



**Titan Cement Company S.A. and its Subsidiaries
Group Annual Financial Statements
For the year ended 31 December 2006**

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

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 2006, 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. 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 2006 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, 21 February 2007
THE CERTIFIED AUDITOR ACCOUNTANT

CHRISTOS GLAVANIS
S.O.E.L. R.N. 10371
ERNST & YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.

Balance Sheet

(all amounts in Euro thousands)

| | | Group | | Company | |
|--|-------|-------------------|------------------|-------------------|----------------|
| | | As at 31 December | | As at 31 December | |
| | Notes | 2006 | 2005 | 2006 | 2005 |
| ASSETS | | | | | |
| Property, plant & equipment | 8 | 1,174,541 | 1,148,845 | 256,561 | 247,293 |
| Intangible assets | 9 | 145,181 | 94,990 | - | - |
| Investment properties | 10 | - | - | 7,248 | 7,226 |
| Investments in subsidiaries | 28 | - | - | 512,883 | 512,615 |
| Investments in associates | 32 | 3,880 | - | - | - |
| Available-for-sale financial assets | 11 | 1,607 | 4,277 | 107 | 107 |
| Other non current receivables | 13 | 14,024 | 8,146 | 3,016 | 1,603 |
| Deferred income tax asset | 19 | 779 | 746 | - | - |
| Non-current assets | | 1,340,012 | 1,257,004 | 779,815 | 768,844 |
| Inventories | 14 | 203,137 | 175,954 | 68,404 | 64,685 |
| Receivables and prepayments | 15 | 293,425 | 272,418 | 131,760 | 131,475 |
| Available-for-sale financial assets | 11 | 2,011 | 2,346 | 61 | 942 |
| Cash and cash equivalents | 16 | 138,027 | 95,142 | 28 | 17 |
| Current assets | | 636,600 | 545,860 | 200,253 | 197,119 |
| TOTAL ASSETS | | 1,976,612 | 1,802,864 | 980,068 | 965,963 |
| LIABILITIES | | | | | |
| Long-term borrowings | 18 | 326,040 | 425,025 | 16,320 | 62,203 |
| Deferred income tax liability | 19 | 133,583 | 143,509 | 29,876 | 30,458 |
| Retirement benefit obligations | 20 | 39,535 | 38,937 | 22,748 | 23,293 |
| Provisions | 21 | 37,977 | 13,136 | 17,178 | 2,418 |
| Other non-current liabilities | 12 | 11,182 | 9,601 | 7,063 | 7,450 |
| Non-current liabilities | | 548,317 | 630,208 | 93,185 | 125,822 |
| Short-term borrowings | 18 | 139,045 | 64,538 | 25,340 | 48,996 |
| Trade and other payables | 17 | 151,991 | 136,259 | 51,806 | 51,805 |
| Income tax payable | | 29,301 | 27,600 | 23,200 | 17,786 |
| Provisions | 21 | 7,313 | 4,477 | 4,400 | - |
| Dividends payable | | 286 | 414 | 262 | 414 |
| Current liabilities | | 327,936 | 233,288 | 105,008 | 119,001 |
| Total liabilities (a) | | 876,253 | 863,496 | 198,193 | 244,823 |
| Share Capital (84,485,204 shares of € 2.00) | 24 | 168,970 | 168,660 | 168,970 | 168,660 |
| Treasury shares | 24 | -502 | - | -502 | - |
| Share premium | 24 | 22,724 | 22,133 | 22,724 | 22,133 |
| Share options | 24 | 3,519 | 731 | 3,519 | 731 |
| | | 194,711 | 191,524 | 194,711 | 191,524 |
| Reserves | 25 | 373,923 | 389,923 | 503,366 | 458,573 |
| Retained earnings | | 511,555 | 341,541 | 83,798 | 71,043 |
| Share capital and reserves | | 1,080,189 | 922,988 | 781,875 | 721,140 |
| Minority interests | 29 | 20,170 | 16,380 | - | - |
| Total equity (b) | | 1,100,359 | 939,368 | 781,875 | 721,140 |
| TOTAL EQUITY AND LIABILITIES (a+b) | | 1,976,612 | 1,802,864 | 980,068 | 965,963 |

These financial statements have been approved for issue by the Board of Directors on 21 February, 2007.

