



**Titan Cement Company S.A. and its Subsidiaries  
Group Annual Financial Statements  
For the year ended 31 December 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

**THE OPINION HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION**

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of  
**TITAN CEMENT COMPANY S.A.**

*Report on the Financial Statements*

We have audited the accompanying financial statements of TITAN CEMENT COMPANY S.A. (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of TITAN CEMENT COMPANY S.A. and the Group as of 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

***Report on Other Legal and Regulatory Requirements***

The Board of Directors' Report is consistent with the aforementioned financial statements.

**Athens, 26 February 2008  
THE CERTIFIED AUDITOR ACCOUNTANT**

**CHRISTOS GLAVANIS  
S.O.E.L. R.N. 10371  
ERNST & YOUNG (HELLAS)  
CERTIFIED AUDITORS ACCOUNTANTS S.A.  
11<sup>TH</sup> KLM NATIONAL ROAD ATHENS – LAMIA,  
METAMORFOSI  
COMPANY S.O.E.L. R.N. 107**

## **Report of the Board of Directors of Titan Cement Company S.A. on the Consolidated and Parent Financial Statements for the financial Year 1/1 – 31/12/2007**

For Titan, 2007 was a difficult year, mostly due to developments in the US market, and Florida in particular.

As the US housing boom of the last few years abruptly turned to bust, demand for building materials declined sharply. According to Portland Cement Association (PCA) figures, 2007 cement volumes in the US were about 10% below the previous year, despite a strong first quarter. Florida, which accounts for over half of Titan's business in the US, was particularly hard hit. Building permits were down by over 50%, and cement consumption is estimated to have declined by about 30%. The challenges caused by the market decline were compounded by a Miami Date County Court's order in July 2007 that vacated the mining permits of companies operating in the Lakebelt region near Miami, pending a Supplemental Environmental Impact Study (SEIS) by the US Army Corps of Engineers. Titan subsidiary Tarmac has appealed the decision, as have the other impacted companies, in the firm conviction that it did not properly consider all available facts.

Nonetheless, as a result of the court order, Titan had to cease mining at the Pennsuco quarry, which, in addition to selling aggregates to the market, constitutes the main source of raw materials for the 2million ton Pennsuco cement plant.

The Lakebelt decision, in conjunction with the housing decline, caused operating profitability (EBITDA) in Florida to decline almost 60% (in USD terms) compared to the previous year. Overall, US EBITDA declined by 42% to 106 million in euro-terms, despite a solid performance from the remaining US activities and a positive contribution from newly-acquired activities.

In Greece, demand for building materials receded from the short-term surge caused by changes in legislation and taxation at the end of 2005. Cement consumption in the last 3 quarters of 2007 was estimated down 10% compared to the equivalent period in 2006, which, in turn, had been 13% above 2005.

Operating profitability in Greece was flat at €191m, with cost and efficiency improvements going a long way towards counterbalancing higher input costs, in particular solid fuels and freight rates.

Southeastern Europe benefited from strong demand and the contribution of the newly expanded capacity in Bulgaria to grow operating profitability by 33% to €97m.



In terms of environmental sustainability, the dominant issue of our times is global warming. As we enter the second phase of the application of the Kyoto agreement (2008-2012) and discussions on what happens after 2013 begin in earnest, two things are becoming abundantly clear: a) the challenge posed by global warming requires a coordinated global response and b) solutions must be pursued on several fronts concurrently and must carefully balance the needs and priorities of many constituents.

As cement manufacturer, and thus a heavy emitter of carbon dioxide, Titan has chosen early action. In 2003, in the context of our participation in the Cement Sustainability Initiative (CSI), we voluntarily committed to curbing our CO<sub>2</sub> specific emissions per ton of cement by at least 15% by 2010, compared to 1990 levels. We are currently well on track towards achieving this goal. In order to demonstrate our commitment, we have further taken the initiative of having our emissions verified by an independent auditor.

In terms of safety at work, 2007 saw a redoubling of our efforts to further improve our safety culture. Although our overall safety record improved once again in 2007, and compares favorably with industry data, it is clear that there is significant room for further improvement. Our vision is to achieve a healthy work environment, free of incidents, injuries and accidents. We benchmark our safety performance against the leading companies of the global materials sector (based on CSI data) and we aim to be in the top quartile by the end of 2010.

The outlook for 2008 is influenced by the deceleration of global economic growth and the apparent decoupling between developing and mature markets. Although emerging countries are likely to continue growing, the balance of opinion points to the likelihood of a recession in the US and a slowdown in Europe.

Demand for building materials is forecast to continue growing at a healthy pace in emerging markets. Globally the cement supply/demand balance remains tight in the short term, lending support to high export prices and allowing increased input costs from record fuel and freight rates to be passed on.

In the USA, the PCA is forecasting a further decline of 2,5 % in cement consumption. The timing of the resolution of the Lakebelt issue will be a key determinant of the performance of Titan's US activities in 2008.

In Greece, demand seems likely to decline slightly, with a strong growth in infrastructure spending partially mitigating the softening of the much bigger housing market.

In SE Europe, markets are expected to continue to grow, barring political instability in the western Balkans. The outlook for Egypt is also positive, although Titan will, in the short-term, be capacity-constrained in fully benefiting from the market's growth.

In last year's Annual Report we unwisely pointed out that "net earnings have increased 13 years in a row" and that "operating profitability, net earnings per share and total shareholder returns have grown at a compound annual growth rate of 18%, 20% and 25% respectively over the last 10 years, albeit in the context of supportive economic conditions.

This year has seen both a decline in financial results and negative shareholder returns. It has served to remind us that ours remains a cyclical business. However, we firmly believe that it in no way invalidates our focused long-term strategy. We are expanding our solid multiregional presence in growing, if cyclical, markets. We have the vision, the financial resources and, most importantly, the people to continue to deliver value to our shareholders. On behalf of all our shareholders, the Board of Directors would like to convey to all our employees everywhere our thanks for their tireless efforts and their continuing commitment and to assure them of our full support in their –safe and productive – endeavors.

#### SIGNIFICANT POST BALANCE SHEET DATE EVENTS

On January 15<sup>th</sup>, 2008 Titan's subsidiary INTERBETON completed the purchase of the entire share capital of DOMIKI BETON S.A. , against € 9.5 m.

On January 17<sup>th</sup>, 2008 Titan announced that it had concluded an agreement, subject to due diligence and regulatory approval, to purchase a 50% stake in Turkish cement manufacturer Adocim Cimento Beton Sanayi ve Tikaret A.S. against € 90.5 m

On January 23<sup>th</sup>, 2008, Lafarge SA acquired the cement operations of Egyptian-based Orascom S.I. In accordance with the articles of our Joint Venture agreement in Egypt, Lafarge and Titan are currently in negotiations to determine the future of the JV.

On the basis of its share buy- back program, Titan has purchased from 1. 1.2008 to 25.2.2008, 469,029 shares, representing 0.55% of the Share Capital.

On February 25<sup>th</sup>, 2008, the CO2 allowances per annum for the period 2008-2012 in Greece were announced by the competent Greek Ministry. The allowances for this period represent a shortfall from the previous scheme. This may lead to potential constraints on production.

## GROUP FINANCIAL RESULTS

During 2007, Group Turnover decreased by 5%, bringing Full Year Turnover to €1.497 m. At constant exchange rates, Turnover declined marginally for the full year by 1% at constant exchange rates. EBITDA for the full year reached €425 m which represents a decrease of 11% or of 10% if we exclude the impact of translation. As a result, Group Net Profit after taxes and minorities decreased by 8% in the full year reaching €240 m. It should be noted that Net Profit after Taxes was positively impacted in comparison, by provisions taken in 2006 for untaxed reserves in previous years. Earnings per share were €2.85 compared to €3.07 in 2006.

Higher depreciation and financing costs were mitigated by an overall lower tax rate in comparison to the previous year, which was further burdened by the one off tax provision of € 16.3 million taken in 2006 against investment incentive reserves granted by the government in 2003 and 2004. The lower effective tax rate also results from the declining contribution of the USA, lower tax rates in Greece and better earnings in South East Europe. The increase in Net Financing Costs represents the increase of borrowings in the year to fund acquisitions. Average currency rates during the year were marked by the weakening of the US dollar. Comparing year end to year end, the US dollar continued to weaken and closed 11% down versus the Euro. And as the majority of our debt is in dollars, this favorably impacted our borrowings at the balance sheet date.

The most significant impacts on the Group Balance Sheet relate to acquisitions and CAPEX. Net Debt increased by €242 m since the beginning of 2007 as a result of financing of the acquisitions made through the year. The Group invested € 489 m in 2007 of which over €400m in developmental Capex and Acquisitions during the year. This given a challenging year in terms of short-term returns reinforces the Group's commitment to continue to deliver along its four strategic axes, in particular geographical expansion and vertical integration.

Despite a softening of performance in 2007, the Group continued to deliver double digit growth year on year, over the period 2000 through 2007. Average per annum growth for Turnover is almost 13%, for EBITDA 12%, while Net Profit after Taxes has increased by over 14% per annum. It should be pointed out that the steady year-on-year increase in performance in Greece has enabled the Group's international expansion, which is the major driver of growth over the last 8 years. Gearing at year end reached 0.33 from 0.23 in the previous year and our leverage ratio increased from 0.68 in 2006 to 1.34, as a result of financing an active investment program that the Group followed, despite downturns of the market. Return on invested capital declined compared to the level achieved in 2006, reaching 15.5%.

Titan's stock after several years of strong performance receded in the second semester, after reaching record levels, and closed the year at €31.20 Euros. Despite this decline however, the stock delivered solid growth for long term investors, delivering 11% growth per annum over the last 5 years.

## **PARENT COMPANY FINANCIAL RESULTS**

The parent company, Titan Cement Company S.A. realized Turnover of € 536 m up 3% versus the previous year. EBITDA for the year was € 169 m down 2% versus 2006, reflecting a change in the mix of sales from the domestic market to exports at lower margins and increased costs, especially in relation to freights. Net Profit after Taxes was up 13% to € 119 m benefiting from the comparison to a provision made in 2006 for taxes due on untaxed investment incentive reserves established in Greece during 2003-4.

## **EXPLANATORY REPORT OF THE BOARD OF DIRECTORS**

### **Pursuant to article 4 paragraphs 7 and 8 of Law 3335/2007**

#### **1. Structure of the Company's share capital**

The Company's share capital amounts to 169,065,148 Euro, divided among 84,532,574 shares with a nominal value of 2 Euro each, of which 76,963,614 are common shares representing 91% of the total share capital and 7,568,960 are preference shares without voting rights, representing 9% of the total share capital.

All the shares are registered and listed for trading in the Securities Market of the Athens Exchange (under "Large Cap" classification).

Each share carries all the rights and obligations set out in law and in the Articles of Association of the Company.

Each common share entitles the owner to one vote. The preference shares provide no voting rights.

The privileges enjoyed by holders of preference non-voting shares are as follows:

A. Receipt of a first dividend on the profits of the financial year, i.e. of the minimum mandatory dividend distributed annually in accordance with the law and the Articles of Association of the Company, before any distribution on common shares. In the event of non distribution of dividend or of distribution of a dividend lower than the first dividend, in one or more financial years, holders of preference shares are entitled to a preferential payment of this first dividend, cumulatively and for the financial years in question, from the profits of subsequent years. Holders of preference non-voting shares are entitled, on equal terms with holders of common shares, to receive any additional dividend which may be distributed in any form.

B. They are also entitled to preferential return of the capital paid up by holders of preference non-voting shares from the product of the liquidation of Company assets in the event of the Company being wound up. Holders of preference non-voting shares have equal rights with holders of common shares to a further share, proportionally, in the product of liquidation, if the product in question is higher than the total paid-up share capital.

The liability of the shareholders is limited to the nominal value of the shares they hold.

## **2. Limits on transfer of Company shares**

The Company shares may be transferred as provided by the law and the Articles of Association provide no restrictions as regards the transfer of shares.

## **3. Significant direct or indirect holdings in the sense of Presidential Decree 51/1992**

On 31.12.2007 the following shareholders held more than 5% of the total voting rights of the Company: Andreas L. Canellopoulos, 12.79%; Alexandra P. Canellopoulou, 9.12%; MITICA LTD controlled by Ioannis Tzivelis, 5.025%

## **4. Shares conferring special control rights**

None of the Company shares carry any special rights of control.

## **5. Limitations on voting rights**

With the exception of the preference non- voting shares, the Articles of Association make no provision for any limitations on voting rights.

## **6. Agreements among Company shareholders**

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

## **7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association deviating from those provided for in Codified Law 2190/20**

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors and the amendment of the provisions of the Articles of Association do not differ from those envisaged in Codified Law 2190/20 prior to its amendment by law 3604/2007. The Annual General Meeting of Shareholders to be held within 2008 is expected to decide the harmonization of the Articles of Association of the Company with the provisions of Codified Law 2190/20, as now in force.

## **8. Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/20**

According to the provisions of article 13 para. 13 of Codified Law 2190/20, by virtue of a decision of the General Meeting – taken with an increased quorum and majority in accordance with the provisions of articles 29 paras. 3 and 4 and 31 para. 2 of Codified Law 2190/20 – a stock option plan may be introduced in favor of members of the Board and staff of the Company, and of affiliated companies, in the form of the option to purchase shares on the special terms of this decision, a summary of which is subject to the requirements of publication set out in article 7b of Codified Law

2190/20. The decision of the General Meeting especially specifies the maximum number of shares which may be issued, which may not exceed 10% of the existing shares, the price and the terms of distribution of the shares to the beneficiaries. The Board of Directors decides on any other relevant details not otherwise determined by the General Meeting, issues the stock option certificates and, in December of each year, issues the shares to the beneficiaries who have exercised their option, making a corresponding increase in the capital of the Company. Furthermore, the Board certifies the payment of the increase in capital in accordance with article 11 of Codified Law 2190/20.

Pursuant to the above provisions, and following, the exercise of options, in implementation of the relevant decisions of the General Meetings of Shareholders of 5.7.2000, 19.6.2002 and 8.6.2004, and the payment by the beneficiaries of the designated option price, amounting to a total of 196,180 Euro, the Board decided, on 17.12.2007, to increase the share capital of the Company by 94,740 Euro, corresponding to the nominal value of the 47,370 new shares which were issued and granted to the beneficiaries who exercised the option in question and to form a reserve from the issuance of shares over par for the balance paid up of 101,440 Euro. Pursuant to the provision of article 13 para. 13 of Codified Law 2190/20, the above share capital increase does not constitute an amendment of the Articles of Association. The payment of the above share capital increase was certified by the Board at a special meeting on 17.12.2007.

Moreover, pursuant to the provisions of paragraphs 5 and following of article 16 of Codified Law 2190/20 prior to its amendment by Law 3604/2007, and in implementation of a relevant resolution of the General Meeting of Shareholders dated 10.5.2007, the Company was given the right to acquire own shares through the Athens Stock Exchange in an amount of up to 10% of the total number of its shares, within period from 23.5.2007 until 10.5.2008, at a maximum purchase price of 50 Euro per share and at a minimum purchase price the nominal value of the share, i.e. e. 2 Euro per share. The Board at its meeting of 10.5.2007 decided the implementation of the above resolution of the General Meeting of Shareholders, insofar as the price of the share is at reasonable levels for the purpose and the Company's cash reserves and the investment and development opportunities allow it.

#### **9. Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer**

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

#### **10. Significant agreements with members of the Board of Directors or employees of the Company**

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to of a public offer.

## Income Statement for the year ended 31 December

(all amounts in Euro thousands)

	Notes	Group		Company	
		2007	2006	2007	2006
Revenue	3	1.496.915	1.568.109	535.859	519.847
Cost of sales		-936.825	-957.252	-322.779	-300.484
<b>Gross profit before depreciation</b>		<b>560.090</b>	<b>610.857</b>	<b>213.080</b>	<b>219.363</b>
Other income	4	19.239	24.551	13.846	13.238
Share in profit of associates	15	3.447	3.400	-	-
Administrative expenses		-108.586	-98.525	-41.352	-38.521
Selling and marketing expenses		-24.199	-22.286	-4.553	-3.852
Other expenses	4	-24.128	-37.326	-12.121	-17.095
<b>Profit before interest, taxes, depreciation and amortization</b>		<b>425.863</b>	<b>480.671</b>	<b>168.900</b>	<b>173.133</b>
Depreciation and amortization related to cost of sales	5	-89.279	-75.487	-9.629	-9.623
Depreciation and amortization related to administrative and selling expenses	5	-5.503	-5.244	-1.055	-987
<b>Profit before interest and taxes</b>		<b>331.081</b>	<b>399.940</b>	<b>158.216</b>	<b>162.523</b>
Income from investments		74	4.543	2.656	5.598
Finance revenue	6	12.712	12.706	3.560	6.518
Finance costs	6	-43.521	-36.366	-4.644	-7.326
<b>Profit before taxes</b>		<b>300.346</b>	<b>380.823</b>	<b>159.788</b>	<b>167.313</b>
Less: income tax expense	8	-56.127	-118.513	-41.017	-62.195
<b>Profit after taxes</b>		<b>244.219</b>	<b>262.310</b>	<b>118.771</b>	<b>105.118</b>
<b>Attributable to:</b>					
Titan Cement S.A. shareholders		239.739	259.185	118.771	105.118
Minority interests		4.480	3.125	-	-
		<b>244.219</b>	<b>262.310</b>	<b>118.771</b>	<b>105.118</b>
<b>Basic earnings per issued share (in €)</b>	9	<b>2,85</b>	<b>3,07</b>	<b>1,41</b>	<b>1,25</b>
<b>Diluted earnings per issued share (in €)</b>	9	<b>2,84</b>	<b>3,06</b>	<b>1,41</b>	<b>1,24</b>

## Balance Sheet as at 31 December

(all amounts in Euro thousands)

