. Retained earnings | | |
| Retained earnings (Deficit) | <u>116.021.970</u> | <u>78.047.241</u> |
| VI. Consolidation differences | <u>-185.276.029</u> | <u>-138.333.822</u> |
| Total Shareholders' Equity (AI+AII+AIII+AIV+AV+AVI) | <u>510.588.830</u> | <u>446.381.464</u> |
| Minority interests | <u>25.545.791</u> | <u>52.445.971</u> |
| B. PROVISIONS FOR ACCRUED LIABILITIES AND CHARGES | | |
| 1. Provision for staff leaving indemnities | 24.642.229 | 16.257.364 |
| 2. Other provisions | 149.654.785 | 147.463.792 |
| | <u>174.297.014</u> | <u>163.721.156</u> |
| C. LIABILITIES | | |
| I. Long term liabilities | | |
| 1. Bonds | 237.278.833 | 133.251.888 |
| 2. Bank loans | 88.852.346 | 187.221.440 |
| 8. Other long term obligations | 203.958 | 6.496.643 |
| | <u>326.335.137</u> | <u>326.969.971</u> |
| II. Short term liabilities | | |
| 1. Suppliers | 63.532.614 | 64.902.167 |
| 2. Notes payable | 62.254 | 74.449 |
| 3. Short term bank liabilities | 23.302.441 | 78.252.823 |
| 4. Trade creditors | 4.899.206 | 2.670.208 |
| 5. Taxes payable | 42.629.738 | 58.898.843 |
| 6. Social insurance contributions | 4.400.932 | 4.254.980 |
| 7. Current portion of long term debt | 41.423.986 | 40.468.022 |
| 10. Dividends payable : | | |
| - Previous fiscal years | 374.202 | 1.404.347 |
| - Current fiscal year | 43.747.196 | 39.868.091 |
| | <u>44.121.398</u> | <u>41.272.438</u> |

| | | | | | | |
|--|--------------------|----------------------|----------------------|--|--------------------|--------------------|
| III. Securities | | | | 11. Sundry creditors | 41.009.018 | 38.354.461 |
| 1. Shares | 4.507.596 | | 2.636.568 | | 265.381.587 | 329.148.391 |
| 3. Other securities held | 603.023 | | 4.347.246 | Total Liabilities (CI + CII) | 591.716.724 | 656.118.362 |
| | <u>5.110.619</u> | | <u>6.983.814</u> | | | |
| IV. Cash | | | | D. TRANSITORY ACCOUNTS | | |
| 1. In hand | 313.613 | | 298.819 | 1. Deferred earnings (income) | - | - |
| 3. Demand and time deposit accounts | 47.615.459 | | 47.353.084 | 2. Accrued liabilities | 6.177.197 | 2.851.577 |
| | <u>47.929.072</u> | | <u>47.651.903</u> | 3. Other | 177.094 | 1.208.130 |
| Total Current Assets (DI + DII + DIII + DIV) | <u>428.649.204</u> | | <u>453.025.285</u> | | <u>6.354.291</u> | <u>4.059.707</u> |
| E. TRANSITORY ACCOUNTS | | | | TOTAL LIABILITIES (A + B + C + D) | | |
| 1. Deferred charges | 4.260.120 | | 3.286.492 | | 1.308.502.650 | 1.322.726.660 |
| 2. Accrued income | 23.135 | | 57.479 | MEMO ACCOUNTS | | |
| 3. Other | 678.406 | | 430.829 | | | |
| | <u>4.961.661</u> | | <u>3.774.800</u> | | | |
| TOTAL ASSETS (B + C + D + E) | | <u>1.308.502.650</u> | <u>1.322.726.660</u> | TOTAL LIABILITIES (A + B + C + D) | | |
| MEMO ACCOUNTS | | | | MEMO ACCOUNTS | | |
| 1. Third parties' assets | 2 | | 1 | 1. Beneficiary of third parties' assets | 2 | 1 |
| 2. Guarantees and collateral securities | 116.680.979 | | 127.303.889 | 2. Beneficiary of guarantees and collateral security | 116.680.979 | 127.303.889 |
| 3. Claims from mutual agreements | 400.000 | | | 3. Liabilities from mutual agreements | 400.000 | |
| 4. Other | 9.047.109 | | 19.093.627 | 4. Other | 9.047.109 | 19.093.627 |
| | <u>126.128.090</u> | | <u>146.397.517</u> | | <u>126.128.090</u> | <u>146.397.517</u> |