Income Statement

(all amounts in Euro thousands)

| | Notes | Group for the year ended 31 December | | Company for the year ended 31 December | |
|--|-------|--|----------------|--|----------------|
| | | 2006 | 2005 | 2006 | 2005 |
| Revenue | 1 | 1,568,109 | 1,341,727 | 519,847 | 439,713 |
| Cost of sales | | -957,252 | -852,579 | -300,484 | -265,067 |
| Gross profit before depreciation | | 610,857 | 489,148 | 219,363 | 174,646 |
| Other income | | 24,551 | 24,811 | 13,238 | 8,966 |
| Share in profit of associates | | 3,400 | - | - | - |
| Administrative expenses | | -98,525 | -79,974 | -38,521 | -32,378 |
| Selling and marketing expenses | | -22,286 | -19,410 | -3,852 | -3,870 |
| Other expenses | | -37,326 | -25,402 | -17,095 | -4,450 |
| Profit before interest, taxes and depreciation | | 480,671 | 389,173 | 173,133 | 142,914 |
| Depreciation and amortization related to cost of sales | | -74,636 | -66,638 | -9,623 | -9,667 |
| Depreciation and amortization related to administrative and selling expenses | | -6,095 | -5,377 | -987 | -1,005 |
| Profit before interest and taxes | 2 | 399,940 | 317,158 | 162,523 | 132,242 |
| Income from participations and investments | | 4,543 | 9,005 | 5,598 | 29,175 |
| Finance revenue | 3 | 12,706 | 23,836 | 6,518 | 1,278 |
| Finance costs | 3 | -36,366 | -56,931 | -7,326 | -17,678 |
| Profit before taxes | | 380,823 | 293,068 | 167,313 | 145,017 |
| Less: income tax expense | 5 | -118,513 | -80,018 | -62,195 | -39,207 |
| Profit after taxes | | 262,310 | 213,050 | 105,118 | 105,810 |
| Attributable to: | | | | | |
| Titan Cement S.A. shareholders | | 259,185 | 210,128 | 105,118 | 105,810 |
| Minority interests | | 3,125 | 2,922 | - | - |
| Basic earnings per issued share (in €) | 6 | 3.07 | 2.50 | 1.25 | 1.26 |
| Diluted earnings per issued share (in €) | 6 | 3.06 | 2.49 | 1.24 | 1.25 |

Statement of Changes in Shareholders' Equity

| Group (all amounts in Euro thousands) | Notes | Ordinary shares | Treasury shares | Share Premium | Preferred Ordinary shares | Share Options | Reserves | Retained earnings | Minority interests | Total |
|--|-------|--------------------|-----------------|------------------|---------------------------------|------------------|----------------|----------------------|-----------------------|------------------|
| Year ended 31 December 2005 | | | | | | | | | | |
| Balance at 1 January 2005 as previously reported | | 153,121 | - | 19,585 | 15,138 | - | 274,552 | 188,123 | 25,467 | 675,986 |
| Dividend declared for fiscal year 2004 | | - | - | - | - | - | - | 43,747 | - | 43,747 |
| Balance at 1 January 2005 - as adjusted according to I.A.S. 10 | | 153,121 | - | 19,585 | 15,138 | - | 274,552 | 231,870 | 25,467 | 719,733 |
| Foreign currency translation | | - | - | - | - | - | 40,429 | 4,579 | -2,113 | 42,895 |
| Net gain on hedge of net investment | 22 | - | - | - | - | - | 10,694 | - | - | 10,694 |
| Dividends paid | 7 | - | - | - | - | - | - | -43,747 | -1,011 | -44,758 |
| Profit for the year | | - | - | - | - | - | - | 210,128 | 2,922 | 213,050 |
| Net gains on available for sale financial assets | | - | - | - | - | - | 2,959 | - | 914 | 3,873 |
| Subsidiary's equity reduction portion to minority interest | | - | - | - | - | - | - | - | -9,799 | -9,799 |
| Share Capital increase due to share options exercised | 24 | 401 | - | 2,548 | - | - | - | - | - | 2,949 |
| Provision for share options (IFRS 2) | | - | - | - | - | 731 | - | - | - | 731 |
| Transfer to reserves | 25 | - | - | - | - | - | 61,289 | -61,289 | - | - |
| Balance at 31 December 2005- as adjusted | | 153,522 | - | 22,133 | 15,138 | 731 | 389,923 | 341,541 | 16,380 | 939,368 |
| Year ended 31 December 2006 | | | | | | | | | | |
| Balance at 1 January 2006 as previously reported | | 153,522 | - | 22,133 | 15,138 | 731 | 389,923 | 290,943 | 16,380 | 888,770 |
| Dividend declared for fiscal year 2005 | | - | - | - | - | - | - | 50,598 | - | 50,598 |
| Balance at 1 January 2006 - as adjusted according to I.A.S. 10 | | 153,522 | - | 22,133 | 15,138 | 731 | 389,923 | 341,541 | 16,380 | 939,368 |
| Foreign currency translation | | - | - | - | - | - | -58,851 | 5,473 | 1,019 | -52,359 |
| Net gain on hedge of net investment | 22 | - | - | - | - | - | 3,028 | - | - | 3,028 |
| Dividends paid | 7 | - | - | - | - | - | - | -50,598 | -315 | -50,913 |
| Profit for the year | | - | - | - | - | - | - | 259,185 | 3,125 | 262,310 |
| Treasury shares purchased | | - | -502 | - | - | - | - | - | - | -502 |
| Net losses on available for sale financial assets | | - | - | - | - | - | -3,153 | - | -147 | -3,300 |
| Additional consideration for subsidiary acquisition | | - | - | - | - | - | - | -1,070 | - | -1,070 |
| Share Capital increase due to share options exercised | 24 | 310 | - | 591 | - | - | - | - | - | 901 |
| Provision for share options (IFRS 2) | | - | - | - | - | 2,788 | - | - | - | 2,788 |
| Minority interest from new-established companies | | - | - | - | - | - | - | - | 108 | 108 |
| Transfer to reserves | 25 | - | - | - | - | - | 42,976 | -42,976 | - | - |
| Balance at 31 December 2006 | | 153,832 | -502 | 22,724 | 15,138 | 3,519 | 373,923 | 511,555 | 20,170 | 1,100,359 |