	Notes	Group		Company	
		2007	2006	2007	2006
<b>ASSETS</b>					
Property, plant & equipment	11	1.303.924	1.174.541	262.214	256.561
Investment properties	12	-	-	6.996	7.248
Intangible assets and Goodwill	13	301.189	145.181	-	-
Investments in subsidiaries	14	-	-	515.777	512.883
Investments in associates	15	4.136	3.880	-	-
Available-for-sale financial assets	16	2.497	1.607	107	107
Other non current receivables	17	12.158	14.024	3.386	3.016
Deferred income tax asset	18	203	779	-	-
<b>Non-current assets</b>		<b>1.624.107</b>	<b>1.340.012</b>	<b>788.480</b>	<b>779.815</b>
Inventories	19	226.253	203.137	85.250	68.404
Receivables and prepayments	20	305.008	293.425	130.213	131.760
Derivative financial instruments		657	-	15	-
Available-for-sale financial assets	16	2.361	2.011	61	61
Cash and cash equivalents	21	167.478	138.027	13	28
<b>Current assets</b>		<b>701.757</b>	<b>636.600</b>	<b>215.552</b>	<b>200.253</b>
<b>TOTAL ASSETS</b>		<b>2.325.864</b>	<b>1.976.612</b>	<b>1.004.032</b>	<b>980.068</b>
<b>EQUITY AND LIABILITIES</b>					
Share Capital ( 84,532,574 shares of €2.00)	22	169.065	168.970	169.065	168.970
Share premium	22	22.826	22.724	22.826	22.724
Share options	22	7.016	3.519	7.016	3.519
Treasury shares	22	-35.945	-502	-35.945	-502
Other Reserves	23	396.997	373.923	558.753	503.366
Retained earnings		612.868	511.555	83.844	83.798
<b>Equity attributable to equity holders of the parent</b>		<b>1.172.827</b>	<b>1.080.189</b>	<b>805.559</b>	<b>781.875</b>
Minority interests		22.112	20.170	-	-
<b>Total equity (a)</b>		<b>1.194.939</b>	<b>1.100.359</b>	<b>805.559</b>	<b>781.875</b>
Long-term borrowings	24	589.833	326.040	3.609	16.320
Deferred income tax liability	18	124.063	133.583	29.079	29.876
Retirement benefit obligations	25	39.332	39.535	21.102	22.748
Provisions	26	20.934	37.977	2.887	17.178
Other non-current liabilities	27	16.510	11.182	6.747	7.063
<b>Non-current liabilities</b>		<b>790.672</b>	<b>548.317</b>	<b>63.424</b>	<b>93.185</b>
Short-term borrowings	24	146.405	139.045	49.987	25.340
Trade and other payables	28	168.018	154.188	63.996	54.968
Derivative financial instruments		87	989	87	-
Income tax payable		12.911	29.301	7.442	23.200
Provisions	26	12.832	4.413	13.537	1.500
<b>Current liabilities</b>		<b>340.253</b>	<b>327.936</b>	<b>135.049</b>	<b>105.008</b>
<b>Total liabilities (b)</b>		<b>1.130.925</b>	<b>876.253</b>	<b>198.473</b>	<b>198.193</b>
<b>TOTAL EQUITY AND LIABILITIES (a+b)</b>		<b>2.325.864</b>	<b>1.976.612</b>	<b>1.004.032</b>	<b>980.068</b>

## Statement of Changes in Shareholders' Equity

Group		Attributable to equity holders of the parent											
		Notes	Ordinary shares	Share premium	Preference shares	Share options	Ordinary treasury shares	Preference treasury shares	Other reserves	Retained earnings	Total	Minority interests	Total equity
<i>(all amounts in Euro thousands)</i>													
<b>Year ended 31 December 2006</b>													
<i>Balance at 1 January 2006 as previously reported</i>			153.522	22.133	15.138	731	-	-	389.923	290.943	872.390	16.380	888.770
<i>Dividend declared for fiscal year 2005</i>			-	-	-	-	-	-	-	50.598	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	922.988	16.380	939.368
<i>Foreign currency translation</i>			-	-	-	-	-	-	-58.851	5.473	-53.378	1.019	-52.359
<i>Gain on hedge of net investment</i>			-	-	-	-	-	-	785	-	785	-	785
<i>Deferred tax on movement on investment hedge</i>			-	-	-	-	-	-	2.243	-	2.243	-	2.243
<i>Dividends paid</i>		10	-	-	-	-	-	-	-	-50.598	-50.598	-315	-50.913
<i>Profit for the year</i>			-	-	-	-	-	-	-	259.185	259.185	3.125	262.310
<i>Treasury shares purchased</i>		22	-	-	-	-	-502	-	-	-	-502	-	-502
<i>Net unrealized losses on available for sale financial assets</i>			-	-	-	-	-	-	-3.153	-	-3.153	-147	-3.300
<i>Additional consideration for subsidiary acquisition</i>			-	-	-	-	-	-	-	-1.070	-1.070	-	-1.070
<i>Share Capital increase due to share options exercised</i>		22	310	591	-	-	-	-	-	-	901	-	901
<i>Provision for share options (IFRS 2)</i>			-	-	-	2.788	-	-	-	-	2.788	-	2.788
<i>Minority interest from new-established companies</i>			-	-	-	-	-	-	-	-	-	108	108
<i>Transfer between reserves</i>		23	-	-	-	-	-	-	42.976	-42.976	-	-	-
<b><i>Balance at 31 December 2006</i></b>			<b>153.832</b>	<b>22.724</b>	<b>15.138</b>	<b>3.519</b>	<b>-502</b>	<b>-</b>	<b>373.923</b>	<b>511.555</b>	<b>1.080.189</b>	<b>20.170</b>	<b>1.100.359</b>
<b>Year ended 31 December 2007</b>													
<i>Balance at 1 January 2007</i>			153.832	22.724	15.138	3.519	-502	-	373.923	511.555	1.080.189	20.170	1.100.359
<i>Foreign currency translation</i>			-	-	-	-	-	-	-43.165	-4.701	-47.866	-83	-47.949
<i>Dividends paid</i>		10	-	-	-	-	-	-	15	-63.353	-63.338	-2.488	-65.826
<i>Profit for the year</i>			-	-	-	-	-	-	-	239.739	239.739	4.480	244.219
<i>Treasury shares purchased</i>		22	-	-	-	-	-35.434	-9	-	-	-35.443	-	-35.443
<i>Net unrealized gains on available for sale financial assets</i>			-	-	-	-	-	-	132	-	132	-	132
<i>Additional consideration for subsidiary acquisition</i>			-	-	-	-	-	-	-	-4.280	-4.280	-	-4.280
<i>Share Capital increase due to share options exercised</i>		22	95	102	-	-	-	-	-	-	197	-	197
<i>Provision for share options (IFRS 2)</i>			-	-	-	3.497	-	-	-	-	3.497	-	3.497
<i>Minority interest from new-established companies</i>			-	-	-	-	-	-	-	-	-	33	33
<i>Transfer between reserves</i>		23	-	-	-	-	-	-	66.092	-66.092	-	-	-
<b><i>Balance at 31 December 2007</i></b>			<b>153.927</b>	<b>22.826</b>	<b>15.138</b>	<b>7.016</b>	<b>-35.936</b>	<b>-9</b>	<b>396.997</b>	<b>612.868</b>	<b>1.172.827</b>	<b>22.112</b>	<b>1.194.939</b>
<b>Company</b>													
Group		Attributable to equity holders of the parent											
		Notes	Ordinary shares	Share premium	Preference shares	Share options	Ordinary treasury shares	Preference treasury shares	Other reserves	Retained earnings	Total equity		
<i>(all amounts in Euro thousands)</i>													
<b>Year ended 31 December 2006</b>													
<i>Balance at 1 January 2006 as previously reported</i>			153.522	22.133	15.138	731	-	-	458.573	20.445	670.542		
<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		
<i>Gain on hedge of net investment</i>			-	-	-	-	-	-	785	-	785		
<i>Deferred tax on movement on investment hedge</i>			-	-	-	-	-	-	2.243	-	2.243		
<i>Dividends paid</i>		10	-	-	-	-	-	-	-	-50.598	-50.598		
<i>Profit for the year</i>			-	-	-	-	-	-	-	105.118	105.118		
<i>Treasury shares purchased</i>		22	-	-	-	-	-502	-	-	-	-502		
<i>Share Capital increase due to share options exercised</i>		22	310	591	-	-	-	-	-	-	901		
<i>Provision for share options (IFRS 2)</i>			-	-	-	2.788	-	-	-	-	2.788		
<i>Transfer between reserves</i>		23	-	-	-	-	-	-	41.765	-41.765	-		
<b><i>Balance at 31 December 2006</i></b>			<b>153.832</b>	<b>22.724</b>	<b>15.138</b>	<b>3.519</b>	<b>-502</b>	<b>-</b>	<b>503.366</b>	<b>83.798</b>	<b>781.875</b>		
<b>Year ended 31 December 2007</b>													
<i>Balance at 1 January 2007</i>			153.832	22.724	15.138	3.519	-502	-	503.366	83.798	781.875		
<i>Dividends paid</i>		10	-	-	-	-	-	-	15	-63.353	-63.338		
<i>Profit for the year</i>			-	-	-	-	-	-	-	118.771	118.771		
<i>Treasury shares purchased</i>		22	-	-	-	-	-35.434	-9	-	-	-35.443		
<i>Share Capital increase due to share options exercised</i>		22	95	102	-	-	-	-	-	-	197		
<i>Provision for share options (IFRS 2)</i>			-	-	-	3.497	-	-	-	-	3.497		
<i>Transfer between reserves</i>		23	-	-	-	-	-	-	55.372	-55.372	-		
<b><i>Balance at 31 December 2007</i></b>			<b>153.927</b>	<b>22.826</b>	<b>15.138</b>	<b>7.016</b>	<b>-35.936</b>	<b>-9</b>	<b>558.753</b>	<b>83.844</b>	<b>805.559</b>		

## Cash Flow Statement for the year ended 31 December

(all amounts in Euro thousands)

Notes	Group		Company		
	2007	2006	2007	2006	
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	420.668	458.221	162.120	168.596
Income tax paid		-96.232	-105.036	-58.784	-40.106
<i>Net cash generated from operating activities (a)</i>		<u>324.436</u>	<u>353.185</u>	<u>103.336</u>	<u>128.490</u>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment and intangible assets	11, 13	-252.399	-160.135	-18.383	-21.552
Proceeds from sale of property, plant and equipment	29	4.386	1.748	661	696
Proceeds from sale of investment property		-	-	157	-
Proceeds from dividends		74	153	2.688	11.520
Acquisition of subsidiaries, net of cash acquired	30	-243.231	-75.783	-1.724	-143
Acquisition of associates, net of cash acquired		-	-2.025	-	-
Proceeds from sale of available-for-sale financial assets		933	7.279	-	965
Purchase of available-for-sale financial assets		-2.193	-3.248	-74	-82
Increase in long-term receivables		-	-477	-	-
Interest received		7.589	3.781	130	150
<i>Net cash flows from investing activities (b)</i>		<u>-484.841</u>	<u>-228.707</u>	<u>-16.545</u>	<u>-8.446</u>
<b>Net cash flows after investing activities (a)+(b)</b>		<b>-160.405</b>	<b>124.478</b>	<b>86.791</b>	<b>120.044</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuance of ordinary shares	22	197	901	197	901
Purchase of treasury shares		-35.085	-502	-35.085	-502
Proceeds from government grants		230	-	25	-
Interest paid		-41.016	-31.828	-3.031	-5.996
Dividends paid		-65.736	-51.041	-63.246	-50.750
Proceeds from borrowings		637.704	350.129	95.493	95.809
Payments of borrowings		-304.500	-347.005	-81.159	-159.495
<i>Net cash flows from (used in) financing activities (c)</i>		<u>191.794</u>	<u>-79.346</u>	<u>-86.806</u>	<u>-120.033</u>
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)</b>		<b>31.389</b>	<b>45.132</b>	<b>-15</b>	<b>11</b>
Cash and cash equivalents at beginning of the year	21	138.027	95.142	28	17
Effects of exchange rate changes		-1.938	-2.247	-	-
<b>Cash and cash equivalents at end of the year</b>	21	<u><u>167.478</u></u>	<u><u>138.027</u></u>	<u><u>13</u></u>	<u><u>28</u></u>

<b>Contents</b>	<b>Page</b>
<b>1. General information and summary of significant accounting policies</b>	17
1.1 Basis of preparation	17
1.2 Consolidation	18
1.3 Foreign currency translation	18
1.4 Property, plant and equipment	19
1.5 Investment properties	19
1.6 Intangible assets	19
1.7 Deferred stripping costs	20
1.8 Impairment of long lived assets other than Goodwill	20
1.9 Leases – where a Group entity is the lessee	20
1.10 Inventories	20
1.11 Trade receivables	20
1.12 Cash and cash equivalents	20
1.13 Share capital	20
1.14 Borrowings	20
1.15 Current and deferred income taxes	20
1.16 Employee benefits	21
1.17 Government grants relating to purchase of property, plant and equipment	22
1.18 Provisions	22
1.19 Environmental restoration costs	22
1.20 Revenue recognition	22
1.21 Dividends paid	22
1.22 Segment reporting	22
1.23 CO2 Emission rights	23
1.24 Financial Instruments	23
<b>2. Significant accounting estimates and judgements</b>	23
2.1 Estimated impairment of goodwill	23
2.2 Income taxes	23
2.3 Fair value and useful lives of Property, plant and equipment	23
2.4 Reclassification	23
<b>3. Segment information</b>	24
<b>4. Other revenue and expenses</b>	26
<b>5. Profit before interest and taxes</b>	26
<b>6. Finance revenue/(cost)</b>	27
<b>7. Staff costs</b>	27
<b>8. Income tax expense</b>	28
<b>9. Earnings per share</b>	29
<b>10. Dividend proposed and distributed</b>	29
<b>11. Property, plant and equipment</b>	30
<b>12. Investment properties</b>	31
<b>13. Intangible assets and Goodwill</b>	32
<b>14. Principal subsidiaries, associates and joint ventures</b>	33
<b>15. Investment in associates</b>	35
<b>16. Available-for-sale financial assets</b>	35
<b>17. Other non-current receivables</b>	36
<b>18. Deferred income taxes</b>	36
<b>19. Inventories</b>	39
<b>20. Receivables and prepayments</b>	39
<b>21. Cash and cash equivalents</b>	40
<b>22. Share Capital and premium</b>	41
<b>23. Other reserves</b>	43
<b>24. Borrowings</b>	44

<b>Contents (continued)</b>	<b>Page</b>
<b>25. Retirement and termination benefit obligations</b>	46
<b>26. Provisions</b>	48
<b>27. Other-non current liabilities</b>	49
<b>28. Trade and other payables</b>	49
<b>29. Cash generated from operations</b>	50
<b>30. Business combinations</b>	51
<b>31. Interest in joint ventures</b>	52
<b>32. Contingencies and Commitments</b>	53
<b>33. Related party transactions</b>	55
<b>34. Financial risk management objectives and policies</b>	56
<b>35. Financial instruments</b>	59
<b>36. Fiscal years unaudited by the tax authorities</b>	60
<b>37. Reclassifications</b>	60
<b>38. Events after the balance sheet date</b>	60

## 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 financial statements have been approved for issue by the Board of Directors on February 26, 2008 and are expected to be ratified at the Annual General Meeting.

### Summary of significant accounting policies

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

#### 1.1 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 of December 31, 2007.

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 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 in note 2.

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

*The new standards, interpretations and amendments to existing standards that have been published but are not yet effective are as follows:*

(a) IAS 23 Borrowing Costs – Revised. A revised IAS 23 Borrowing costs was issued in March 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. The revisions to the Standard have not yet been endorsed by the EU.

(b) IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements – Revised. The revisions to IFRS 3 and IAS 27 were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. As regards IFRS 3, this will apply to business combinations occurring in those periods and its scope has been revised to include combinations of mutual entities and combinations without consideration (dual listed shares).

IFRS 3 and IAS 27, inter alia, require greater use of fair value through the income statement and cement the economic entity concept of the reporting entity. Furthermore, these standards also introduce the following requirements (i) to remeasure interests to fair value when control is obtained or lost, (ii) recognising directly in equity the impact of all transactions between controlling and non-controlling shareholders where loss of control is not lost and, (iii) focuses on what is given to the vendor as consideration rather than what is spent to achieve the acquisition. More specifically, items such as acquisition-related costs, changes in the value of the contingent consideration, share-based payments and the settlement of pre-existing contracts will generally be accounted for separately from the business combination and will often affect the income statement. The revisions to the Standards have not yet been endorsed by the EU.

(c) IAS 1, Presentation of Financial Statements – Revised. A revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after January 2009. The standard was revised to require statement of changes in equity to include only transactions with shareholders. A new statement of comprehensive income is introduced and dividends to equity holders are shown only in the statement of changes of equity or notes to the financial statements. The Group is in the process of assessing the impact this revised standard will have on its financial statements. This revision to the Standard has not yet been endorsed by the EU.

(d) IFRS 8, Operating Segments (effective for financial years beginning on or after 1 January 2009). This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group. The Group is in the process of assessing the impact this revised standard will have on its financial statements. This Standard has been endorsed by the EU.

(e) 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. This Interpretation has been endorsed by the EU.

(f) IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(g) IFRIC 13, Customer loyalty programs (effective for financial years beginning on or after 1 July 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(h) IFRIC 14, The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction. (effective for financial years beginning on or after 1 January 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(i) Amendment to IFRS 2 'Share based payment: "vesting conditions and cancellations" (effective for financial years beginning on or after 1 January 2009). The amendment to the Standard has not yet been endorsed by the EU.

IFRS and IFRIC Interpretations that became effective in the year ended 31 December 2007: The following Standards and Interpretations became effective within the year ended 31 December 2007. None of the Standards and Interpretations had an impact in the consolidated financial statements, other than IFRS 7 and IAS 1 (amended), which did not have any effect on the financial position of the Group but did give rise to additional disclosures.

(a) IFRS 7, Financial Instruments: Disclosures

(b) IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

- (c) IFRIC 8, Scope of IFRS 2
- (d) IFRIC 9, Reassessment of Embedded Derivatives
- (e) IFRIC 10, Interim Financial Reporting and Impairment
- (f) IAS 1, Presentation of Financial Statements - Amended

## 1.2 Consolidation

### (a) 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. Note 1.6(a) outlines the accounting policy on goodwill. 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.

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 adjusted 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 by 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.

### (b) 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 impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been adjusted 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.

### (c) 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 other reserves is recognised in other 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 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 adjusted 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.

## 1.3 Foreign currency translation

### (a) 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 the presentation currency of the Group.

### (b) 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.

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.

(c) 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 "foreign currency translation reserve" (note 23) in shareholders equity

-On the disposal of a foreign operation, the cumulative exchange differences relating to that particular foreign operation, deferred in "foreign currency translation reserve" (note 23) in shareholders 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 borrowings designated as hedges of investments in foreign entities, are taken to "currency translation differences on derivative hedging position" included in other reserves (note 23) in 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.

#### 1.4 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 1.19). 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 bring 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

\* (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 1.8)

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.

#### 1.5 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 assets and carried at fair value, representing open market value determined internally on an annual basis based on comparable transactions that take place around the balance sheet date, by management. Changes in fair values are recorded in net income and are included in other operating income.

#### 1.6 Intangible assets

##### (a) 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. A cash generated unit is the smallest identifiable group of assets generating cash inflows independently and represents the level used by the Group to organise and present each activities and results in its internal reporting. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount (typically the value in use) of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

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.

##### (b) 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.

The cost of a separately acquired software, which comprises its purchase price and any directly associated costs of preparing the software for its intended use is recognized as an intangible asset, when it concerns an identifiable and unique software product which will generate economic benefits beyond one year. Computer software costs recognized as intangible assets are amortized using the straight-line method over their useful lives (three years).

(c) Other intangible assets

Patents, trademarks, mining permits and customer relationships 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.

#### **1.7 Deferred stripping costs**

Costs associated with removing overburden from mineral deposits are deferred in other non current receivables and amortized on the units-of-production method proportionate to the extraction of the related mineral deposits. Amortization of deferred stripping is included in total depreciation and amortization related to cost of sales in the accompanying consolidated statements of income.

#### **1.8 Impairment of long lived assets other than Goodwill**

Assets that have an indefinite useful life (land not related to quarries) 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 determined by comparable transactions less costs to sell and value in use as determined by discounted cash flows. Assets are grouped at the lowest possible levels.

#### **1.9 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.

#### **1.10 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 cost of sales in the period in which the write-downs or losses occur.

#### **1.11 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 other expenses in the income statement.

#### **1.12 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. The components of cash and cash equivalents have a negligible risk of change in value.

#### **1.13 Share capital**

(a) 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.

(b) Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

(c) 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.