Company Notes :

1. The Group's subsidiaries included in the Consolidation are:

TITAN CEMENT COMPANY S.A., Athens, ALBACEM S.A., Athens, INTERBETON CONSTRUCTIONS MATERIALS S.A., Athens INTERTITAN S.A., Athens, IONIA INDUSTRIAL AND COMMERCIAL COMPANY OF PORCELAIN AND HOUSEHOLD/HOTEL EQUIPMENT S.A., Athens, INTERCEMENT S.A., Athens, QUARRIES GOURNON S.A., Heraklion Crete, QUARRIES OF TAGARADON COMMUNITY Thessaloniki, LAKMOS S.A. Athens, LEECEM S.A. Athens, TITAN CEMENT INTERNATIONAL TRADING CO. S.A. Athens, TITAN ATLANTIC CEMENT S.A. Athens, NAFTITAN S.A. Athens, AEOLIAN MARITIME COMPANY Athens, ACHAIKI MARITIME COMPANY, Athens, KIMOLOS MARITIME COMPANY Athens, POLIKOS MARITIME COMPANY, Athens, QUARRIES OF KORINTHIAS S.A., Korinthos, BETOKAT TRADING & CONSTR. CO. S.A. Zakynthos, AEMOS CEMENT LTD, Cyprus, BALKAN CEMENT ENTER. LTD, Cyprus, BALKCEM LTD, Cyprus, IAPETOS LTD, Cyprus, TITHYS LTD, Cyprus, REA CEMENT LTD, Cyprus, THEMIS HOLDINGS LTD, Cyprus, FINTITAN SRL, Italy, TITAN CEMENT U.K. LTD, U.K., SEPARATION TECHNOLOGIES U.K. LTD., UK, SEPARATION TECHNOLOGIES CANADA LTD, Canada, TITAN AMERICA LLC U.S.A., ROANOKE CEMENT CO. LLC U.S.A., TITAN VIRGINIA READYMIX LLC, U.S.A., MARKFIELD AMERICA LLC, U.S.A, SEPARATION TECHNOLOGIES LLC. U.S.A, ESSEX CEMENT CO. LLC, U.S.A., PENNSUCO CEMENT CO. LLC, U.S.A., TARMAC AMERICA LLC, U.S.A., STANDARD CONCRETE LLC, U.S.A., ZLATNA PANEGA CEMENT AD, Bulgaria, ZLATNA PANEGA BETON EOOD, Bulgaria, ZLATNA PANEGA GRANITOID AD, Bulgaria, USJE CEMENTARNICA AD, FYROM, CEMENTARA KOSJERIC, Kosjeric Serbia, FOUR M TITAN SILO COMPANY LLC, Egypt*, EL MISRIEEN TITAN TRADE AND DISTRIBUTION Egypt*, BENI SUEF CEMENT COMPANY, Egypt*, LAFARGE TITAN EGYPTIAN INVESTMENTS LTD, Channel Islands*, EAST CEMENT, Cyprus*, ALEXANDRIA DEVELOPMENT LTD, Channel Islands*, ALEXANDRIA PORTLAND CEMENT CO. Alexandria Egypt*, BLUE CIRCLE CEMENT EGYPT S.A.E., Egypt*.

The companies which are marked with an asterisk (*) have been accounted by the equity method.

The companies ZLATNA PANEGA CEMENT AD, ZLATNA PANEGA BETON EOOD, ZLATNA PANEGA GRANITOID AD, have been consolidated for the first time as from the 5th of May 2004. The companies, QUARRIES OF KORINTHIAS S.A., BETOKAT TRADING & CONSTR. CO. S.A have been consolidated for the first time in the fourth quarter.

2. The income statement includes the results of PLEVCEM LTD and PLEVENSKI CEMENT LTD until the date of their disposal (30.4.2004).