Statement of Changes in Shareholders' Equity

Company

(all amounts in Euro thousands)

| | Notes | Ordinary shares | Treasury shares | Share Premium | Preferred Ordinary shares | Share Options | Reserves | Retained earnings | Total |
|---|-------|-----------------|-----------------|---------------|---------------------------|---------------|----------------|-------------------|----------------|
| Year ended 31 December 2005 | | | | | | | | | |
| <i>Balance at 1 January 2005 as previously reported</i> | | 153,121 | - | 19,585 | 15,138 | - | 392,667 | 20,445 | 600,956 |
| <i>Dividend declared for fiscal year 2004</i> | | - | - | - | - | - | - | 43,747 | 43,747 |
| <i>Balance at 1 January 2005 - as adjusted according to I.A.S. 10</i> | | 153,121 | - | 19,585 | 15,138 | - | 392,667 | 64,192 | 644,703 |
| Net gain on hedge of net investment | 22 | - | - | - | - | - | 10,694 | - | 10,694 |
| Dividends paid | 7 | - | - | - | - | - | - | -43,747 | -43,747 |
| Profit for the year | | - | - | - | - | - | - | 105,810 | 105,810 |
| Share Capital increase due to share options exercised | 24 | 401 | - | 2,548 | - | - | - | - | 2,949 |
| Provision for share options (IFRS 2) | | - | - | - | - | 731 | - | - | 731 |
| Transfer to reserves | 25 | - | - | - | - | - | 55,212 | -55,212 | - |
| <i>Balance at 31 December 2005- adjusted</i> | | 153,522 | - | 22,133 | 15,138 | 731 | 458,573 | 71,043 | 721,140 |
| Year ended 31 December 2006 | | | | | | | | | |
| <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 |
| Net gain on hedge of net investment | 22 | - | - | - | - | - | 3,028 | - | 3,028 |
| Dividends paid | 7 | - | - | - | - | - | - | -50,598 | -50,598 |
| Profit for the year | | - | - | - | - | - | - | 105,118 | 105,118 |
| Treasury shares purchased | | - | -502 | - | - | - | - | - | -502 |
| Share Capital increase due to share options exercised | 24 | 310 | - | 591 | - | - | - | - | 901 |
| Provision for share options (IFRS 2) | | - | - | - | - | 2,788 | - | - | 2,788 |
| Transfer to reserves | 25 | - | - | - | - | - | 41,765 | -41,765 | - |
| <i>Balance at 31 December 2006</i> | | 153,832 | -502 | 22,724 | 15,138 | 3,519 | 503,366 | 83,798 | 781,875 |