#### **1.14 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.

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.

#### **1.15 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 it is probable that taxable profits and reversals of deferred tax liabilities 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.

## 1.16 Employee benefits

### (a) 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.

The liability in respect of defined benefit pension or retirement plans, including certain unfunded termination indemnity benefit plans, is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets (where funded) together with adjustments for actuarial gains/ losses and past service cost. The defined benefit obligation is calculated at periodic intervals by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates applicable to high quality corporate bonds or government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans, which exceed 10% of the estimated benefit liability at the beginning of every period, are recognized in other income/expenses in the income statement over the average remaining service lives of the related employees.

For defined contribution plans, the company will pay contributions into a separate fund on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

### (b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated, before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Where the employee's employment is terminated at the normal retirement date, the entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

These obligations are valued every two years by independent qualified actuaries. As regards termination before the normal retirement date or voluntary redundancy, the Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Any such benefits falling due more than 12 months after balance sheet date are discounted to present value.

### (c) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other provisions when and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/ profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

### (d) Equity compensation benefits

Share options are granted to certain members of senior management at a discount to the market price of the shares at the time the scheme was put into force (in respect of the old scheme) and at par value (in respect of the new schemes) on the respective dates of the grants and are exercisable at those prices. Options are exercisable beginning six months from the date of grant, in respect of the old scheme, and as regards the new schemes each option must be exercised within twelve months of its respective vesting period. Both schemes have a contractual option term of three years.

The fair value calculating using statistical models of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and recognises the impact of the revision of original estimates, if any, in administrative expenses and cost of goods sold in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium reserve when the options are exercised.

### **1.17 Government grants relating to purchase of property, plant and equipment**

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match the grants to the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in other non-current liabilities and are credited to depreciation and amortization related to cost of sales in the income statement on a straight-line basis over the expected lives of the related assets.

### **1.18 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided in advance.

Long-term provisions are determined by discounting the expected future cash flows and taking the risks specific to the liability into account.

### **1.19 Environmental restoration costs**

Companies within the Group are generally required to restore quarries and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. Provisions for environmental restoration are recognised when the Group has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Estimating the future costs of these obligations is complex and requires management to make estimates and judgments because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. Furthermore, the resulting provisions are further influenced by the changing technologies and, environmental, safety, business, political and statutory considerations.

Costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred and are recognized as a separate asset, within property, plant and equipment, and a corresponding liability. The capitalized cost is depreciated over the useful life of the asset and any change in the net present value of the expected liability is included in finance costs, unless they arise from changes in accounting estimates of valuation.

### **1.20 Revenue recognition**

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer (usually upon delivery and customer acceptance) and the realization of the related receivable is reasonably assured.

Revenue arising from services is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised when the right to receive the payment is established.

### **1.21 Dividends paid**

Dividends are recorded in the financial statements when the Board of Directors' proposed dividend is ratified at the Shareholders' Annual General Meeting.

### **1.22 Segment reporting**

Geographical primary segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. Business secondary segments provide products or services that are subject to risks and returns that are different from those of other business segments.

### 1.23 CO2 Emission rights

Emission rights are accounted under the net liability method, based on which the Company recognizes a liability for emissions when the emissions are made and are in excess of the allowances allocated. Emission rights acquired in excess of those required to cover its shortages are recognized as an asset, at cost.

### 1.24 Financial Instruments

#### Accounting for Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), or (2) a hedge of a forecast transaction or of a firm commitment (cash flow hedge), or (3) a hedge of a net investment in a foreign entity on the date a derivative contract is entered into. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS.

#### Gains and Losses on Subsequent Measurement

Gains and losses on subsequent measurement are recognised as follows:

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net finance cost in the income statement for the period in which they arise.

Gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency denominated transactions, are recognised immediately in net finance cost in the income statement.

Gains and losses from measuring cash flow hedging instruments, including cash flow hedges for forecasted foreign currency denominated transactions and for interest rate swaps, are initially recognised directly in currency translation differences on derivative hedging position in other reserves. Should the hedged firm commitment or forecasted transaction result in the recognition of an asset or a liability, then the cumulative amount recognised in equity is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in income statement in the period when the commitment or forecasted transaction affects profit or loss.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss is recognised immediately in other income/expenses in the income statement.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in currency translation differences on derivative hedging position in other reserves. The gain or loss relating to the ineffective portion is recognised immediately in other income/expenses in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in currency translation differences on derivative hedging position in other reserves.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

#### Offset

Where a legally enforceable right to offset recognised financial assets and financial liabilities exists, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

## 2. Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

### 2.1 Estimated impairment of goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which mainly relate to future earnings and discount rates.

### 2.2 Income taxes

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

### 2.3 Fair value and useful lives of Property, plant and equipment

In addition, management makes estimations in relation to useful lives of amortized assets. Further information is given in paragraph 1.4.

### 2.4 Reclassification

Certain prior year amounts have been reclassified for presentation purposes. (note 37)

### 3. Segment information

#### Primary Geographical segments

Although the Group's three main business segments are managed on a worldwide basis, they operate in four main geographical areas.

The composition of these geographical areas is as follows: North America includes the United States of America as well as Canada, South East Europe includes the Balkan countries except Greece and Eastern Mediterranean includes Egypt. Eastern Mediterranean area consists exclusively of the Group's joint ventures. Greece is the home country of the parent company which is also the main operating company. The Group's business segments are principally cement, ready mix, aggregates, blocks and porcelain activities.

The Group's investments in joint ventures and associates are analyzed in notes 31 and 15, respectively.

#### For the year ended 31 December 2007

<i>(all amounts in Euro thousands)</i>	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediter- ranean	Adjustments and eliminations	Total
Gross revenue	669.661	592.744	210.194	63.732	-26	1.536.305
Inter-segment revenue	-38.725	-203	-462	-	-	-39.390
<b>Revenue</b>	<b>630.936</b>	<b>592.541</b>	<b>209.732</b>	<b>63.732</b>	<b>-26</b>	<b>1.496.915</b>
Share in profit of associates			3.447			3.447
<b>Profit before interest, taxes and depreciation</b>	<b>194.481</b>	<b>106.085</b>	<b>97.247</b>	<b>30.905</b>	<b>-2.855</b>	<b>425.863</b>
Depreciation & amortization	-15.491	-59.038	-12.363	-8.091	201	-94.782
<b>Profit before interest and taxes</b>	<b>178.990</b>	<b>47.047</b>	<b>84.884</b>	<b>22.814</b>	<b>-2.654</b>	<b>331.081</b>
Income from participations	74	-	-	-	-	74
Finance costs - net	-997	-31.894	4.170	-2.075	-13	-30.809
<b>Profit before taxes</b>	<b>178.067</b>	<b>15.153</b>	<b>89.054</b>	<b>20.739</b>	<b>-2.667</b>	<b>300.346</b>
Less: income tax expense	-42.648	-730	-8.816	-3.933	-	-56.127
<b>Profit after taxes</b>	<b>135.419</b>	<b>14.423</b>	<b>80.238</b>	<b>16.806</b>	<b>-2.667</b>	<b>244.219</b>
<b>Attributable to:</b>						
Titan Cement S.A. shareholders	135.415	14.423	75.762	16.806	-2.667	239.739
Minority interests	4	-	4.476	-	-	4.480
	<b>135.419</b>	<b>14.423</b>	<b>80.238</b>	<b>16.806</b>	<b>-2.667</b>	<b>244.219</b>

<i>(all amounts in Euro thousands)</i>	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediter- ranean	Adjustments and eliminations	Total
<b>ASSETS</b>						
Non-current assets	831.634	944.362	208.328	116.287	-476.504	1.624.107
Current assets	611.891	160.035	231.248	44.989	-346.406	701.757
<b>TOTAL ASSETS</b>	<b>1.443.525</b>	<b>1.104.397</b>	<b>439.576</b>	<b>161.276</b>	<b>-822.910</b>	<b>2.325.864</b>

#### LIABILITIES

Non-current liabilities	408.268	651.747	20.890	34.657	-324.890	790.672
Current liabilities	188.702	101.137	33.738	39.902	-23.226	340.253
<b>TOTAL LIABILITIES</b>	<b>596.970</b>	<b>752.884</b>	<b>54.628</b>	<b>74.559</b>	<b>-348.116</b>	<b>1.130.925</b>

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediter- ranean	Total
Capital expenditure	43.983	126.266	36.666	21.704	228.619
Impairment of Goodwill	1.011	-	156	4	1.171
Provision for doubtful debtors	999	618	14	-	1.631

Impairment charges are included in "other expenses".

#### Secondary business segments

	Cement	Ready mix, aggregates and blocks	Other	Total
Revenue	882.140	596.963	17.812	1.496.915
Profit before interest, taxes and depreciation	428.750	75.812	-78.699	425.863
Profit before interest and taxes	376.629	34.971	-80.519	331.081
Total assets	1.814.174	488.431	23.259	2.325.864
Capital expenditure	147.219	78.694	2.706	228.619

The cement activity includes cement and cementitious materials.

Other operations of the Group mainly consist of administrative expenses not directly attributable to the Group's main activities. It also includes porcelain, shipping and transportation activities that are not of sufficient size to be reported separately.

Revenue is reported in the country in which the customer is located and comprises of the sale of goods and services. There are sales between geographical segments at arms length. Total assets and capital expenditure are presented at the geographical segment of the company that owns the assets.

**3. Segment information (continued)**  
**For the year ended 31 December 2006**  
**Primary Geographical segments**

(all amounts in Euro thousands)

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Adjustments and eliminations	Total
Gross revenue	644.909	712.500	186.836	61.944	-	1.606.189
Inter-segment revenue	-37.877	-203	-	-	-	-38.080
<b>Revenue</b>	<b>607.032</b>	<b>712.297</b>	<b>186.836</b>	<b>61.944</b>	<b>-</b>	<b>1.568.109</b>
Share in profit of associates	-	-	3.400	-	-	3.400
<b>Profit before interest, taxes and depreciation</b>	<b>191.494</b>	<b>183.836</b>	<b>73.523</b>	<b>32.609</b>	<b>-791</b>	<b>480.671</b>
Depreciation & amortization	-14.391	-48.215	-9.507	-8.823	205	-80.731
<b>Profit before interest and taxes</b>	<b>177.103</b>	<b>135.621</b>	<b>64.016</b>	<b>23.786</b>	<b>-586</b>	<b>399.940</b>
Income from participations	50	-	4.493	-	-	4.543
Finance costs - net	-275	-20.441	740	-3.684	-	-23.660
<b>Profit before taxes</b>	<b>176.878</b>	<b>115.180</b>	<b>69.249</b>	<b>20.102</b>	<b>-586</b>	<b>380.823</b>
Less: income tax expense	-71.704	-39.812	-7.140	143	-	-118.513
<b>Profit after taxes</b>	<b>105.174</b>	<b>75.368</b>	<b>62.109</b>	<b>20.245</b>	<b>-586</b>	<b>262.310</b>
<b>Attributable to:</b>						
Titan Cement S.A. shareholders	105.158	75.368	59.044	20.201	-586	259.185
Minority interests	16	-	3.065	44	-	3.125
	<b>105.174</b>	<b>75.368</b>	<b>62.109</b>	<b>20.245</b>	<b>-586</b>	<b>262.310</b>

(all amounts in Euro thousands)

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Adjustments and eliminations	Total
<b>ASSETS</b>						
Non-current assets	792.501	736.360	178.162	105.370	-472.381	1.340.012
Current assets	274.202	170.605	168.593	40.876	-17.676	636.600
<b>TOTAL ASSETS</b>	<b>1.066.703</b>	<b>906.965</b>	<b>346.755</b>	<b>146.246</b>	<b>-490.057</b>	<b>1.976.612</b>
<b>LIABILITIES</b>						
Non-current liabilities	111.959	388.613	8.086	41.813	-2.154	548.317
Current liabilities	150.135	141.094	26.674	28.292	-18.259	327.936
<b>TOTAL LIABILITIES</b>	<b>262.094</b>	<b>529.707</b>	<b>34.760</b>	<b>70.105</b>	<b>-20.413</b>	<b>876.253</b>

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Total
Capital expenditure	36.061	88.052	32.530	3.070	159.713
Impairment of property, plant and equipment	4.509	-	-	-	4.509
Impairment of Goodwill	2.211	-	-	-	2.211
Provision for doubtful debtors	-2.022	92	-138	-5	-2.073

Impairment charges are included in "other expenses".

**Secondary business segments**

	Cement	Ready mix, aggregates and blocks	Other	Total
Revenue	897.296	652.152	18.661	1.568.109
Profit before interest, taxes and depreciation	436.144	117.537	-73.010	480.671
Profit before interest and taxes	384.814	90.254	-75.128	399.940
Total assets	1.553.617	403.229	19.766	1.976.612
Capital expenditure	144.579	14.826	308	159.713

#### 4. Other revenue and expenses

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Scrap sales	1.642	1.228	583	482
Compensation income	527	5.397	175	-
Income from services	1.338	771	5.332	1.138
Rental income	5.842	5.742	5.305	5.285
Gains on disposal of property, plant and equipment (note 29)	4.317	3.194	79	343
Reversal of provisions	2.242	5.520	851	5.214
Other income	3.331	2.699	1.521	776
<b>Other income total</b>	<b>19.239</b>	<b>24.551</b>	<b>13.846</b>	<b>13.238</b>
Provisions	-6.332	-10.771	-3.533	-8.017
Losses on disposal of property, plant and equipment (note 29)	-2.786	-3.816	-395	-201
Impairment of tangible and intangible assets (note 11, 13)	-338	-5.389	-	-1.700
Goodwill impairment (note 13)	-1.171	-2.211	-	-
Inventory impairment (note 19)	-1.946	-525	-996	-564
Staff leaving indemnities (not provided)	-470	-853	-470	-853
Staff leaving indemnities provision (note 25)	-9.151	-6.819	-5.184	-4.659
Other expenses	-1.934	-6.942	-1.543	-1.101
<b>Other expenses total</b>	<b>-24.128</b>	<b>-37.326</b>	<b>-12.121</b>	<b>-17.095</b>

#### 5. Profit before interest and taxes

The following items have been included in arriving at profit before interest and taxes:

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
<b>Depreciation on property, plant and equipment (Note 11)</b>				
Owned assets	84.670	75.981	11.025	10.997
Leased assets under finance leases	146	333	-	-
	84.816	76.314	11.025	10.997
Amortisation of government grants received	-419	-513	-341	-387
	<b>84.397</b>	<b>75.801</b>	<b>10.684</b>	<b>10.610</b>
Stripping amortisation	1.172	1.370	-	-
Impairment charge for property, plant and equipment (Note 11)	-	4.509	-	1.700
Profit / (loss) on disposal of property, plant and equipment (note 29)	1.531	-622	-316	142
Amortisation of intangibles (Note 13)	9.213	3.560	-	-
Repairs and maintenance expenditure on property, plant and equipment	63.591	87.046	18.368	16.352
<b>Costs of inventories recognized as an expense in Cost of Sales:</b>				
Raw materials	155.932	142.809	104.057	86.361
Maintenance stores	69.632	67.098	15.257	14.851
Finished goods	213.160	221.419	-2.051	4.222
	<b>438.724</b>	<b>431.326</b>	<b>117.263</b>	<b>105.434</b>
Trade receivables - provision for doubtful receivables (Note 20)	-328	-6.040	-339	-2.727
Staff costs (Note 7)	261.595	259.741	74.345	71.113

## 6. Finance revenue/(cost)

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Interest income	7.590	3.782	130	150
Exchange differences gains	4.835	8.246	3.308	5.750
Gains on financial instruments	14	-	14	-
Gains on investments	166	4	-	4
Other	107	674	108	614
<b>Finance revenue</b>	<b>12.712</b>	<b>12.706</b>	<b>3.560</b>	<b>6.518</b>
Exchange differences losses	-3.097	-4.588	-1.451	-1.320
Interest expense	-40.787	-31.560	-3.031	-5.996
Losses on financial instruments	-193	-557	-87	-9
Loss on investments	-299	-1	-75	-1
Finance lease interest	-229	-269	-	-
	<b>-44.605</b>	<b>-36.975</b>	<b>-4.644</b>	<b>-7.326</b>
Capitalized interest expense (note 11)	1.084	609	-	-
<b>Finance costs</b>	<b>-43.521</b>	<b>-36.366</b>	<b>-4.644</b>	<b>-7.326</b>

During 2007, the Group capitalized interest expense (note 11) of € 1,084 thousands (2006: € 609 thousands) generated from the U.S. operations. The amounts capitalized were calculated on an weighted average borrowing rate basis. At the end of 2007 the average weighted interest was 5.77% (2006:6.47%). The capitalization of interest relates to significant capital projects for the Group's operations in United States which requires uses of the borrowing facility, specifically a quarry in Florida and the implementation of an advanced computer system in order to conform to parent company's system.

## 7. Staff costs

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Wages and salaries	217.153	219.045	52.911	50.994
Social security costs	27.824	26.937	9.952	9.414
Termination benefits	2.284	1.623	470	853
Share options granted to directors and employees	3.497	2.787	2.328	1.893
Profit sharing bonus	3.500	3.300	3.500	3.300
Other post retirement and termination benefits - defined benefit plans (see note 25)	7.337	6.049	5.184	4.659
<b>Total staff costs</b>	<b>261.595</b>	<b>259.741</b>	<b>74.345</b>	<b>71.113</b>

The employees in the Group are employed on a full-time basis.

	Group		Company	
	2007	2006	2007	2006
Greece and Western Europe	1.841	1.844	1.121	1.121
North America	2.388	2.203	-	-
South Eastern Europe	1.405	1.443	-	-
Eastern Mediter-ranean	400	401	-	-
	<b>6.034</b>	<b>5.891</b>	<b>1.121</b>	<b>1.121</b>

## 8. Income tax expense

	Group				Company			
	2007		2006		2007		2006	
(all amounts in Euro thousands)								
Current tax	52.019	17,32%	100.919	26,50%	37.128	23,24%	46.134	27,57%
Deferred tax (Note 18)	-717	-0,24%	554	0,15%	-797	-0,50%	1.661	0,99%
Non deductible taxes and differences from tax audit	4.825	1,61%	740	0,19%	4.686	2,93%	-	-
Tax provision for reserve L.3220/2004	-	-	16.300	4,28%	-	-	14.400	8,61%
	<b>56.127</b>	<b>18,69%</b>	<b>118.513</b>	<b>31,12%</b>	<b>41.017</b>	<b>25,67%</b>	<b>62.195</b>	<b>37,17%</b>

The tax on the Group's profit differs from the amount that would arise had the Group used the tax rate of the home country of the parent Company as follows:

	Group				Company			
	2007		2006		2007		2006	
(all amounts in Euro thousands)								
Profit before tax	<b>300.346</b>		<b>380.823</b>		<b>159.788</b>		<b>167.313</b>	
Tax calculated at the statutory tax rate of 25% (2006: 29%)	75.087	25,00%	110.439	29,00%	39.947	25,00%	48.521	29,00%
Income not subject to tax	-18.327	-6,10%	-11.546	-3,03%	-7.306	-4,57%	-3.914	-2,34%
Expenses not deductible for tax purposes	9.507	3,17%	3.087	0,81%	4.487	2,81%	1.067	0,64%
Utilization of previously unrecognized tax losses	-1.181	-0,39%	-4.954	-1,30%	-	-	-	-
Other taxes	7.545	2,51%	6.674	1,75%	3.889	2,43%	2.121	1,27%
Tax provision for reserve L.3220/2004	-	-	16.300	4,28%	-	-	14.400	8,61%
Effect of different tax rates in other countries	-16.364	-5,45%	-2.105	-0,55%	-	-	-	-
Withholding tax on dividends	-	-	1.276	0,34%	-	-	-	-
Under provision prior years	-140	-0,05%	-658	-0,17%	-	-	-	-
<b>Effective tax charge</b>	<b>56.127</b>	<b>18,69%</b>	<b>118.513</b>	<b>31,12%</b>	<b>41.017</b>	<b>25,67%</b>	<b>62.195</b>	<b>37,17%</b>

## 9. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to shareholders by the weighted average number of ordinary and preference shares in issue during the year, excluding ordinary and preference shares purchased by the Company and held as treasury shares (see Note 22).