3. In accordance with mandatory provisions of Law 2065/1992, as amended, the land and buildings' cost and the accumulated depreciation of buildings were revalued at 29.12.2004 by 3.352.408,09 & 28.627,57 respectively. The current year's depreciation was computed on the revalued amounts, thus the additional depreciation charge for the year amounted to € 8.851,60.

4. A provision has been made, according to a study performed by an actuarial company, on behalf of Titan Group, where the obligations for staff-leaving indemnities for all personnel currently employed, have been fully provided for.

5. The account "Other Provisions" as of 31.12.2004 includes positive exchange rate differences € 33,6 million resulting from the revaluation of the long term loan of the parent company, according to Presidential Decree 186/92 article 28 paragraph 7.

6. Capital expenditures for 2004 amounted to € 153,5 million. The corresponding amount for the 2003 was € 221,8 million. Investments in acquisitions and participations for 2004 was € 82,1 million and € 0 for the corresponding period of 2003.

7. There are no pledges on Company's assets

8. There are no litigations which has important impact on the financial position of Titan Group.

9. Average number of employees of the companies which have been consolidated according to the full consolidation method: 5,221 persons (2003 4,827) (excluding Egypt as consolidated on an equity basis).

10. According to article 105 of Law 2190/1920, the charge for income taxes includes a provision of € 11m. in anticipation of future tax liabilities that may arise.

11. Sales are analysed by category of products and services (using Greek Statistical Service Codes) as follows :
Cement products € 611,602 thousands, Ready mix products € 320,517 thousands, Aggregate materials € 91,535 thousands, Cement blocks € 51,346 thousands, Porcelain products € 8,265 thousands, Accompanied Porcelain products € 1,887 thousands, Other products and services € 19,229 thousands.
(Total € 1,104,381 thousands).

CONSOLIDATED STATEMENT OF INCOME

31 DECEMBER 2004 (1 JANUARY - 31 DECEMBER 2004)

Amounts of current fiscal year 2004 Amounts of previous fiscal year 2003

I. Operating income

| | | | | |
|--|-------------------|--------------------|-------------------|--------------------|
| Turnover (net sales) | | 1.104.381.174 | | 1.035.697.141 |
| Cost of sales | | <u>800.678.886</u> | | <u>738.038.906</u> |
| Gross operating income | | 303.702.288 | | 297.658.235 |
| Other operating income | | <u>19.401.219</u> | | <u>10.421.962</u> |
| Total | | 323.103.507 | | 308.080.197 |
| General and Administrative costs | 67.796.805 | | 64.086.666 | |
| Sales and Distribution costs | <u>23.332.744</u> | <u>91.129.549</u> | <u>21.721.448</u> | <u>85.808.114</u> |
| | | 231.973.958 | | 222.272.083 |
| Income from securities | 167.224 | | 142.697 | |
| Income from equity participations and securities | 895.315 | | - | |
| Interest and related income | <u>1.540.883</u> | <u>2.603.422</u> | <u>2.341.979</u> | <u>2.484.676</u> |
| | | 234.577.380 | | 224.756.759 |
| Provisions for impairment of investments in securities | - | | - | |
| Losses deriving from investments in securities | | | 13.556 | |
| Interest expenses and bank charges | <u>20.944.217</u> | <u>20.944.217</u> | <u>19.387.196</u> | <u>19.400.752</u> |
| Total operating income | | 213.633.163 | | 205.356.007 |

II. Extraordinary income/expenses

| | | | | |
|--|-------------------|--------------------|-------------------|--------------------|
| Extraordinary and non-operating income | 34.516.090 | | 20.446.833 | |
| Extraordinary gains | 8.124.982 | | 3.242.010 | |
| Income of previous years | 165.700 | | 262.844 | |
| Revenues from provisions of previous years | <u>12.431.491</u> | 55.238.263 | <u>1.075.173</u> | 25.026.860 |
| Extraordinary and non-operating costs | 17.508.805 | | 28.242.394 | |
| Extraordinary losses | 667.432 | | 527.425 | |
| Expenses of previous years | 153.319 | | 354.756 | |
| Provision for doubtful receivables and other | <u>19.952.926</u> | <u>38.282.482</u> | <u>8.119.733</u> | <u>37.244.308</u> |
| Total Operating and extraordinary income | | 230.588.944 | | 193.138.559 |
| Depreciation of fixed assets | 91.385.164 | | 73.646.493 | |
| Minus: Depreciation included in operating cost | <u>91.234.262</u> | <u>150.902</u> | <u>73.381.084</u> | <u>265.409</u> |
| NET EARNINGS BEFORE TAXES | | <u>230.438.042</u> | | <u>192.873.150</u> |