Cash Flow Statement

(all amounts in Euro thousands)

| (all amounts in Euro thousands) | Notes | Group | | Company | |
|--|-------|--------------------|----------------|--------------------|---------------|
| | | for the year ended | 31 | for the year ended | 31 |
| | | December | | December | |
| | | 2006 | 2005 | 2006 | 2005 |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 26 | 457,638 | 318,874 | 168,596 | 101,293 |
| Interest received | | 3,781 | 3,752 | 150 | 145 |
| Income tax paid | | -105,036 | -28,818 | -40,106 | -22,631 |
| <i>Net cash generated from operating activities (a)</i> | | 356,383 | 293,808 | 128,640 | 78,807 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment and intangible assets | 8, 9 | -160,135 | -145,646 | -21,552 | -26,795 |
| Proceeds from sale of property, plant and equipment | 26 | 1,748 | 2,266 | 696 | 481 |
| Proceeds from dividends | | 736 | 1,008 | 11,520 | 14,173 |
| Acquisition of subsidiaries, net of cash acquired | 30 | -75,783 | -1,708 | -143 | - |
| Acquisition of associates, net of cash acquired | | -2,025 | - | - | - |
| Proceeds from sale of available-for-sale financial assets | | 7,279 | 10,119 | 965 | - |
| Purchase of available-for-sale financial assets | | -3,248 | -1,175 | -82 | -16 |
| Increase in long-term receivables | | -477 | -5,096 | - | - |
| <i>Net cash flows from investing activities (b)</i> | | -231,905 | -140,232 | -8,596 | -12,157 |
| Net cash flows after investing activities (a)+(b) | | 124,478 | 153,576 | 120,044 | 66,650 |
| Cash flows from financing activities | | | | | |
| Proceeds from issuance of ordinary shares | 24 | 901 | 2,949 | 901 | 2,949 |
| Purchase of treasury shares | | -502 | - | -502 | - |
| Proceeds from government grants | | - | 1,584 | - | 1,584 |
| Interest paid | | -31,828 | -32,723 | -5,996 | -6,990 |
| Dividends paid | | -51,041 | -44,718 | -50,750 | -43,707 |
| Proceeds from borrowings | | 350,129 | 126,126 | 95,809 | 21,982 |
| Payments of borrowings | | -347,005 | -194,616 | -159,495 | -42,472 |
| <i>Net cash flows from financing activities (c)</i> | | -79,346 | -141,398 | -120,033 | -66,654 |
| Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c) | | 45,132 | 12,178 | 11 | -4 |
| Cash and cash equivalents at beginning of the year | 16 | 95,142 | 78,408 | 17 | 21 |
| Effects of exchange rate changes | | -2,247 | 4,556 | - | - |
| Cash and cash equivalents at end of the year | 16 | 138,027 | 95,142 | 28 | 17 |

Notes to the Financial Statements

| 1. General information and significant accounting policies | Page |
|--|-------------|
| A. Basis of preparation | 7 |
| B. Consolidation | 10 |
| C. Foreign currency translation | 11 |
| D. Property, plant and equipment | 12 |
| E. Investment properties | 13 |
| F. Intangible assets | 13 |
| G. Impairment of long lived assets | 14 |
| H. Leases | 14 |
| I. Inventories | 15 |
| J. Trade receivables | 15 |
| K. Cash and cash equivalents | 15 |
| L. Share capital | 15 |
| M. Borrowings | 16 |
| N. Current and Deferred income tax | 16 |
| O. Employee benefits | 16 |
| P. Government grants relating to purchase of property, plant and equipment | 18 |
| Q. Provisions | 18 |
| R. Environmental restoration costs | 19 |
| S. Revenue recognition | 19 |
| T. Dividends | 19 |
| U. Segment reporting | 19 |
| V. CO2 Emission rights | 20 |
| 2. Financial Risk Management | |
| A. Financial risk factors | 20 |
| B. Accounting for derivative financial instruments and hedging activities | 22 |
| C. Fair value estimation | 23 |
| 3. Significant accounting estimates and judgements | |
| A. Impairment of goodwill | 23 |
| B. Income taxes | 24 |
| C. Fair value and useful lives of Property, plant and equipment | 24 |
| D. Reclassification | 24 |