(all amounts in Euro thousands unless otherwise stated)

	Group		Company	
	2007	2006	2007	2006
Net profit for the year attributable to Titan S.A. shareholders	239.739	259.185	118.771	105.118
Weighted average number of ordinary shares in issue	76.690.722	76.761.209	76.690.722	76.761.209
Weighted average number of preferred shares in issue	7.568.862	7.568.960	7.568.862	7.568.960
Total weighted average number of shares in issue for basic earnings per share	84.259.584	84.330.169	84.259.584	84.330.169
<b>Basic earnings per ordinary and preferred share (in €)</b>	<b>2,85</b>	<b>3,07</b>	<b>1,41</b>	<b>1,25</b>

The diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to net profit (numerator).

(all amounts in Euro thousands unless otherwise stated)

	Group		Company	
	2007	2006	2007	2006
Net profit for the year attributable to Titan S.A. shareholders for diluted earnings per share	239.739	259.185	118.771	105.118
Weighted average number of ordinary shares for diluted earnings per share	76.690.722	76.761.209	76.690.722	76.761.209
Share options	273.206	267.897	273.206	267.897
Weighted average number of preferred shares in issue	7.568.862	7.568.960	7.568.862	7.568.960
Total weighted average number of shares in issue for diluted earnings per share	84.532.790	84.598.066	84.532.790	84.598.066
<b>Diluted earnings per ordinary and preferred share (in €)</b>	<b>2,84</b>	<b>3,06</b>	<b>1,41</b>	<b>1,24</b>

## 10. Dividend proposed and distributed

(all amounts in Euro thousands)

	Company	
	2007	2006
<b>Declared and distributed during the year:</b>		
Equity dividends on ordinary and preference shares:		
Final dividend for 2006: € 0.75 per share (2005: € 0.60 per share)	63.338	50.598
<b>Proposed for approval at Annual General Meeting (not recognised as a liability as at 31 December):</b>	<b>2007</b>	<b>2006</b>
Equity dividends on ordinary and preference shares:		
Final dividend for 2007: € 0.75 per share (2006: € 0.75 per share)	63.399	63.338

Dividend proposed relates to all issued shares (84.532.574) as of 31.12.2007 and is expected to be ratified at the Annual General Meeting to be held in May 2008. According to article 16 of Greek law 2190/1920, dividend amount relating to treasury shares is distributed to the remaining shareholders.

## 11. Property, plant and equipment

Group	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under construction	Total
<b>Year ended 31 December 2006</b>								
<i>(all amounts in Euro thousands)</i>								
<b>Opening balance</b>	<b>102.045</b>	<b>97.207</b>	<b>156.566</b>	<b>587.262</b>	<b>74.710</b>	<b>10.718</b>	<b>112.896</b>	<b>1.141.404</b>
Additions	1.743	4.969	4.802	17.621	5.597	4.293	120.688	159.713
Disposals (NBV)	-	-457	-398	-632	-796	-76	-11	-2.370
Additions due to acquisitions	-	6.909	627	3.696	7.118	243	2.215	20.808
Reclassification of assets to other categories	-	8.373	4.582	61.119	28.853	1.349	-104.276	-
Transfers from/(to) inventories (Note 19)	-	8	44	746	114	77	-	989
Revaluations	-	-	181	91	-	14	-	286
Interest capitalized (note 6)	-	-	-	-	-	-	609	609
Depreciation charge (Note 5,29)	-2.799	-1.327	-8.704	-45.114	-15.409	-2.628	-	-75.981
Impairment of PPE (note 5)	-	-	-	-4.509	-	-	-	-4.509
Exchange differences	-9.684	-8.376	-5.540	-35.939	-5.488	-247	-7.480	-72.754
<b>Ending balance</b>	<b>91.305</b>	<b>107.306</b>	<b>152.160</b>	<b>584.341</b>	<b>94.699</b>	<b>13.743</b>	<b>124.641</b>	<b>1.168.195</b>
<b>Leased assets under finance leases</b>								
<b>Opening balance</b>	-	-	-	<b>7.441</b>	-	-	-	<b>7.441</b>
Exchange differences	-	-	-	-762	-	-	-	-762
Depreciation charge (Note 5,29)	-	-	-	-333	-	-	-	-333
<b>Ending balance</b>	-	-	-	<b>6.346</b>	-	-	-	<b>6.346</b>
<b>At 31 December 2006</b>								
Cost	107.315	112.194	268.359	958.388	177.700	36.310	124.641	1.784.907
Accumulated depreciation	-16.010	-4.888	-116.199	-362.192	-83.001	-22.567	-	-604.857
Impairment of PPE	-	-	-	-5.509	-	-	-	-5.509
<b>Net book value</b>	<b>91.305</b>	<b>107.306</b>	<b>152.160</b>	<b>590.687</b>	<b>94.699</b>	<b>13.743</b>	<b>124.641</b>	<b>1.174.541</b>
<b>Year ended 31 December 2007</b>								
<b>Opening balance</b>	<b>91.305</b>	<b>107.306</b>	<b>152.160</b>	<b>584.341</b>	<b>94.699</b>	<b>13.743</b>	<b>124.641</b>	<b>1.168.195</b>
Additions	23.098	29.450	11.984	54.310	36.477	3.994	69.306	228.619
Disposals (NBV)	-	-785	-240	-834	-877	-118	-1	-2.855
Additions due to acquisitions	18.598	4.063	1.981	10.703	22.497	175	569	58.586
Reclassification of assets to other categories	342	-312	3.655	46.419	899	300	-51.303	-
Transfers from/(to) inventories (Note 19)	-	-	233	-1.048	-	87	-	-728
Interest capitalized (note 6)	-	-	-	-	-	-	1.084	1.084
Depreciation charge (Note 5,29)	-2.748	-1.713	-9.074	-48.301	-20.221	-2.613	-	-84.670
Exchange differences	-8.563	-8.951	-5.849	-33.301	-6.758	-204	-6.355	-69.981
<b>Ending balance</b>	<b>122.032</b>	<b>129.058</b>	<b>154.850</b>	<b>612.289</b>	<b>126.716</b>	<b>15.364</b>	<b>137.941</b>	<b>1.298.250</b>
<b>Leased assets under finance leases</b>								
<b>Opening balance</b>	-	-	-	<b>6.346</b>	-	-	-	<b>6.346</b>
Additions	-	-	-	125	-	-	-	125
Exchange differences	-	-	-	-651	-	-	-	-651
Depreciation charge (Note 5,29)	-	-	-	-146	-	-	-	-146
<b>Ending balance</b>	-	-	-	<b>5.674</b>	-	-	-	<b>5.674</b>
<b>At 31 December 2007</b>								
Cost	139.089	135.032	276.559	1.012.829	218.979	38.652	137.941	1.959.081
Accumulated depreciation	-17.057	-5.974	-121.709	-389.357	-92.263	-23.288	-	-649.648
Impairment of PPE	-	-	-	-5.509	-	-	-	-5.509
<b>Net book value</b>	<b>122.032</b>	<b>129.058</b>	<b>154.850</b>	<b>617.963</b>	<b>126.716</b>	<b>15.364</b>	<b>137.941</b>	<b>1.303.924</b>

## 11. Property, plant and equipment (continued)

Company	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under construction	Total
<i>(all amounts in Euro thousands)</i>								
<b>Year ended 31 December 2006</b>								
<b>Opening balance</b>	<b>815</b>	<b>5.572</b>	<b>51.373</b>	<b>159.801</b>	<b>972</b>	<b>8.792</b>	<b>19.968</b>	<b>247.293</b>
Additions	71	193	3.503	11.384	210	3.620	2.571	21.552
Disposals (NBV)	-	-	-	-165	-51	-338	-	-554
Reclassification of assets to other categories	-	-	-22	-	-	-	-	-22
Transfers from/(to) inventories (Note 19)	-	-	-	989	-	-	-	989
Depreciation charge (Note 5.29)	-49	-	-1.501	-8.100	-188	-1.159	-	-10.997
Impairment of PPE (note 5)	-	-	-	-1.700	-	-	-	-1.700
<b>Ending balance</b>	<b>837</b>	<b>5.765</b>	<b>53.353</b>	<b>162.209</b>	<b>943</b>	<b>10.915</b>	<b>22.539</b>	<b>256.561</b>
<b>At 31 December 2006</b>								
Cost	1.158	5.765	85.589	264.533	5.391	22.576	22.539	407.551
Accumulated depreciation	-321	-	-32.236	-99.624	-4.448	-11.661	-	-148.290
Impairment of PPE	-	-	-	-2.700	-	-	-	-2.700
<b>Net book value</b>	<b>837</b>	<b>5.765</b>	<b>53.353</b>	<b>162.209</b>	<b>943</b>	<b>10.915</b>	<b>22.539</b>	<b>256.561</b>
<b>Year ended 31 December 2007</b>								
<b>Opening balance</b>	<b>837</b>	<b>5.765</b>	<b>53.353</b>	<b>162.209</b>	<b>943</b>	<b>10.915</b>	<b>22.539</b>	<b>256.561</b>
Additions	179	123	1.154	9.855	480	2.368	4.224	18.383
Disposals (NBV)	-	-569	-	-277	-38	-93	-	-977
Transfers from/(to) inventories (Note 19)	-	-	-	-728	-	-	-	-728
Depreciation charge (Note 5.29)	-57	-	-1.534	-7.953	-171	-1.310	-	-11.025
<b>Ending balance</b>	<b>959</b>	<b>5.319</b>	<b>52.973</b>	<b>163.106</b>	<b>1.214</b>	<b>11.880</b>	<b>26.763</b>	<b>262.214</b>
<b>At 31 December 2007</b>								
Cost	1.337	5.319	86.743	272.860	5.193	24.564	26.763	422.779
Accumulated depreciation	-378	-	-33.770	-107.054	-3.979	-12.684	-	-157.865
Impairment of PPE	-	-	-	-2.700	-	-	-	-2.700
<b>Net book value</b>	<b>959</b>	<b>5.319</b>	<b>52.973</b>	<b>163.106</b>	<b>1.214</b>	<b>11.880</b>	<b>26.763</b>	<b>262.214</b>

### *Impairment of property, plant and equipment:*

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 in other expenses, 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. There is no impairment for 2007 (2006€ 4,509 m).

The are no pledges over the Group's and the Company's property plant and equipment.

## 12. Investment properties

For Group purposes, there are no investment properties as the Company leases out such qualifying assets to certain of its subsidiary companies and therefore such properties are reclassified as property, plant and equipment on consolidation. Investment properties are measured at fair values based on management's estimations.

### Company

*(all amounts in Euro thousands)*

	2007	2006
<b>Opening balance</b>	<b>7.248</b>	<b>7.226</b>
Gain/(loss) from measurement at fair value	-102	-
Disposals	-150	-
Reclassification of assets from other categories	-	22
<b>Ending balance</b>	<b>6.996</b>	<b>7.248</b>

The estimation of the fair value of investment properties that are located in urban areas, was made in accordance with the current market values of similar properties. The estimation of fair value for land located in rural areas as well as quarries, was made taking into consideration local valuations.

### 13. Intangible assets and Goodwill

Group	Initial goodwill	Goodwill impairment	Total goodwill	Mining permits	Patents	Trade-marks	Customer relationships	Other intangible assets	Total
<i>(all amounts in Euro thousands)</i>									
<b>Year ended 31 December 2006</b>									
<b>Opening balance</b>	<b>100.026</b>	<b>-12.928</b>	<b>87.098</b>	<b>109</b>	<b>5.413</b>	<b>224</b>	<b>-</b>	<b>2.146</b>	<b>94.990</b>
Additions	-	-	-	8	-	-	-	414	422
Subsidiaries acquired - increase of investment (note 30)	39.314	-	39.314	-	-	-	18.254	630	58.198
Impairment	-	-2.211	-2.211	-	-	-	-	-880	-3.091
Amortization charge (Note 5,29)	-	-	-	-166	-792	-31	-2.157	-414	-3.560
Exchange differences	-1.836	-	-1.836	135	-30	-	-	-47	-1.778
<b>Ending balance</b>	<b>137.504</b>	<b>-15.139</b>	<b>122.365</b>	<b>86</b>	<b>4.591</b>	<b>193</b>	<b>16.097</b>	<b>1.849</b>	<b>145.181</b>
<b>Year ended 31 December 2007</b>									
<b>Opening balance</b>	<b>137.504</b>	<b>-15.139</b>	<b>122.365</b>	<b>86</b>	<b>4.591</b>	<b>193</b>	<b>16.097</b>	<b>1.849</b>	<b>145.181</b>
Additions	-	-	-	4.500	-	-	-	1.182	5.682
Subsidiaries acquired - increase of investment (note 30)	124.093	-	124.093	1.590	-	9.497	43.340	1.445	179.965
Impairment	-	-1.171	-1.171	-	-	-	-	-338	-1.509
Amortization charge (Note 5,29)	-	-	-	-199	-758	-29	-7.090	-1.137	-9.213
Exchange differences	-17.145	-	-17.145	-	-426	-16	-	-1.330	-18.917
<b>Ending balance</b>	<b>244.452</b>	<b>-16.310</b>	<b>228.142</b>	<b>5.977</b>	<b>3.407</b>	<b>9.645</b>	<b>52.347</b>	<b>1.671</b>	<b>301.189</b>

Impairment charges are included in "other expenses".

#### Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGU's") per region of operation and business segment:

Carrying amount of goodwill (by geographical segment):

	2007	2006
Greece and Western Europe	9.225	6.889
North America	148.461	48.634
South Eastern Europe	54.360	55.242
Eastern Mediterranean	16.096	11.600
	<u>228.142</u>	<u>122.365</u>

Carrying amount of goodwill (by business segment):

Cement	115.334	112.349
Blocks, ready mix and aggregates	111.804	9.012
Porcelain, shipping and transport activities	1.004	1.004
	<u>228.142</u>	<u>122.365</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill pertaining to those CGU's to which management expects an impairment to occur.

Budgeted gross profits - the basis used to determine the value assigned to the budgeted gross profits is the average gross profits achieved in the year immediately before the budgeted year adjusted to reflect expected changes in operations.

Key assumptions used for value in use calculations:

Discount rate:	9%-18%
Sales growth:	6% - 12%
Gross margin:	40% - 50%
Perpetuity growth:	3%

## 14. Principal subsidiaries, associates and joint ventures

### Shareholding in subsidiaries associates and joint ventures

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	2007		2006	
			% of investment (1)		% of investment (1)	
			Direct	Indirect	Direct	Indirect
<b>Full consolidation method</b>						
Titan Cement Company S.A	Greece	Cement Producer	Parent company		Parent company	
Achaiki Maritime Company	Greece	Shipping	100,000	-	100,000	-
Aeolian Maritime Company	Greece	Shipping	100,000	-	100,000	-
Albacem S.A.	Greece	Import & Distribution of Cement	99,996	0,004	99,996	0,004
AVES AFOI Polikandrioti S.A. (2)	Greece	Ready Mix	-	100,000	-	-
Dodekanesos Quarries S.A.	Greece	Quarries & Aggregates	-	100,000	-	100,000
Ecobeton S.A. (2)	Greece	Ready Mix	-	100,000	-	-
Interbeton Construction Materials S.A.	Greece	Ready Mix & Aggregates	99,679	0,321	99,679	0,321
Intercement S.A.	Greece	Import & Distribution of Cement	99,950	0,050	99,950	0,050
Intertitan Trading International S.A.	Greece	Trading Company	99,995	0,005	99,995	0,005
Ionia S.A.	Greece	Porcelain	100,000	-	100,000	-
Lakmos S.A.	Greece	Trading Company	99,950	0,050	99,950	0,050
Lateem S.A. (3)	Greece	Quarries & Aggregates	-	100,000	-	-
Leecem S.A.	Greece	Trading Company	3,193	96,807	3,193	96,807
Leros Quarries S.A.	Greece	Quarries & Aggregates	-	100,000	-	100,000
Loukas Tsogas Beta S.A.	Greece	Ready Mix	-	100,000	-	100,000
Naftitan S.A.	Greece	Shipping	99,900	0,100	99,900	0,100
Polikos Maritime Company	Greece	Shipping	100,000	-	100,000	-
Quarries Corinthias S.A.	Greece	Quarries & Aggregates	-	100,000	-	100,000
Quarries Gournon S.A.	Greece	Quarries & Aggregates	54,930	45,070	54,930	45,070
Quarries of Tagaradon Community S.A.	Greece	Quarries & Aggregates	-	79,928	-	79,928
Sigma Beton S.A.	Greece	Quarries & Aggregates	-	100,000	-	100,000
Titan Atlantic Cement Industrial and Commercial S.A.	Greece	Investment Holding Company	99,817	0,183	99,817	0,183
Titan Cement International Trading S.A.	Greece	Trading Company	99,800	0,200	99,800	0,200
Double W & Co OOD (2)	Bulgaria	Port	-	99,989	-	-
Granitoid AD	Bulgaria	Trading Company	-	99,668	-	99,668
Gravel & Sand PIT AD	Bulgaria	Investment Holding Company	-	99,989	-	99,989
Zlatna Panega Beton EOOD	Bulgaria	Ready Mix	-	99,989	-	99,989
Zlatna Panega Cement AD	Bulgaria	Cement Producer	-	99,989	-	99,989
Fintitan SRL	Italy	Import & Distribution of Cement	100,000	-	100,000	-
Separation Technologies Canada Ltd	Canada	Converter of waste material into fly ash	-	100,000	-	100,000
Aemos Cement Ltd	Cyprus	Investment Holding Company	100,000	-	100,000	-
Alvacim Ltd	Cyprus	Investment Holding Company	-	100,000	-	100,000
Balkcem Ltd	Cyprus	Investment Holding Company	-	100,000	-	100,000
Feronia Holding Ltd (2)	Cyprus	Investment Holding Company	-	100,000	-	-
Iapetos Ltd	Cyprus	Investment Holding Company	100,000	-	100,000	-
KOCEM Limited (3)	Cyprus	Investment Holding Company	-	100,000	-	-
Rea Cement Ltd	Cyprus	Investment Holding Company	-	100,000	-	100,000
Themis Holdings Ltd	Cyprus	Investment Holding Company	-	51,006	-	51,006
Titan Cement Cyprus Limited (3)	Cyprus	Investment Holding Company	-	100,000	-	-
Tithys Ltd	Cyprus	Investment Holding Company	-	100,000	-	100,000
Separation Technologies U.K. Ltd	U.K.	Converter of waste material into fly ash	-	100,000	-	100,000
Titan Cement U.K. Ltd	U.K.	Import & Distribution of Cement	100,000	-	100,000	-
Titan Global Finance PLC (3)	U.K.	Financial Services	100,000	-	-	-
Central Concrete Supermix Inc.	U.S.A.	Ready Mix	-	100,000	-	100,000
Essex Cement Co. LLC	U.S.A.	Trading Company	-	100,000	-	100,000
Markfield America LLC	U.S.A.	Insurance Company	-	100,000	-	100,000
Mechanicsville Concrete INC.	U.S.A.	Ready Mix	-	100,000	-	-
Metro Redi-Mix LLC	U.S.A.	Ready Mix	-	100,000	-	100,000
Miami Valley Ready Mix of Florida LLC	U.S.A.	Ready Mix	-	100,000	-	100,000
Pennsuco Cement Co. LLC	U.S.A.	Cement Producer	-	100,000	-	100,000
Roanoke Cement Co. LLC	U.S.A.	Cement Producer	-	100,000	-	100,000
S&W Ready Mix Concrete Co. Inc. (2)	U.S.A.	Ready Mix	-	100,000	-	-
Separation Technologies LLC	U.S.A.	Converter of waste material into fly ash	-	100,000	-	100,000