STATEMENT OF APPROPRIATION OF EARNINGS

Amounts of current Amounts of previous
fiscal year 2004 fiscal year 2003

| | | |
|---|--------------------|--------------------|
| Net earnings before taxes | 230.438.042 | 192.873.150 |
| Deduct : Taxes paid relating to prior years | <u>85.708</u> | <u>3.612.133</u> |
| | 230.352.334 | 189.261.017 |
| Deduct : 1. Income tax provision | 58.068.023 | 54.642.801 |
| 2. Other taxes | <u>530.542</u> | <u>461.532</u> |
| | 58.598.565 | 55.104.333 |
| Deduct : Profit attributable to Minority interest | <u>2.830.744</u> | <u>9.196.807</u> |
| Net earnings after taxes | 168.923.025 | 124.959.877 |
| Retained earnings of prior year | 62.559.673 | 65.985.264 |
| Distribution of Reserves | <u>18.575.683</u> | <u>5.841.321</u> |
| Earnings available for distribution | <u>250.058.381</u> | <u>196.786.462</u> |
| Proposed distribution : | | |
| Legal reserve | 6.157.430 | 6.276.000 |
| Total dividend at€ 0,52 Per share | 43.747.196 | 39.868.091 |
| Special and extraordinary reserves | 41.094.845 | 46.452.377 |
| Tax exempt reserve L.2601/98 | 6.100.000 | 7.822.700 |
| Tax exempt reserve L.3220/04 | 32.130.000 | 13.374.000 |
| Reserve from non taxable income | 2.035.377 | 2.446.053 |
| Reserve from income taxed under special laws | 121.561 | - |
| Earnings distributed to company management | 2.650.000 | 2.500.000 |
| Retained earnings | <u>116.021.970</u> | <u>78.047.241</u> |
| | <u>250.058.381</u> | <u>196.786.462</u> |

Athens, 21 March 2005

Chairman of the Board of Directors

Managing Director

Executive Director-General Manager

Chief Financial Officer

Financial Consolidation Manager

ANDREAS L. CANELLOPOULOS
I.D.No. A010727

DIMITRIOS TH. PAPALEXOPOULOS
I.D. No. Ξ163588

ELIAS I. PANIARAS
I.D. No. Θ297060

HOWARD PRINCE-WRIGHT
PASS No. 60090793

ATHANASIOS ST. DANAS
I.D. No. Ξ410353

**REPORT OF THE AUDITOR
To the Shareholders
of TITAN CEMENT COMPANY S.A.
and its subsidiaries**

We have audited, the consolidated balance sheet, the consolidated income statement and the accompanying notes to the financial statements of TITAN CEMENT COMPANY S.A. and its subsidiaries for the year ended 31 December 2004 in accordance with the provisions of article 108 of the Companies Act 2190/1920. Our audit has been conducted in accordance with those auditing procedures, which we considered necessary based on the auditing standards and principles adopted by the Institute of Certified Auditors Accountants in Greece. We have confirmed that the content of the consolidated Directors' Report to the Annual General Meeting of the Shareholders is in agreement with the related consolidated financial statements.

In our opinion, except for the matter referred to footnote 10 to the balance sheet, the above consolidated financial statements have been prepared in accordance with the provisions of the Companies Act 2190/1920 and present the assets, liabilities and financial position as at 31 December 2004, as well as the results of the operations of all consolidated group companies for the year then ended in accordance with prevailing legislation and the accounting principles adopted by the Group, which have been generally accepted and do not differ from those applied in the preceding year.

Athens, 24 March 2005

The Certified Auditor Accountant
Constantinos Cotsilinis
SOEL Reg. No. 12711
PRICEWATERHOUSECOOPERS