## 14. Principal subsidiaries, associates and joint ventures (continued)

### Shareholding in subsidiaries associates and joint ventures

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	2007		2006	
			% of investment (1) Direct	Indirect	% of investment (1) Direct	Indirect
<b>Full consolidation method</b>						
Standard Concrete LLC	U.S.A.	Trading Company	-	100,000	-	100,000
Summit Ready-Mix LLC	U.S.A.	Ready Mix	-	100,000	-	100,000
Tarmac America LLC	U.S.A.	Cement Producer	-	100,000	-	100,000
Titan Virginia Ready Mix LLC	U.S.A.	Ready Mix	-	100,000	-	100,000
Titan America LLC	U.S.A.	Investment Holding Company	-	100,000	-	100,000
Cementara Kosjeric AD	Serbia	Cement Producer	-	74,280	-	74,280
TCK Montenegro DOO (3)	Montenegro	Trading Company	-	74,280	-	-
Cement Plus LTD	F.Y.R.O.M	Trading Company	-	61,643	-	61,643
Rudmark DOOEL (3)	F.Y.R.O.M	Trading Company	-	99,990	-	-
Usje Cementarnica AD	F.Y.R.O.M	Cement Producer	-	94,835	-	94,835
Vesa DOOL (2)	F.Y.R.O.M	Trading Company	-	100,000	-	-
Antea Cement SHA	Albania	Cement Producer	-	100,000	-	100,000
Salentijn Properties I B.V. (2)	Holland	Investment Holding Company	100,000	-	-	-
Titan Cement Netherlands BV	Holland	Investment Holding Company	-	100,000	-	100,000
<b>Proportionate consolidation method</b>						
Alexandria Portland Cement Co. S.A.E	Egypt	Cement Producer	-	48,411	-	48,640
Blue Circle Cement Egypt S.A.E. (4)	Egypt	Cement Producer	-	-	-	48,490
Beni Suef Cement Co.S.A.E.	Egypt	Cement Producer	-	49,921	-	49,932
Four M Titan Silo Co. LLC	Egypt	Cement Silo Operations	-	49,205	-	49,322
Misrieen Titan Trade & Distribution	Egypt	Cement Silo Operations	-	49,460	-	49,470
Balkan Cement Enterprises Ltd	Cyprus	Investment Holding Company	-	51,006	-	51,006
East Cement Trade Ltd	Cyprus	Investment Holding Company	-	50,000	-	50,000
Alexandria Development Co.Ltd	U.K. (Ch. Islands)	Investment Holding Company	-	50,000	-	50,000
Lafarge Titan Egyptian Inv. Ltd	U.K. (Ch. Islands)	Investment Holding Company	-	50,000	-	50,000
<b>Equity consolidation method</b>						
Karieri AD	Bulgaria	Quarries & Aggregates	-	48,711	-	48,711
Karierni Materiali AD	Bulgaria	Quarries & Aggregates	-	48,764	-	48,764

(1) Percentage of investment represents both percentage of shareholding and percentage of control

(2) Aquired Subsidiaries for the period 1.1-31.12.2007 (note 30)

(3) Formed Subsidiaries for the period 1.1-31.12.2007

(4) Merged with Alexandria Portland Cement Co. S.A.E as of 22.10.2007

## 15. Investment in associates

(all amounts in Euro thousands)

At 2006, the Group acquired the 48.8% of Karierni Materiali A.D. as well as the 48.7% of Karieri A.D. (consolidated since 1.8.2006), companies located in Bulgaria, specializing in quarring. Also the Group acquired the 25.% of Mechanicsville Concrete Inc. (consolidated since 27.7.2006), a company located in U.S.A., specializing in the production and distribution of ready mix (note 30). The above mentioned companies are not listed.

During 2007 the Group acquired the remaining 75% of Mechanicsville Concrete Inc (note 30).

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
Property, plant and equipment	4.534	4.930
Intangibles and long-term receivables	107	110
Current assets	1.828	1.363
<b>Total assets</b>	<b>6.469</b>	<b>6.403</b>
Non-current interest bearing borrowings	597	1.066
Other long-term liabilities	1.736	1.457
<b>Total liabilities</b>	<b>2.333</b>	<b>2.523</b>
<b>Net assets</b>	<b>4.136</b>	<b>3.880</b>
<b>Revenue</b>	<b>7.989</b>	<b>3.304</b>
Cost of sales	-3.693	-1.337
<b>Gross profit before depreciation</b>	<b>4.296</b>	<b>1.967</b>
Other income/expense	433	44
Administrative expenses	-596	-324
Selling expenses	-60	-24
<b>Profit before interest, taxes and depreciation</b>	<b>4.073</b>	<b>1.663</b>
Depreciation	-299	-99
<b>Profit before interest, taxes</b>	<b>3.774</b>	<b>1.564</b>
Finance costs	4	49
<b>Profit before income tax</b>	<b>3.778</b>	<b>1.613</b>
Income tax expense	-331	-216
<b>Profit after tax</b>	<b>3.447</b>	<b>1.397</b>

## 16. Available-for-sale financial assets

(all amounts in Euro thousands)

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Opening balance</b>	<b>3.618</b>	<b>6.623</b>	<b>168</b>	<b>1.049</b>
Additions	2.097	3.248	-	81
Disposals	-921	-7.280	-	-962
Revaluations	84	1.396	-	-
Exchange differences	-20	-369	-	-
<b>Ending balance</b>	<b>4.858</b>	<b>3.618</b>	<b>168</b>	<b>168</b>
Analysis of available-for-sale financial assets:				
Non-current portion	2.497	1.607	107	107
Current portion	2.361	2.011	61	61
	<b>4.858</b>	<b>3.618</b>	<b>168</b>	<b>168</b>
Available-for-sale financial assets include the following:				
Listed securities	2.299	1.701	-	-
Non listed securities	2.559	1.917	168	168
	<b>4.858</b>	<b>3.618</b>	<b>168</b>	<b>168</b>

Trading and other investments, comprising marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in an active market, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

## 17. Other non-current receivables

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Utility deposits	3.662	3.494	3.386	3.016
Deferred stripping expense	4.321	4.783	-	-
Other non-current assets	4.175	5.747	-	-
	<b>12.158</b>	<b>14.024</b>	<b>3.386</b>	<b>3.016</b>

## 18. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rates that apply to the countries where the companies of the group operate.

The movement on the deferred income tax account after set-offs is as follows:

	Group		Company	
	2007	2006	2007	2006
(all amounts in Euro thousands)				
<b>Opening balance, net deferred liability</b>	<b>132.804</b>	<b>142.763</b>	<b>29.876</b>	<b>30.458</b>
Income statement charge (Note 8)	-717	554	-797	1.661
Exchange differences	-9.600	-12.002	-	-
Additions due to acquisitions	1.373	3.732	-	-
Tax charged to equity	-	-2.243	-	-2.243
<b>Ending balance, net deferred liability</b>	<b>123.860</b>	<b>132.804</b>	<b>29.079</b>	<b>29.876</b>

The deferred tax charged to equity during the year refers to the hedging of investments.

### Analysis of deferred tax liabilities (before set - offs)

	Group		Company	
	2007	2006	2007	2006
(all amounts in Euro thousands)				
Property, plant and equipment	147.649	149.778	31.628	27.902
Provisions	4.882	5.950	2.745	4.743
Receivables and prepayments	985	1.421	4	-
Long term borrowings	47	-	-	-
	<b>153.563</b>	<b>157.149</b>	<b>34.377</b>	<b>32.645</b>

### Analysis of deferred tax assets (before set - offs)

(all amounts in Euro thousands)

Intangible assets	-7.129	-2.206	-	-
Tax losses	-946	-2.659	-	-
Inventories	-964	-799	-	-
Post-employment and termination benefits	-2.105	-1.380	-1.261	-
Receivables and prepayments	-2.077	-2.214	-1.116	-867
Other	-15	-15	-	-
Government grants	-1.407	-2.708	-1.383	-1.331
Provisions	-15.029	-7.321	-1.516	-571
Trade and other payables	-31	-5.043	-22	-
	<b>-29.703</b>	<b>-24.345</b>	<b>-5.298</b>	<b>-2.769</b>
<b>Net deferred tax liability</b>	<b>123.860</b>	<b>132.804</b>	<b>29.079</b>	<b>29.876</b>

## 18. Deferred income taxes (continued)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same tax jurisdiction) during the year is as follows:

Group	January 1, 2007	Debit/ (Credited) charged to net profit	Exchange differences	Additions due to acquisitions	December 31, 2007
<i>(all amounts in Euro thousands)</i>					
<b>Deferred tax liabilities (before set - offs)</b>					
Property, plant and equipment	149.778	8.289	-11.666	1.248	147.649
Provisions	5.950	-1.068	-	-	4.882
Receivables and prepayments	1.421	-325	-111	-	985
Long term borrowings	-	47	-	-	47
	<b>157.149</b>	<b>6.943</b>	<b>-11.777</b>	<b>1.248</b>	<b>153.563</b>
<b>Deferred tax assets (before set - offs)</b>					
Intangible assets	-2.206	-5.985	565	497	-7.129
Tax losses	-2.659	1.450	263	-	-946
Inventories	-799	-265	100	-	-964
Post-employment and termination benefits	-1.380	-844	119	-	-2.105
Receivables and prepayments	-2.214	245	65	-173	-2.077
Other	-15	-	-	-	-15
Government grants	-2.708	1.160	141	-	-1.407
Provisions	-7.321	-7.902	393	-199	-15.029
Trade and other payables	-5.043	4.481	531	-	-31
	<b>-24.345</b>	<b>-7.660</b>	<b>2.177</b>	<b>125</b>	<b>-29.703</b>
<b>Net deferred tax liability</b>	<b>132.804</b>	<b>-717</b>	<b>-9.600</b>	<b>1.373</b>	<b>123.860</b>

Company	January 1, 2007	Debit/ (Credited) charged to net profit	Exchange differences	December 31, 2007
<i>(all amounts in Euro thousands)</i>				
<b>Deferred tax liabilities (before set - offs)</b>				
Property, plant and equipment	27.902	3.726	-	31.628
Provisions	4.743	-1.998	-	2.745
Receivables and prepayments	-	4	-	4
	<b>32.645</b>	<b>1.732</b>	<b>-</b>	<b>34.377</b>
<b>Deferred tax assets (before set - offs)</b>				
Receivables and prepayments	-867	-249	-	-1.116
Government grants	-1.331	-52	-	-1.383
Provisions	-571	-945	-	-1.516
Post-employment and termination benefits	-	-1.261	-	-1.261
Trade and other payables	-	-22	-	-22
	<b>-2.769</b>	<b>-2.529</b>	<b>-</b>	<b>-5.298</b>
<b>Net deferred tax liability</b>	<b>29.876</b>	<b>-797</b>	<b>-</b>	<b>29.079</b>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

## 18. Deferred income taxes (continued)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same tax jurisdiction) during the year is as follows:

Group	January 1, 2006	Debit/ (Credited) charged to net profit	Debit/ (Credited) charged to equity	Exchange differences	Additions due to acquisitions	December 31, 2006
<i>(all amounts in Euro thousands)</i>						
<b>Deferred tax liabilities (before set - offs)</b>						
Property, plant and equipment	159.383	449	-	-13.786	3.732	149.778
Provisions	3.253	2.600	-	97	-	5.950
Receivables and prepayments	913	618	-	-110	-	1.421
Currency translation differences on derivative hedged position	2.902	-	-2.902	-	-	-
	<b>166.451</b>	<b>3.667</b>	<b>-2.902</b>	<b>-13.799</b>	<b>3.732</b>	<b>157.149</b>
<b>Deferred tax assets (before set - offs)</b>						
Intangible assets	-1.445	-1.025	-	264	-	-2.206
Tax losses	-2.637	21	-	-43	-	-2.659
Inventories	-812	-71	-	84	-	-799
Post-employment and termination benefits	-1.885	310	-	195	-	-1.380
Receivables and prepayments	-2.919	596	-	109	-	-2.214
Other	-18	-	-	3	-	-15
Government grants	-2.667	-165	-	124	-	-2.708
Provisions	-5.866	-2.018	-	563	-	-7.321
Trade and other payables	-4.780	-761	-	498	-	-5.043
Currency translation differences on derivative hedged position	-659	-	659	-	-	-
	<b>-23.688</b>	<b>-3.113</b>	<b>659</b>	<b>1.797</b>	<b>-</b>	<b>-24.345</b>
<b>Net deferred tax liability</b>	<b>142.763</b>	<b>554</b>	<b>-2.243</b>	<b>-12.002</b>	<b>3.732</b>	<b>132.804</b>
Company	January 1, 2006	Debit/ (Credited) charged to net profit	Debit/ (Credited) charged to equity	Exchange differences	December 31, 2006	
<i>(all amounts in Euro thousands)</i>						
<b>Deferred tax liabilities (before set - offs)</b>						
Property, plant and equipment	27.967	-65	-	-	27.902	
Provisions	3.350	1.393	-	-	4.743	
Currency translation differences on derivative hedged position	2.902	-	-2.902	-	-	
	<b>34.219</b>	<b>1.328</b>	<b>-2.902</b>	<b>-</b>	<b>32.645</b>	
<b>Deferred tax assets (before set - offs)</b>						
Receivables and prepayments	-1.376	509	-	-	-867	
Government grants	-1.422	91	-	-	-1.331	
Provisions	-304	-267	-	-	-571	
Currency translation differences on derivative hedged position	-659	-	659	-	-	
	<b>-3.761</b>	<b>333</b>	<b>659</b>	<b>-</b>	<b>-2.769</b>	
<b>Net deferred tax liability</b>	<b>30.458</b>	<b>1.661</b>	<b>-2.243</b>	<b>-</b>	<b>29.876</b>	

## 19. Inventories

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
<b>Inventories</b>				
Raw materials	33.324	31.813	27.650	22.243
Maintenance stores	109.655	101.800	36.678	33.262
Finished goods	88.652	79.419	23.886	16.584
	<u>231.631</u>	<u>213.032</u>	<u>88.214</u>	<u>72.089</u>
Provision for obsolete inventory	-6.106	-8.906	-3.692	-2.696
	<u>225.525</u>	<u>204.126</u>	<u>84.522</u>	<u>69.393</u>
Transfer of major spare parts to property, plant and equipment (Note 11)	728	-989	728	-989
	<u><b>226.253</b></u>	<u><b>203.137</b></u>	<u><b>85.250</b></u>	<u><b>68.404</b></u>

### Analysis of provision for inventories

	Group		Company	
	2007	2006	2007	2006
<b>Balance at 1 January</b>	<b>8.906</b>	<b>9.971</b>	<b>2.696</b>	<b>2.132</b>
Charge for the year	3.057	589	996	564
Unused amounts reversed	-1.111	-64	-	-
Utilized	-4.285	-803	-	-
Exchange differences	-461	-787	-	-
<b>Balance at 31 December</b>	<b>6.106</b>	<b>8.906</b>	<b>3.692</b>	<b>2.696</b>

The Group has not pledged its inventories as collateral.

## 20. Receivables and prepayments

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Trade receivables	137.709	141.512	27.528	26.879
Cheques receivables	101.722	119.155	60.403	69.105
Provision for doubtful debtors	-7.069	-7.160	-2.329	-2.849
	<u>232.362</u>	<u>253.507</u>	<u>85.602</u>	<u>93.135</u>
Prepayments and other receivables	74.319	44.024	6.051	4.080
Provision for other doubtful receivables	-1.689	-4.112	-	-
	<u>72.630</u>	<u>39.912</u>	<u>6.051</u>	<u>4.080</u>
Trade receivables from related parties (Note 33)	16	6	38.560	34.545
	<u><b>305.008</b></u>	<u><b>293.425</b></u>	<u><b>130.213</b></u>	<u><b>131.760</b></u>

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

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Neither past due nor impaired	158.686	190.708	103.043	108.494
Past due nor impaired :				
< 30 days	42.473	36.296	11.899	9.655
30-60 days	18.887	15.389	5.899	5.427
60-90 days	5.901	5.255	1.763	2.268
90-120 days	3.472	2.785	742	1.027
>120 days	2.959	3.080	816	809
	<u><b>232.378</b></u>	<u><b>253.513</b></u>	<u><b>124.162</b></u>	<u><b>127.680</b></u>

Trade receivables are non-interest bearing and are normally settled on: Group 0-150 day's terms, Company 0-150 day's terms.

## 20. Receivables and prepayments (continued)

*(all amounts in Euro thousands)*

### Analysis of provisions for doubtful debtors

	Group		Company	
	2007	2006	2007	2006
<b>Balance at 1 January</b>	<b>7.160</b>	<b>10.739</b>	<b>2.849</b>	<b>5.751</b>
Charge for the year	2.327	974	301	69
Unused amounts reversed	-696	-3.047	-640	-2.796
Utilized	-1.920	-1.589	-181	-175
Additions due to acquisitions	364	245	-	-
Exchange differences	-166	-162	-	-
<b>Balance at 31 December</b>	<b>7.069</b>	<b>7.160</b>	<b>2.329</b>	<b>2.849</b>

### Analysis of provisions for other doubtful receivables

	Group	
	2007	2006
<b>Balance at 1 January</b>	<b>4.112</b>	<b>7.643</b>
Charge for the year	104	113
Unused amounts reversed	-2.063	-4.080
Utilized	-419	-
Exchange differences	-45	436
<b>Balance at 31 December</b>	<b>1.689</b>	<b>4.112</b>

## 21. Cash and cash equivalents

*(all amounts in Euro thousands)*

	Group		Company	
	2007	2006	2007	2006
Cash at bank and in hand	9.363	592	5	23
Short-term bank deposits	158.115	137.435	8	5
	<b>167.478</b>	<b>138.027</b>	<b>13</b>	<b>28</b>

Short-term bank deposits comprise primarily of time deposits and repository notes (REPOS). The effective interest rates on these short-term bank deposits are based on Euribor rates, are negotiated on a case by case basis and have an average maturity period of seven days.

## 22. Share Capital and premium

(all amounts are shown in Euro thousands unless otherwise stated)

The total number of the authorised ordinary shares is:

	2007	2006
Ordinary shares of €2.00 each	76.963.614	76.916.244
Preference shares of €2.00 each	7.568.960	7.568.960
	<b>84.532.574</b>	<b>84.485.204</b>

Shares issued and fully paid

	Ordinary shares		Preference shares		Share premium €000	Total	
	Number of shares	€000	Number of shares	€000		Number of shares	€000
<b>Balance at 1 January 2006</b>	<b>76.761.164</b>	<b>153.522</b>	<b>7.568.960</b>	<b>15.138</b>	<b>22.133</b>	<b>84.330.124</b>	<b>190.793</b>
Issue of shares - share option scheme	155.080	310	-	-	591	155.080	901
<b>Balance at 31 December 2006</b>	<b>76.916.244</b>	<b>153.832</b>	<b>7.568.960</b>	<b>15.138</b>	<b>22.724</b>	<b>84.485.204</b>	<b>191.694</b>
Issue of shares - share option scheme	47.370	95	-	-	102	47.370	197
<b>Balance at 31 December 2007</b>	<b>76.963.614</b>	<b>153.927</b>	<b>7.568.960</b>	<b>15.138</b>	<b>22.826</b>	<b>84.532.574</b>	<b>191.891</b>

	Ordinary shares		Preference shares		Total	
	Number of shares	€000	Number of shares	€000	Number of shares	€000
<b>Balance at 1 January 2006</b>	-	-	-	-	-	-
Treasury shares purchased	14.000	502	-	-	14.000	502
<b>Balance at 31 December 2006</b>	<b>14.000</b>	<b>502</b>	-	-	<b>14.000</b>	<b>502</b>
Treasury shares purchased	1.071.887	35.434	300	9	1.072.187	35.443
<b>Balance at 31 December 2007</b>	<b>1.085.887</b>	<b>35.936</b>	<b>300</b>	<b>9</b>	<b>1.086.187</b>	<b>35.945</b>

The trading price of the Titan Cement ordinary shares were €31.20 and €41.30 at December 31, 2007 and 2006, respectively.

Share options

Share options are granted to members of senior management. Movements in the number of share options outstanding are as follows:

	2000 scheme	2004 scheme	2007 scheme	Total
<b>Balance at 1 January 2006</b>	<b>82.700</b>	<b>244.590</b>	-	<b>327.290</b>
Granted	-	142.440	-	142.440
Exercised	-46.600	-108.480	-	-155.080
Cancelled	-28.100	-3.000	-	-31.100
<b>Balance at 31 December 2006</b>	<b>8.000</b>	<b>275.550</b>	-	<b>283.550</b>
Granted	-	-	142.950	142.950
Exercised	-8.000	-39.370	-	-47.370
Cancelled	-	-93.340	-	-93.340
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>142.840</b>	<b>142.950</b>	<b>285.790</b>

Share options outstanding at the end of the year have the following terms:

Expiration date	Exercise price	2006			Total
		2000 scheme	2004 scheme	2007 scheme	
2007	€ 14,68	8.000	-	-	8.000
2008	€ 2,00	-	133.110	-	133.110
2009	€ 2,00	-	142.440	-	142.440
		<b>8.000</b>	<b>275.550</b>	<b>-</b>	<b>283.550</b>
Expiration date	Exercise price	2007			Total
		2000 scheme	2004 scheme	2007 scheme	
2008	€ 2,00	-	400	-	400
2009	€ 2,00	-	142.440	-	142.440
2010	€ 2,00	-	-	142.950	142.950
		<b>-</b>	<b>142.840</b>	<b>142.950</b>	<b>285.790</b>

## 22. Share Capital and premium (continued)

(all amounts are shown in Euro thousands unless otherwise stated)

### 2000 Programme

At the annual general meeting of 5 July 2000, the shareholders approved the distribution of up to 400,000 ordinary voting shares by granting share options at an initial offer price of €29.35 per share (now €14.68 after split).

With a decision taken at the general meeting on 19 June 2002 and in accordance with the provisions of Law 2919/2001, the implementation of the program was extended to senior executives of subsidiaries of the Group. The options granted each year have a vesting period of three years and can be exercised either partially by one-third within the year of granting and the next two years or cumulatively at the end of the three-year period.

As a result of the decision taken at the Annual General Meeting on May 24, 2004 to reduce the nominal value per share (share split), it was decided at the Shareholders' General Meeting held on June 8, 2004 to modify this share option scheme by doubling the number of shares to 480,000 new shares instead of 240,000 old ones and to reduce the exercise price from €29.35 to €14.68 per share. During the year 3 executives exercised options for 8,000 shares. During the 2007 financial year, no members of the board exercised their rights.

### 2004 Programme

On June 8, 2004 the Company approved a new share incentive scheme for the distribution of up to 400,000 ordinary voting shares by granting share options for the three year period 2004 to 2006 to certain executives of the Company and its subsidiaries. The exercise price was set at the nominal price of the share. Under this scheme, the options granted each year have a maturity period of three years and can be exercised after the completion of the three year period. Each option must be exercised within twelve months from its respective vesting period. If the deadline is exceeded then those particular options will irrevocably lapse. All vesting is conditional on the employee's continued employment throughout the vesting period. The number of options to be granted each year will depend on a number of market based performance features such as the performance of Titan shares compared to the performance of the Athens Stock Exchange and the share performance of other international cement producing companies. The number of options that vest each year will be determined as follows:

- 1) One-third of options granted vest based on an individual's performance at the completion of the three year period.
- 2) One-third of options granted vest based on the Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year period.
- 3) One-third of options granted vest based on the Titan Cement's stock performance relative to that of twelve predefined cement producing companies during the three year period.

The options granted under the new scheme have been accounted for in terms of the requirements of IFRS 2 "Share based payments". The options granted under the old scheme are not subject to IFRS 2 as they were granted prior to the effective date of IFRS 2.

The fair value of the options granted in 2006, determined using the Black-Scholes valuation model, was €37.27 per option. The significant inputs into the valuation model were share price at grant date of €40.74, expected volatility of share price 22.03%, dividend yield of 1.56% and an annual risk free rate of 3.67%.

During 2007, 54 executives and 6 members of the board exercised options for 39,370 shares. The remaining options for 142,840 shares have not yet been exercised.

### 2007 Programme

On May 29, 2007 the Company approved the introduction of a new, three-year Stock Option Programme (2007 Programme). In the years 2007, 2008 and 2009, executive members of the Company's Board of Directors and senior executives of the Company and its affiliates in Greece and abroad shall be granted options, the exercise of which is subject to the financial results of the Company and the performance of its ordinary share, to acquire up to 500,000 ordinary shares of the Company at a sale price equal to the share's nominal value, that is 2 Euros per share.

Under this Programme, the options granted each year have a maturity period of three years and can be exercised after the completion of the three year period. Each option must be exercised within twelve months from its respective vesting period. If the deadline is exceeded then those particular options will irrevocably lapse. All vesting is conditional on the employee's continued employment throughout the vesting period. The number of options that vest each year will be determined as follows:

- 1) One-third of options granted vest based on the financial results of the Company.
- 2) One-third of options granted vest based on the Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year period.
- 3) One-third of options granted vest based on the Titan Cement's stock performance relative to that of twelve predefined international cement producing companies during the three year period.

The options granted under the 2007 Programme have been accounted for in terms of the requirements of IFRS 2 "Share based payments".

In July 2007, 142,950 share options were granted, in accordance with the above Stock Option Programme.

The fair value of the options granted under the new Programme, determined using the Monte Carlo valuation model, was €37.64 per option. The significant inputs into the valuation model were share price at grant date of €40.50, standard deviation of share price 24%, dividend yield of 2.10% and the rate of the two-year Greek Government Bonds.

## 23. Other reserves

<b>Group</b>	Legal reserve	Special reserve	Contingency reserve	Tax exempt reserves under special laws	Revaluation reserve	Currency translation differences on derivative hedging position	Foreign currency translation reserve	Total other reserves
<i>(all amounts in Euro thousands)</i>								
<b>Balance at 1 January 2006</b>	<b>52.589</b>	<b>3.637</b>	<b>242.684</b>	<b>145.846</b>	<b>2.959</b>	<b>45.318</b>	<b>-103.110</b>	<b>389.923</b>
Foreign currency translation	-	-	-	-	-	-	-58.851	-58.851
Net unrealized losses on available for sale financial assets	-	-	-	-	-3.153	-	-	-3.153
Gain/(loss) on hedge of net investment	-	-	-	-	-	785	-	785
Deferred tax on movement on investment hedge	-	-	-	-	-	2.243	-	2.243
Transfer from/(to) retained earnings	4.960	-	28.105	8.429	3.485	-	-2.003	42.976
<b>Balance at 31 December 2006</b>	<b>57.549</b>	<b>3.637</b>	<b>270.789</b>	<b>154.275</b>	<b>3.291</b>	<b>48.346</b>	<b>-163.964</b>	<b>373.923</b>
Foreign currency translation assets	-	-	-	-	132	-	-43.165	-43.165
Non distributed dividends	-	-	15	-	-	-	-	15
Transfer from/(to) retained earnings	6.596	11.358	60.199	-10.469	-2	-	-1.590	66.092
<b>Balance at 31 December 2007</b>	<b>64.145</b>	<b>14.995</b>	<b>331.003</b>	<b>143.806</b>	<b>3.421</b>	<b>48.346</b>	<b>-208.719</b>	<b>396.997</b>

<b>Company</b>	Legal reserve	Special reserve	Contingency reserve	Tax exempt reserves under special laws	Revaluation reserve	Currency translation differences on derivative hedging position	Total other reserves
<i>(all amounts in Euro thousands)</i>							
<b>Balance at 1 January 2006</b>	<b>45.292</b>	<b>1.769</b>	<b>232.098</b>	<b>134.096</b>	-	<b>45.318</b>	<b>458.573</b>
Net gain on hedge of net investment	-	-	-	-	-	785	785
Deferred tax on movement on investment hedge	-	-	-	-	-	2.243	2.243
Transfer from/(to) retained earnings	5.226	-	28.136	8.403	-	-	41.765
<b>Balance at 31 December 2006</b>	<b>50.518</b>	<b>1.769</b>	<b>260.234</b>	<b>142.499</b>	-	<b>48.346</b>	<b>503.366</b>
Non distributed dividends	-	-	15	-	-	-	15
Transfer from/(to) retained earnings	6.120	-	58.892	-9.640	-	-	55.372
<b>Balance at 31 December 2007</b>	<b>56.638</b>	<b>1.769</b>	<b>319.141</b>	<b>132.859</b>	-	<b>48.346</b>	<b>558.753</b>

Certain Group companies are obliged according to the applicable commercial law to form as legal reserve a percentage of their annual net profits. This reserve can not be distributed during the operational life of the company.

Based on existing Greek tax law, tax exempt reserves under special laws are exempt from income tax, provided that they are not distributed to shareholders. The Group does not intend to distribute these reserves and has thus not provided for the tax liability that would arise in the event that these reserves were to be distributed. Any distribution from these reserves can only occur following the approval of shareholders in a general meeting and after the applicable taxation is paid by the Company.

Included in the tax exempt reserves are reserves that have been created by the Company and certain of its Greek subsidiaries following the application of development incentive laws. Law 3614/07 imposed taxation on special untaxed reserves that had been created by companies, among which Titan, on the basis of incentive law 3220/04, during financial years 2003 and 2004, and were considered as illegal state subsidies by the the European Commission. Titan had formed a relevant account for the income tax corresponding to these reserves. Pursuant to Law 3614/07, the companies have been given the right to exclude from the reserves that were finally submitted to taxation, investment expenses that could fall into the provisions of development incentive laws 2601/98 and 3299/04.

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

The currency translation differences on derivative hedging position is used to record the effect of hedging net investments in foreign operations.

## 24. Borrowings

*(all amounts in Euro thousands)*

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Current</b>				
Loans in local currency - (€ denominated)	65.476	28.911	35.948	8.258
Loans in foreign currency	80.213	109.569	14.039	17.082
Finance lease liabilities	716	565	-	-
	<b>146.405</b>	<b>139.045</b>	<b>49.987</b>	<b>25.340</b>
<b>Non-current</b>				
Bank borrowings (Loans in foreign currency)	367.002	54.278	3.609	16.320
Debentures - Notes (in foreign currency)	219.263	267.599	-	-
Finance lease liabilities	3.568	4.163	-	-
	<b>589.833</b>	<b>326.040</b>	<b>3.609</b>	<b>16.320</b>
<b>Total borrowings</b>	<b>736.238</b>	<b>465.085</b>	<b>53.596</b>	<b>41.660</b>

The fair values of the borrowings closely approximate their carrying amounts.

Maturity of non-current bank borrowings (excluding finance lease liabilities):

*(all amounts in Euro thousands)*

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Up to 2 years	62.388	33.935	3.609	4.218
Between 2 and 5 years	409.619	115.928	-	12.102
Over 5 years	114.258	172.014	-	-
	<b>586.265</b>	<b>321.877</b>	<b>3.609</b>	<b>16.320</b>

US Private Placement 2001 Senior Notes mature in 2008 (USD 30.000.000, bearing coupon of 7.01%), in 2011 (USD 105.000.000, bearing coupon of 7.51%) and in 2016 (USD 25.000.000, bearing coupons of 7.89%).

US Private Placement 2004 Senior Notes mature in 2014 (USD 140.000.000, bearing coupon of 5.75%) and in 2019 (USD 25.000.000, bearing coupon of 6.10%).

## 24. Borrowings (continued)

The effective interest rates that affect the Income Statement are as follows:

	Group		Company	
	2007	2006	2007	2006
Bank borrowings (foreign currency - USD)	5,84%	6,13%	6,51%	6,11%
Bank borrowings (foreign currency - JPY)	2,70%	2,70%	-	-
Bank borrowings (foreign currency - EGP)	10,13%	10,53%	-	-
Bank borrowings (foreign currency - GBP)	7,70%	6,45%	7,70%	6,45%
Bank borrowings (foreign currency - BGN)	5,60%	5,54%	-	5,67%
Bank borrowings (local currency - €)	4,84%	3,95%	4,84%	3,85%
Finance lease liabilities	5,35%	5,14%	-	-

### Bank borrowings in foreign currencies:

(all amounts in Local Currency thousands)

	Group		Company	
	2007	2006	2007	2006
USD	886.179	502.210	23.474	43.900
JPY	1.998.049	2.250.846	-	-
EGP	195.517	210.980	-	-
GBP	1.249	-	1.249	-
BGN	46.819	10.196	-	-
CAN	4.000	4.600	-	-

### The Group has the following undrawn borrowing facilities:

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Floating rate:				
- Expiring within one year	334.918	312.956	199.003	240.216
- Expiring beyond one year	475.939	10.277	-	-

The Group has adequate undrawn committed and uncommitted borrowing facilities to meet future business requirements.

### The present value of the finance lease liabilities may be analyzed as follows:

(all amounts in Euro thousands)

	Group	
	2007	2006
Finance lease liabilities - minimum lease payments		
Not later than 1 year	931	795
Later than 1 year and not later than 5 years	3.254	3.179
Later than 5 years	795	1.682
	4.980	5.656
Future finance charges on finance leases	-696	-928
Present value of finance lease liabilities	<b>4.284</b>	<b>4.728</b>
Present value of finance lease liabilities is as follows:		
Not later than 1 year	715	565
Later than 1 year and not later than 5 years	3.486	2.260
Later than 5 years	83	1.903
	<b>4.284</b>	<b>4.728</b>

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

## **25. Retirement and termination benefit obligations**

### **Greece**

Greek labor legislation requires that the payment of retirement and termination indemnities be based on the number of years of service to the Company by the employees and taking into consideration their final remuneration. The Group grants retirement indemnities which exceed the legal requirements. These retirement indemnities are unfunded and the liabilities arising from such obligations are actuarially valued by an independent firm of actuaries. The last actuarial valuation was undertaken in December 2007. The principal actuarial assumptions used were a discount rate of 4.5%, future salary increases of between 5% and 6% and future pension increases of 3% per

### **USA**

The Group's U.S. subsidiaries operate defined benefit plans and other post-retirement benefit plans. The method of accounting for the latter, as well as the valuation assumptions and the frequency of valuations are similar to those used for defined benefit plans.

#### **Multi-employer plan**

Certain employees participate in a union sponsored, defined benefit multi-employer pension plan. This plan is not administered by the Group's U.S. subsidiary and contributions are determined in accordance with the provisions of the negotiated labor contract. These contributions are affected by the funded status of the plan.

#### **Excess benefit plan**

This plan is intended to constitute an unfunded plan of deferred compensation for a selected group of highly compensated employees under the Employee Income Security Act of 1974 ("ERISA"). For this purpose the Group's U.S. subsidiary created an irrevocable trust to facilitate the payment of deferred compensation to participants under this plan. Under this plan, the participants are eligible to defer a certain percentage of eligible compensation for the applicable plan year. The Company matches 50% of the participants' contributions to the plan. Again, the Company's contributions are affected by the funded status of the plan.

All of the Group's U.S. subsidiary's defined benefit pension plans and all but one of its other post-retirement plans have been frozen as to new participants and credited service. These plans do not materially impact the Group. One post-retirement benefit plan exists (for certain active and former employees) whereby eligible retirees receive benefits consisting primarily of assistance with medical insurance costs between the dates of early retirement and medicare eligibility. The Company operates a defined contribution plan for its employees.

## 25. Retirement and termination benefit obligations (continued)

The amounts relating to defined benefit pension plans and other post retirement and termination benefits (defined benefit plans) recognized in the income statement in the account other expenses (see note 4) are as follows:

	Group		Company	
	2007	2006	2007	2006
<i>(all amounts in Euro thousands)</i>				
Current service cost	3.342	3.071	1.705	1.497
Interest cost	2.855	2.502	1.694	1.465
Business combination	44	-	-	-
Actuarial loss / (gain)	1.732	1.148	1.785	1.697
	<b>7.973</b>	<b>6.721</b>	<b>5.184</b>	<b>4.659</b>
Expected return on plan assets	-636	-672	-	-
Net periodic cost	<b>7.337</b>	<b>6.049</b>	<b>5.184</b>	<b>4.659</b>
Additional provision required	1.814	770	-	-
Additional post retirement and termination benefits paid out, not provided for	470	853	470	853
<b>Amounts recognised in the income statement</b>	<b>9.621</b>	<b>7.672</b>	<b>5.654</b>	<b>5.512</b>
Present value of the liability recognised in the balance sheet	<b>54.392</b>	<b>58.798</b>	<b>37.766</b>	<b>38.137</b>

Movement in the liability recognized in the balance sheet:

	Group		Company	
	2007	2006	2007	2006
<i>(all amounts in Euro thousands)</i>				
<b>Opening balance</b>	<b>39.535</b>	<b>38.937</b>	<b>22.748</b>	<b>23.293</b>
Total expense - as shown above	7.337	6.049	5.184	4.659
Additional provision required	1.814	770	-	-
Additions due to acquisitions	21	-	-	-
Exchange differences	-676	-686	-	-
Benefits paid during the year	-8.699	-5.535	-6.830	-5.204
<b>Ending balance</b>	<b>39.332</b>	<b>39.535</b>	<b>21.102</b>	<b>22.748</b>

## 26. Provisions

<i>Group</i>		<b>January 1, 2007</b>	<b>Charge for the year</b>	<b>Unused amounts reversed</b>	<b>Utilized</b>	<b>Exchange differences</b>	<b>December 31, 2007</b>
<i>(all amounts in Euro thousands)</i>							
Provisions for restoration of quarries	a	11.720	502	-77	-1	-446	11.698
Provisions for other taxes	b	2.884	130	-1.926	-102	-95	891
Litigation provisions	c	2.634	395	-97	-374	-246	2.312
Tax provision for reserve L.3220/2004 (note 8)	d	16.300	-	-	-5.728	-	10.572
Other provisions	e	8.852	11.202	-7.507	-3.961	-293	8.293
		<b>42.390</b>	<b>12.229</b>	<b>-9.607</b>	<b>-10.166</b>	<b>-1.080</b>	<b>33.766</b>

*(all amounts in Euro thousands)*

	<b>2007</b>	<b>2006</b>
Non current provisions	20.934	37.977
Current provisions	12.832	4.413
	<b>33.766</b>	<b>42.390</b>

<i>Company</i>		<b>January 1, 2007</b>	<b>Charge for the year</b>	<b>Unused amounts reversed</b>	<b>Utilized</b>	<b>Exchange differences</b>	<b>December 31, 2007</b>
<i>(all amounts in Euro thousands)</i>							
Provisions for restoration of quarries	a	2.778	186	-77	-	-	2.887
Tax provision for reserve L.3220/2004 (note 8)	d	14.400	-	-	-5.276	-	9.124
Other provisions	e	1.500	3.046	-133	-	-	4.413
		<b>18.678</b>	<b>3.232</b>	<b>-210</b>	<b>-5.276</b>	<b>-</b>	<b>16.424</b>

*(all amounts in Euro thousands)*

	<b>2007</b>	<b>2006</b>
Non current provisions	2.887	17.178
Current provisions	13.537	1.500
	<b>16.424</b>	<b>18.678</b>

a. This provision represents the present value of the estimated costs to reclaim quarry sites and other similar post-closure obligations. It is expected that this amount will be used over the next 1 to 50 years.

b. This provision relates to future obligations that may result from tax audits. It is expected that this amount will be fully utilized in the next five years.

c. This provision has been established with respect to claims made against certain companies in the Group by third parties. It is expected that this amount will be utilized in the next two years.

d. This provision relates to future tax obligation in respect of Tax exempt reserves L3220/2004.

e. Comprises other provisions relating to other risks none of which are individually material to the Group. It is expected that this amount will be used over the next 1 to 50 years.

## 27. Other-non current liabilities

	Group		Company	
	2007	2006	2007	2006
<i>(all amounts in Euro thousands)</i>				
Government grants	7.308	7.328	6.747	7.063
Additional consideration for subsidiaries' acquisition	6.015	-	-	-
Other-non current liabilities	3.187	3.854	-	-
	<b>16.510</b>	<b>11.182</b>	<b>6.747</b>	<b>7.063</b>

### Analysis of Government grants:

	Group		Company	
	2007	2006	2007	2006
<i>(all amounts in Euro thousands)</i>				
<b>Opening balance</b>	<b>7.328</b>	<b>7.841</b>	<b>7.063</b>	<b>7.450</b>
Additions due to acquisitions	169	-	-	-
Additions	230	-	25	-
Amortization (note 29)	-419	-513	-341	-387
<b>Ending balance</b>	<b>7.308</b>	<b>7.328</b>	<b>6.747</b>	<b>7.063</b>

Government grants are recognised at fair value when there is a certainty that the grant will be received and also when the Group complies with the terms and conditions of the grant.

Government grants relating to capital expenses are reflected as long term liabilities and are amortised on a straight line basis that reflects the estimated useful life of the asset for which the grant was received.

Government grants received in respect of expenses are reflected in the income statement when the related expense is incurred so that the expense is matched to the income received.

## 28. Trade and other payables

	Group		Company	
	2007	2006	2007	2006
<i>(all amounts in Euro thousands)</i>				
Trade payables	91.214	86.445	27.541	24.637
Amounts due to related parties (Note 33)	1.277	504	9.530	5.039
Other payables	27.417	24.212	11.288	11.178
Accrued expenses	26.492	25.181	5.645	7.393
Social security	4.869	4.790	2.908	2.819
Customer down payments/advances	5.622	4.827	1.262	980
Dividends payable	377	286	355	262
Other taxes	10.750	7.943	5.467	2.660
	<b>168.018</b>	<b>154.188</b>	<b>63.996</b>	<b>54.968</b>

Other payables comprise mainly of liabilities relating to transportation for cement and raw materials as well as employee benefit payables.

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on: Group 0-90 day's terms, Company 10-90 day's terms.

Other payables are non-interest bearing and have an average term of one both for the Group and the Company.

## 29. Cash generated from operations

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Net Profit for the year as per income statement	244.219	262.310	118.771	105.118
Adjustments for:				
Tax (Note 8)	56.127	118.513	41.017	62.195
Depreciation (Note 11)	84.816	76.314	11.025	10.997
Amortization of intangibles (Note 13)	9.213	3.560	-	-
Amortization of government grants received (note 27)	-419	-513	-341	-387
Stripping amortization	1.172	1.370	-	-
Impairment of assets	1.509	7.600	-	-
(Profit)/loss on sale of property, plant and equipment	-1.531	622	316	-142
Profit on sale of investment property	-	-	-7	-
Provision for impairment of debtors charged to income statement (Note 20)	-328	-6.040	-339	-2.727
Provision for inventory obsolescence	1.946	525	996	564
Provision for restoration of quarries	425	4.582	109	2.778
Provision for litigation	298	1.655	-	-
Other provisions	3.695	5.054	2.912	1.551
Provision for retirement and termination benefit obligations	9.151	6.819	5.184	4.659
Impairment of investment property	-	-	102	-
Bond issue cost amortization	147	-	-	-
Interest income and net foreign exchange transaction gains	-12.425	-12.028	-3.438	-5.900
Dividend income	-74	-4.543	-2.656	-5.598
Interest expense and net foreign exchange transaction losses	44.113	36.417	4.482	7.316
Loss on financial instruments	179	557	73	9
Loss/(gains) on investments	133	-3	75	-3
Interest capitalized to fixed assets	-1.084	-609	-	-
Tax discount due to one off payment	-107	-674	-108	-614
Share stock options	3.497	2.787	2.328	1.893
Share in profit of associates	-1.204	-2.817	-	-
<i>Changes in working capital:</i>				
Increase in inventories	-29.999	-37.739	-17.115	-5.271
Decrease/(increase) in trade and other receivables	21.072	-11.434	1.314	-4.126
Decrease/(increase) in operating long-term receivables	1.844	-3.397	-371	-1.412
Decrease/(increase) in trade and other payables	-15.717	9.333	-2.209	-2.304
<b>Cash generated from operations</b>	<b>420.668</b>	<b>458.221</b>	<b>162.120</b>	<b>168.596</b>

In the consolidated cash flow statement, proceeds from the sale of property, plant and equipment comprise:

Net book amount (Note 11)	2.855	2.370	977	554
Profit/(loss) on sale of property, plant and equipment	1.531	-622	-316	142
<b>Proceeds from the sale of property, plant and equipment</b>	<b>4.386</b>	<b>1.748</b>	<b>661</b>	<b>696</b>

### 30. Business combinations

#### Year ended 31 December 2006

At 30.3.2006 the Group announced the acquisition of the 100% of Metro Ready-Mix LLC and Summit Ready Mix LLC (or Elbrecht Concrete Inc.), which were fully incorporated in the consolidated financial statements as of 1.4.2006. At 28.4.2006, the Group acquired 100% of Miami Valley Ready Mix of Florida LLC, which was fully incorporated at the same date in the consolidated financial statements. At 28.6.2006 the Group acquired 100% of Leros Quarries S.A. and 100% of Dodekanesos Quarries S.A., at 28.7.2006 100% of Central Concrete Suremix Inc., at 26.10.2006 100% of Loukas Tsogas Beta S.A. and finally at 15.12.2006 100% of Titan Netherlands BV. The assets and liabilities of the above mentioned companies, as they were preliminary formed at the date of acquisition, are as follows:

	Metro Ready Mix LLC		Summit Ready Mix LLC		Miami Valley Ready Mix of Florida LLC		Other	
	Fair value recognised on acquisition	Previous carrying value	Fair value recognised on acquisition	Previous carrying value	Fair value recognised on acquisition	Previous carrying value	Fair value recognised on acquisition	Previous carrying value
<b>Assets</b>								
Non current assets	14.741	4.229	5.606	2.898	10.442	4.788	5.099	5.099
Inventory	193	116	96	-	436	501	139	139
Receivables and prepayments	1.766	1.699	662	685	2.577	3.169	3.100	3.100
Cash and cash equivalents	672	672	108	38	1.170	1.173	415	415
<b>Total assets</b>	<b>17.372</b>	<b>6.716</b>	<b>6.472</b>	<b>3.621</b>	<b>14.625</b>	<b>9.631</b>	<b>8.753</b>	<b>8.753</b>
<b>Liabilities</b>								
Other liabilities and taxes payable	2.390	1.786	1.327	1.040	992	1.351	3.679	3.679
<b>Total liabilities</b>	<b>2.390</b>	<b>1.786</b>	<b>1.327</b>	<b>1.040</b>	<b>992</b>	<b>1.351</b>	<b>3.679</b>	<b>3.679</b>
<b>Net assets</b>	<b>14.982</b>	<b>4.930</b>	<b>5.145</b>	<b>2.581</b>	<b>13.633</b>	<b>8.280</b>	<b>5.074</b>	<b>5.074</b>
Goodwill arising on acquisition (note 13)	12.938		6.389		17.244		2.743	
<b>Consideration, satisfied by cash</b>	<b>27.920</b>		<b>11.534</b>		<b>30.877</b>		<b>7.817</b>	
<b>Cash flow on acquisition:</b>								
Purchase consideration settled in cash	27.920		11.534		30.877		7.817	
Net cash acquired with the subsidiary	-672		-108		-1.170		-415	
<b>Net cash outflow on acquisitions</b>	<b>27.248</b>		<b>11.426</b>		<b>29.707</b>		<b>7.402</b>	

#### Year ended 31 December 2007

During 2007 the Group announced the acquisition of the 100% of Betotechniki S.A. (consolidated from 12.1.2007 and was merged with Interbeton Constructions Materials S.A. as of 15.11.2007), Double W & Co OOD (consolidated from 27.3.2007), S&W Ready Mix Concrete Co Inc (consolidated from 1.4.2007), Ecobeton S.A (consolidated from 19.4.2007), AVES Afoi Polikandrioti S.A. (consolidated from 8.5.2007), Feronia Holding Ltd (consolidated from 4.12.2007), Vesa DOOL (consolidated from 4.12.2007), Salentijn Properties 1 B.V. (consolidated from 17.12.2007). The assets and liabilities of the above mentioned companies, as they were preliminary formed at the date of acquisition, as presented in the table below.

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%. At 10.4.2007 Group acquired the remaining 51% of Mechanicsville Concrete Inc. (Powhatan Ready Mix), which has been fully incorporated in Group's financial statements on the same date (10.4.2007).

On 31.3.2007 the Group's subsidiary Titan America LLC announced the acquisition of Cumberland quarry from the companies Jim Smith Contracting Company LLC and Cumberland River Resources LLC. The above mentioned quarry was incorporated in Titan America's financial statements at 1.4.2007.

	S&W Ready Mix Concrete Co Inc.		Mechanicsville Concrete Inc.		Cumberland		Other	
	Fair value recognised on acquisition	Previous carrying value	Fair value recognised on acquisition	Previous carrying value	Fair value recognised on acquisition	Previous carrying value	Fair value recognised on acquisition	Previous carrying value
<b>Assets</b>								
Non current assets	86.411	27.882	5.588	1.828	30.960	12.318	3.250	3.250
Inventory	2.130	2.130	218	245	1.687	1.687	52	52
Receivables and prepayments	14.525	14.436	1.428	1.475	-	-	4.408	4.408
Cash and cash equivalents	13	13	112	136	-	-	408	408
<b>Total assets</b>	<b>103.079</b>	<b>44.461</b>	<b>7.346</b>	<b>3.684</b>	<b>32.647</b>	<b>14.005</b>	<b>8.118</b>	<b>8.118</b>
<b>Liabilities</b>								
Long term borrowings	-	-	1.439	1.151	150	-	3.287	3.287
Other liabilities and taxes payable	21.635	6.157	2.038	887	-	-	2.970	2.970
<b>Total liabilities</b>	<b>21.635</b>	<b>6.157</b>	<b>3.477</b>	<b>2.038</b>	<b>150</b>	<b>-</b>	<b>6.257</b>	<b>6.257</b>
<b>Net assets</b>	<b>81.444</b>	<b>38.304</b>	<b>3.869</b>	<b>1.646</b>	<b>32.497</b>	<b>14.005</b>	<b>1.861</b>	<b>1.861</b>
Goodwill arising on acquisition (note 13)	110.012		6.066		-		8.015	
<b>Consideration, satisfied by cash</b>	<b>191.456</b>		<b>9.935</b>		<b>32.497</b>		<b>9.876</b>	
<b>Cash flow on acquisition:</b>								
Purchase consideration settled in cash	191.456		9.935		32.497		9.876	
Net cash acquired with the subsidiary	-13		-112		-		-408	
<b>Net cash outflow on acquisitions</b>	<b>191.443</b>		<b>9.823</b>		<b>32.497</b>		<b>9.468</b>	

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

### 31. Interest in joint ventures

The Group has a 50% interest in a joint venture, Lafarge Titan Egyptian Investments Limited ("LTEIL"), a company incorporated in Jersey and the principal activity of which is investment holding. LTEIL in turn has controlling interests in other entities. The following amounts represent the Group's share of the assets and liabilities and profit after tax of the joint ventures and are included in the consolidated balance sheet and consolidated income statement:

(all amounts in Euro thousands)

	<u>2007</u>	<u>2006</u>
Property, plant and equipment	95.266	87.284
Intangibles and long-term receivables	14.809	13.696
Current assets	41.762	39.775
<b>Total assets</b>	<b><u>151.837</u></b>	<b><u>140.755</u></b>
Non-current interest bearing borrowings	27.046	35.964
Other long-term liabilities	2.786	737
Provisions	4.824	5.206
Minority interests	20	169
Current non-interest bearing borrowings	9.147	5.675
Other short-term liabilities	15.432	22.523
<b>Total liabilities</b>	<b><u>59.255</u></b>	<b><u>70.274</u></b>
<b>Net assets</b>	<b><u>92.582</u></b>	<b><u>70.481</u></b>
<b>Revenue</b>	<b>63.732</b>	<b>61.944</b>
Cost of sales	-27.173	-23.744
<b>Gross profit before depreciation</b>	<b><u>36.559</u></b>	<b><u>38.200</u></b>
Other income/expense	-1.559	-952
Administrative expenses	-3.322	-3.184
Selling expenses	-299	-279
<b>Profit before interest, taxes and depreciation</b>	<b><u>31.379</u></b>	<b><u>33.785</u></b>
Depreciation	-7.888	-8.620
<b>Profit before interest, taxes</b>	<b><u>23.491</u></b>	<b><u>25.165</u></b>
Finance costs	-2.008	-3.683
<b>Profit before income tax</b>	<b><u>21.483</u></b>	<b><u>21.482</u></b>
Income tax expense	-3.880	-85
<b>Profit after tax</b>	<b><u>17.603</u></b>	<b><u>21.397</u></b>

The number of employees in the joint venture at the end of the reporting period was 400 (2006: 401).

## 32. Contingencies and Commitments

### Contingent liabilities

(all amounts in Euro thousands)

	Group		Company	
	2007	2006	2007	2006
Guarantees to third parties on behalf of subsidiaries	84.799	96.793	642.650	396.443
Bank guarantee letters	16.032	29.058	14.301	18.192
Other	7.075	2.062	3.989	6.226
	<b>107.906</b>	<b>127.913</b>	<b>660.940</b>	<b>420.861</b>

In March 2006, the U.S. district Court Judge Hoeveler, of the Southern district of Florida ruled that the mining permits had been improperly issued and remanded the permits process to the U.S. Army Corps of Engineers for further review and consideration. The most recent decision, as described below, follows a hearing which ended in January 2007.

On Friday, July 13, 2007, in Miami-Dade County, Florida, U.S. District Judge W. Hoeveler, ruled that Tarmac, a Titan Group subsidiary, amongst other companies, must cease rock mining in some areas of the south-eastern "Lake Belt" region of Florida as of Tuesday, July 17, 2007, until the Army Corps of Engineers completes a requested Supplementary Environmental Impact Statement (SEIS). The Army Corps of Engineers has announced that the SEIS is expected to be completed within May 2008.

The ruling impacts all the mining companies operating in the Lake Belt since it vacates the permits of all other mining companies operating in the Lake Belt when the Corps issues the SEIS. At that time, all affected companies, including Titan, will need to reapply for new permits.

For the Group the decision affects a significant part of the Pennsuco quarry, which supplies raw materials to the over-2-million-ton Pennsuco cement plant, in addition to selling over 6 million tons of aggregates per annum to the Florida market.

The Group believes the decision is based on inaccurate data since water supply to Miami-Dade is protected by the current water treatment plants and it has been scientifically demonstrated that mining activities do not damage the quality of the water supply. Tarmac has appealed against this ruling before the 11th Circuit Court of Appeals in Atlanta and has applied for motion to stay which has been rejected. However, by the same decision the hearings of the appeal have been expedited and took place in November 2007. The decision of the Court of Appeals is expected to be issued any time.

At the same time, the Group is working with federal, state and local authorities to reduce, to the extent possible, the impact on Florida's economy and the building materials industry. Titan has developed a two year contingency plan to maintain production at its Pennsuco cement plant. The impact on the Company's Florida aggregates business will depend on the extent to which reduced volumes and higher supply and transportation costs will be offset by higher market prices.

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 CO2 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 CO2 emissions. In the event that the allocated amount would be lower than the Company's present emissions, the Company would incur costs for either having to acquire emission rights or via an investment in equipment that reduces the emission of the gas. The Company did not incur such an obligation.

## 32. Contingencies and Commitments (continued)

The financial years, referred to in note 36, have not been audited by the tax authorities and therefore the tax obligations of the Company and its subsidiaries for those years have not yet been finalized. The statutory tax audit for the Company for the years 2002 through 2005 has been completed and the total liability assessed amounts to €4.2 m. An amount of €0.9 m. was charged to the Income Statement for the first half of 2007 and the remaining amount was offset against a provision established over those years amounted to €3.3m.

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

### Contingent assets

(all amounts in Euro thousands)

Bank guarantee letters

	Group		Company	
	2007	2006	2007	2006
Bank guarantee letters	15.938	11.355	15.938	11.355
	<b>15.938</b>	<b>11.355</b>	<b>15.938</b>	<b>11.355</b>

regard to a claim of our subsidiary against the French state for damages, which at first instance had been accepted for €2.7 m plus interest. However, such decision was annulled by the Administrative Court of Appeal and the case has been submitted by our affiliate has before the

### Commitments

Capital commitments

On July 25, 2007 Antea Cement Sh.A., a Titan Group subsidiary in Albania, entered into a commitment to construct a new cement plant in Kruje, Albania. The total project cost is estimated at €170 m. The amount of €20 m has been paid as of 31.12.2007.

Capital expenditure contracted for at the balance sheet date but not recognized in the financial statements is as follows:

(all amounts in Euro thousands)

Property, plant and equipment

Total

	Group		Company	
	2007	2006	2007	2006
Property, plant and equipment	180.671	19.751	19.710	13.605
Total	<b>180.671</b>	<b>19.751</b>	<b>19.710</b>	<b>13.605</b>

### Purchase commitments

The Group's US subsidiary has contracted to purchase raw materials and manufacturing supplies as part of its ongoing operations in Florida. This includes a contract to buy construction aggregates through a multi-year agreement at prevailing market prices.

### Operating lease commitments - where a Group Company is the lessee

The Group leases motor vehicles, properties and other equipment under non-cancelable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

(all amounts in Euro thousands)

Not later than 1 years

Later than 1 years and not later than 5 years

Later than 5 years

	Group	
	2007	2006
Not later than 1 years	6.313	3.521
Later than 1 years and not later than 5 years	12.282	5.943
Later than 5 years	8.034	3.275
	<b>26.629</b>	<b>12.739</b>

### 33. Related party transactions

The Group is controlled by Titan Cement S.A. ("The Company") which owns 100% of the Group's ordinary shares. Group directors own 18.2% (2006:17.3%) of the Company's shares. The Company owns 1.4%, while the remaining 80.4% (2006: 82.7%) of shares belongs to the public (including institutional investors).

Various transactions are entered into by the Company and its subsidiaries during the year with related parties. The sales to and purchases from related parties are made at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. For the years ended 31 December 2007 and 31 December 2006, the Group has not raised any provision for doubtful debtors relating to amounts owed by related parties as the payment history has been excellent. Intra-group transactions are eliminated on consolidation. Related party transactions exclusively reflect transactions between the companies of the Group.

The following is a summary of transactions that were carried out with related parties during the year:

	Group		Company	
	2007	2006	2007	2006
<i>(all amounts in Euro thousands)</i>				
<b>i) Sales of goods and services</b>				
Sale of goods to subsidiaries	-	-	130.324	127.470
Sale of services to subsidiaries and joint ventures	-	-	5.354	909
Rental income	-	-	105	120
Sales of goods and services to related parties	4	-	4	-
	<b>4</b>	<b>-</b>	<b>135.787</b>	<b>128.499</b>

#### ii) Purchases of goods and services

	Group		Company	
	2007	2006	2007	2006
Purchase of goods from subsidiaries	-	-	8.837	8.212
Purchase of services from subsidiaries	-	-	19.404	18.279
Purchase of goods and services from related parties	1.831	896	1.831	896
	<b>1.831</b>	<b>896</b>	<b>30.072</b>	<b>27.387</b>

#### iii) Year-end balances arising from purchases of goods and services

	Group		Company	
	2007	2006	2007	2006
Payables to related parties	-	-	8.253	4.535
Payables to associates	769	127	769	127
Payables to executives and member of the Board	508	377	508	377
Total (note 28)	<b>1.277</b>	<b>504</b>	<b>9.530</b>	<b>5.039</b>
Receivables from related parties	-	-	38.544	34.539
Receivables from executives and members of the Board	16	6	16	6
Total (note 20)	<b>16</b>	<b>6</b>	<b>38.560</b>	<b>34.545</b>

#### iv) Key management compensation

	Group		Company	
	2007	2006	2007	2006
Salaries and other short-term employee benefits	5.001	4.937	4.810	4.560
Post-employment benefits	-	107	-	107
Other long term benefits	309	472	309	472
Termination benefits	1.328	348	1.328	348
Share based payments	811	686	811	686
	<b>7.449</b>	<b>6.550</b>	<b>7.258</b>	<b>6.173</b>

Key management includes executive committee members

#### v) Directors

Executive members on the Board of Directors	5	6
Non-executive members on the Board of Directors	10	9

#### vi) Contingencies and commitments (see Note 32)

### 34. Financial risk management objectives and policies

#### Financial Risk Factors

The Group's activities give rise to a variety of financial risks, including foreign exchange, interest rate, credit and liquidity risks. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury operates as a cost and service centre and provides services to all business units within the Group, co-ordinates access to both domestic and international financial markets and manages the financial risks relating to the Group's operations. This includes identifying, evaluating and if necessary, hedging financial risks in close co-operation with the various business units within the Group. Group Treasury does not undertake any transactions of a speculative nature or transactions that are unrelated to the Group's trading, investment and financing activities.

The Group's financial instruments consist mainly of deposits with banks, bank overdrafts, FX spot and forwards, trade accounts receivable and payable, loans to and from subsidiaries, associates, joint ventures, investments in bonds, dividends payable and lease obligations.

#### Foreign Exchange Risk

The Group's foreign exchange exposure arises from actual or anticipated cash flows (exports/ imports) in currencies other than its base currency as well as investments in overseas operations. Exchange rate exposures are managed within approved policy parameters.

Exposures are managed through the use of natural hedges and forward exchange contracts. It is the policy of the Group to use as natural hedges any material foreign currency loans against underlying investments in foreign subsidiaries whose net assets are exposed to currency translation risk, when possible. Hence currency exposure to the net assets of the Group's subsidiaries in the United States of America is managed primarily through borrowings denominated in US Dollars.

In other markets where the Group operates, such as Egypt and certain Balkan countries, the Group assesses the financing needs of the business unit and where possible matches the currency of financing with the underlying asset exposure. The exception to this is Egypt where the Group has an asset exposure in Egyptian pounds and a financing obligation in Japanese Yen. The Group has determined that the cost of refinancing the Yen obligation to Egyptian pounds is prohibitive. To more effectively manage this exposure, part of the Yen obligation has been swapped into US Dollars via the use of forward exchange contracts.

The following table demonstrates the sensitivity of the Group's profit before tax and the Group's equity to reasonable changes in the US Dollar (USD), Serbian Dinar (RSD) and Egyptian Pound (EGP) exchange rates, with all other variables held constant:

#### Sensitivity Analysis in Foreign Exchange Rate Changes

(all amounts in Euro thousands)

	Foreign Currency	Increase/ Decrease of Foreign Currency vs. €	Effect on Profit Before Tax	Effect on equity
Year ended 31 December 2007	USD	5%	763	18.736
		-5%	-691	-16.952
	RSD	5%	683	3.459
		-5%	-618	-3.130
	EGP	5%	1.242	4.430
		-5%	-1.123	-4.008
Year ended 31 December 2006	USD	5%	6.048	20.125
		-5%	-5.472	-18.208
	RSD	5%	380	2.835
		-5%	-344	-2.565
	EGP	5%	1.201	4.010
		-5%	-1.086	-3.628

Note: Calculation of "Effect on Profit before tax" is based on year average FX rates; calculation of "Effect on Equity" is based on year end FX rate changes.

#### Interest Rate Risk

The Group's income and operating cash flows are substantially independent of fluctuations in the interest rate markets.

### 34. Financial risk management objectives and policies (continued)

Exposure to interest rate risk on liabilities and investments is monitored on a proactive basis. In order to mitigate interest rate risk, the Group's financing is structured at a pre-determined combination of fixed and floating rate debt. Group Treasury steers the Group's fixed- floating rate ratio of net debt according to market conditions, the Group's strategy and its funding needs. Interest rate derivatives may occasionally be used, if deemed necessary, only as a means of mitigating this risk and changing the above mentioned ratio. In 2007, the Group used no interest rate derivatives.

It is the policy of the Group to continuously review interest rate trends and the tenor of financing needs. In this respect, decisions are made on a case by case basis as to the tenor and the fixed versus floating cost of a new loan. Consequently, all short term borrowings are based on floating rates. Medium and long-term facilities consist of either fixed or floating interest rate debt.

The following table demonstrates the sensitivity of the Group's profit before tax (through the impact of the outstanding floating rate borrowings at the end of the period on profits) to reasonable changes in interest rates, with all other variables held constant:

#### Sensitivity Analysis of Group's Borrowings due to Interest Rate Changes

(all amounts in Euro thousands)

		Interest Rate Variation	Effect on profit before tax
Year ended 31 December 2007	EUR	1,0%	-683
		-1,0%	683
	USD	1,0%	-3.860
		-1,0%	3.860
	GBP	1,0%	-17
		-1,0%	17
	BGN	1,0%	-244
		-1,0%	244
	EGP	1,0%	-245
		-1,0%	245
Year ended 31 December 2006	EUR	1,0%	-293
		-1,0%	293
	USD	1,0%	-1.318
		-1,0%	1.318
	BGN	1,0%	-103
		-1,0%	103
	EGP	1,0%	-273
		-1,0%	273

Note: Table above excludes the positive impact of interest received from deposits.

#### Credit Risk

The Group has no significant concentrations of credit risk. Trade accounts receivable consist mainly of a large, widespread customer base. All Group companies monitor the financial position of their debtors on an ongoing basis.

Where considered appropriate, credit guarantee insurance cover is purchased. The granting of credit is controlled by application and account limits. Appropriate provision for impairment losses is made for specific credit risks and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a doubtful debt provision.

The Group also has potential credit risk exposure arising from cash and cash equivalents, investments and derivative contracts. To minimize this credit risk, the Group operates within an established counterparty policy approved by the Board of Directors, which limits the amount of credit exposure to any one financial institution. Also, as regards money market instruments, the Group only deals with well-established financial institutions of high credit standing.

#### Liquidity Risk

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn call/demand borrowing facilities that can be utilised to fund any potential shortfall in cash resources.

### 34. Financial risk management objectives and policies (continued)

The table below summarizes the maturity profile of financial liabilities at 31 December 2007 based on contractual undiscounted payments.

#### Group

##### Year ended 31 December 2007

(all amounts in Euro thousands)

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5years	Total
Borrowings	-	6.236	128.398	545.303	242.346	922.283
Other non current liabilities	-	-	18	8.921	263	9.202
Trade and other payables	5.180	75.965	59.163	310	908	141.526
	<u>5.180</u>	<u>82.201</u>	<u>187.579</u>	<u>554.534</u>	<u>243.517</u>	<u>1.073.011</u>

##### Year ended 31 December 2006

(all amounts in Euro thousands)

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5years	Total
Borrowings	-	50.034	66.198	189.289	310.532	616.053
Other non current liabilities	-	-	-	3.831	23	3.854
Trade and other payables	2.203	75.385	50.459	290	670	129.007
	<u>2.203</u>	<u>125.419</u>	<u>116.657</u>	<u>193.410</u>	<u>311.225</u>	<u>748.914</u>

#### Company

##### Year ended 31 December 2007

(all amounts in Euro thousands)

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5years	Total
Borrowings	-	3.866	40.733	11.746	-	56.345
Trade and other payables	25.374	28.701	80	9.841	-	63.996
	<u>25.374</u>	<u>32.567</u>	<u>40.813</u>	<u>21.587</u>	<u>-</u>	<u>120.341</u>

##### Year ended 31 December 2006

(all amounts in Euro thousands)

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5years	Total
Borrowings	-	-	9.180	37.198	-	46.378
Trade and other payables	25.493	23.716	3	5.756	-	54.968
	<u>25.493</u>	<u>23.716</u>	<u>9.183</u>	<u>42.954</u>	<u>-</u>	<u>101.346</u>

Borrowings include the floating and fixed rate outstanding principal at year end plus accrued interest up to maturity.

#### Capital Management

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

The Group manages its capital structure conservatively with net debt having averaged 1,13x earnings before interest, taxes, depreciation and amortization (EBITDA) over the last four years.

Titan's policy is to maintain leverage targets in line with an investment grade profile.

The Group monitors capital using net debt to EBITDA ratio. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	Group		Company	
	2007	2006	2007	2006
(all amounts in Euro thousands)				
Long term borrowings	589.833	326.040	3.609	16.320
Short term borrowings	146.405	139.045	49.987	25.340
<b>Debt</b>	<b>736.238</b>	<b>465.085</b>	<b>53.596</b>	<b>41.660</b>
Less: cash and cash equivalents	167.478	138.027	13	28
<b>Net Debt</b>	<b>568.760</b>	<b>327.058</b>	<b>53.583</b>	<b>41.632</b>
<b>EBITDA</b>	<b>425.863</b>	<b>480.671</b>	<b>168.900</b>	<b>173.133</b>
<b>Net debt/EBITDA ratio</b>	1,34	0,68	0,32	0,24

### 35. Financial instruments

#### Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. When interest rate swaps are used, their fair value is calculated as the present value of the estimated future cash flows.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The face value less any estimated credit adjustment for financial assets and liabilities with a maturity of less than one year is assumed to approximate its fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments, that are carried in the financial statements:

<i>(all amounts in Euro thousands)</i>	<b>Group</b>				<b>Company</b>			
	<b>Carrying amount</b>		<b>Fair value</b>		<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Financial assets</b>								
Investments in subsidiaries	-	-	-	-	515.777	512.883	515.777	512.883
Investments in associates	4.136	3.880	4.136	3.880	-	-	-	-
Available for-sale financial assets	4.858	3.618	4.858	3.618	168	168	168	168
Other non current receivables	12.158	14.024	12.158	14.024	3.386	3.016	3.386	3.016
Receivables and prepayments	305.008	293.425	305.008	293.425	130.213	131.760	130.213	131.760
Cash and cash equivalents	167.478	138.027	167.478	138.027	13	28	13	28
Derivative financial instruments	657	-	657	-	15	-	15	-
<b>Financial liabilities</b>								
Long term borrowings	589.833	326.040	594.700	333.997	3.609	16.320	3.609	16.320
Short term Borrowings	146.405	139.045	146.405	139.045	49.987	25.340	49.987	25.340
Other non current liabilities	16.510	11.182	16.510	11.182	6.747	7.063	6.747	7.063
Trade and other payables	168.018	154.188	168.018	154.188	63.996	54.968	63.996	54.968
Derivative financial instruments	87	989	87	989	87	-	87	-

Derivative financial instruments consist of forward exchange contracts

#### Commitments to buy and sell foreign currencies:

The amounts below represent the net Yen and Dollar equivalents to purchase and sell foreign currencies. The contracts will be utilized during the next twelve months.

<b>Group</b> <i>(all amounts in local currency thousands)</i>		<b>Foreign Amount</b>		<b>Average Rate</b>	
		<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
		Japanese Yen (Bought)	JPY/USD	3.001.128	4.575.386
US Dollars (Bought)	USD/EUR	13.164	-	1,4607	-
Japanese Yen (Sold)	JPY/USD	1.500.564	2.324.540	118,17	119,16

  

<b>Company</b> <i>(all amounts in local currency thousands)</i>		<b>Foreign Amount</b>		<b>Average Rate</b>	
		<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
		US Dollars (Bought)	USD/EUR	13.164	-

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

Titan Cement Company S.A	2006-2007	Separation Technologies U.K. Ltd	(a)
Achaiki Maritime Company	2001-2007	Titan Global Finance PLC (3)	(a)
Aeolian Maritime Company	2001-2007	Central Concrete Supermix Inc.	2006-2007
Albacem S.A.	2003-2007	Essex Cement Co. LLC	2004-2007
AVES AFOI Polikandrioti S.A. (2)	2007	Markfield America LLC	2004-2007
Dodekanesos Quarries S.A.	2007	Mechanicsville Concrete INC.	2006-2007
Ecobeton S.A. (2)	2005-2007	Metro Redi-Mix LLC	2006-2007
Interbeton Construction Materials S.A.	2002-2007	Miami Valley Ready Mix of Florida LLC	2006-2007
Intercement S.A.	2003-2007	Pennsuco Cement Co. LLC	2004-2007
Intertitan Trading International S.A.	2000-2007	Roanoke Cement Co. LLC	2004-2007
Ionia S.A.	2006-2007	S&W Ready Mix Concrete Co. Inc. (2)	2007
Lakmos S.A.	2003-2007	Separation Technologies LLC	2004-2007
Lateem S.A. (3)	2007	Standard Concrete LLC	2004-2007
Leecem S.A.	2003-2007	Summit Ready-Mix LLC	2006-2007
Leros Quarries S.A.	2007	Tarmac America LLC	2004-2007
Loukas Tsogas Beta S.A.	2003-2007	Titan America LLC	2004-2007
Naftitan S.A.	2003-2007	Titan Virginia Ready Mix LLC	2004-2007
Polikos Maritime Company	2001-2007	Separation Technologies Canada Ltd	2004-2007
Quarries Corinthias S.A.	2005-2007	Cementara Kosjeric AD	2003-2007
Quarries Gournon S.A.	2003-2007	TCK Montenegro DOO (3)	2007
Quarries of Tagaradon Community S.A.	2007	Double W & Co OOD (2)	2007
Sigma Beton S.A.	2003-2007	Granitoid AD	2005-2007
Titan Atlantic Cement Industrial and Commercial S.A.	2006-2007	Gravel & Sand PIT AD	2002-2007
Titan Cement International Trading S.A.	2001-2007	Zlatna Panega Beton EOOD	2002-2007
Aemos Cement Ltd	2003-2007	Zlatna Panega Cement AD	2005-2007
Alvacim Ltd	2006-2007	Cement Plus LTD	2006-2007
Balkcem Ltd	2002-2007	Rudmark DOOEL (3)	2006-2007
Iapetos Ltd	2003-2007	Usje Cementarnica AD	2006-2007
Rea Cement Ltd	2004-2007	Titan Cement Netherlands BV	2006-2007
Themis Holdings Ltd	2004-2007	Antea Cement SHA	2006-2007
Tithys Ltd	2003-2007	Alexandria Development Co.Ltd	(a)
Feronia Holding Ltd (2)	2007	Alexandria Portland Cement Co. S.A.E	2005-2007
Vesa DOOL (2)	2007	Balkan Cement Enterprises Ltd	2003-2007
Salentijn Properties1 B.V. (2)	2007	Beni Suef Cement Co.S.A.E.	2005-2007
Titan Cement Cyprus Limited (3)	2006-2007	East Cement Trade Ltd	2003-2007
KOCEM Limited (3)	2007	Four M Titan Silo Co. LLC	2001-2007
Fintitan SRL	(a)	Lafarge Titan Egyptian Inv. Ltd	(a)
Titan Cement U.K. Ltd	(a)	Misrieen Titan Trade & Distribution	2005-2007

(a) Υπόκειται σε ειδικό φορολογικό καθεστώς

(2) Aquired Subsidiaries for the period 1/1-31/12/2007 (note 30)

(3) Formed Subsidiaries for the period 1/1-31/12/2007

### 37. Reclassifications

An amount of € 2,900 thousands was transferred from "Provisions" to "Trade and other payables, both in the Group's and Company's balance sheet as of 31.12.2006 in order to be comparable with the balance sheet as of 31.12.2007.

### 38. Events after the balance sheet date

On January 15, 2008 Group's subsidiary, Interbeton Construction Materials S.A., completed the acquisition of 100% of the shares of Domiki Beton S.A. for € 9.5 million.

Titan Group has announced on January 18, 2008 an agreement to create a 50/50 joint venture in Turkey. To this effect, Titan Group has agreed to purchase a 50% equity stake in Adocim Cimento Beton Sanayi ve Ticaret A.S. for €90.5 million.

Titan Cement Company S.A. has proceeded to the purchase of 468.529 common and 500 preference treasury shares with an average purchase price euro 30.93 and 24.30 per share respectively.

On February 25th , 2008 , the CO2 allowances per annum for the period 2008-2012 in Greece were announced by the competent Greek Ministry. The allowances for this period represent a shortfall from the previous scheme. This may lead to potential constraints on production.