Notes to the Financial Statements

1. General information and summary of significant accounting policies

General information

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

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

These interim condensed financial statements have been approved for issue by the Board of Directors on 21 February, 2007 and is 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:

A. Basis of preparation

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

All IFRS issued by the IASB, which apply to the preparation of these financial statements have been accepted by the European Council following an approval process undertaken by European Commission ("EC"), except for IAS 39 "Financial Instruments: Recognition and Measurement". Following this process and as a result of representations made by the Accounting Regulatory Committee of the European Council, the latter issued the Directives 2006/2004 and 1864/2005 that require the application of IAS 39 by all listed companies with effect from the 1st January 2005, except for specific sections that relate to hedging of deposit portfolios.

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

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

Notes to the Financial Statements

contracts) at fair value through profit or loss.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Significant accounting estimates and judgments on page 24.

New standards, interpretations and amendments to published standards

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

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

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

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

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

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

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

Notes to the Financial Statements

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

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

IFRIC 8 clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given. IFRIC 8 is not relevant to the Group's operations.

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

B. Consolidation

(1) Subsidiaries

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

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

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

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

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

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

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

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

(2) Joint ventures (Jointly controlled entities)

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

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

Notes to the Financial Statements

impairment loss, the loss is recognised immediately.

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

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

(3) Associates

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

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

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

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

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

C. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot rates) prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying net investment hedges.

Notes to the Financial Statements

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

(3) Group companies

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

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

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

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

D. Property, plant and equipment

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

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

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

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

Notes to the Financial Statements

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 G – Impairment of assets)

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

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

E. Investment properties

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

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

F. Intangible assets

(1) Goodwill

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

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

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

Notes to the Financial Statements

(2) Computer software

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

(3) Other intangible assets

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

G. Impairment of assets

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

H. Leases – where a Group entity is the lessee

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

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

Notes to the Financial Statements

I. Inventories

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

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

J. Trade receivables

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

K. Cash and cash equivalents

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

L. Share capital

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

M. Borrowings

Notes to the Financial Statements

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.

N. Current and Deferred income taxes

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

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

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

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

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

O. Employee benefits

(1) Pension and other retirement obligations

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

Notes to the Financial Statements

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 over the remaining time of active duty and are included in net pension cost for the year, are charged or credited to income 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.

(2) 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 terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Any such benefits falling due more than 12 months after balance sheet date are discounted to present value.

(3) 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:

Notes to the Financial Statements

- 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.

(4) 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 scheme) 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 scheme 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 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 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.

P. 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 non-current liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Q. 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.

Notes to the Financial Statements

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.

R. Environmental restoration costs

Group companies are generally required to restore quarries at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies and standards.

In the USA, costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred and are recognised as a separate asset, within property, plant and equipment, and a corresponding liability. The capitalised 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. In Greece, costs associated with the rehabilitation of quarries and mines are expensed on an annual basis with relevant effect in income statement.

S. 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 agreements.

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.

T. Dividends

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

U. Segment reporting

Geographical 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 segments provide products or services that are subject to risks and returns that are different from those of other business segments.

Notes to the Financial Statements

V. 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.

2. Financial Risk Management

A. Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability 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 (The Corporate Treasury Department) which operates as a service department that provides services to all businesses 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 entities within the Group. The Corporate Treasury Department does not undertake any transactions of a speculative nature or which are unrelated to the Group's trading activities.

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

(1) Foreign exchange risk

The Group operates internationally and undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The Group has potential currency exposures in respect of items denominated in foreign currencies comprising transactional exposure in terms of imports and exports incurred in currencies other than the Euro and in respect of investments in overseas operations.

Exposures are managed through the use of natural hedges as well as 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 and where possible matches the currency of financing with the underlying asset exposure.

Notes to the Financial Statements

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. For a more effective management of this exposure, the Yen obligation has been switched to US Dollars through forward exchange contracts.

(2) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to interest rate risk on liabilities and investments is monitored on a proactive basis. In order to mitigate interest rate risk, the financing of the Group is structured on a pre-determined combination of fixed and floating interest rates. Interest rate derivatives may occasionally be used, if deemed necessary, to change the abovementioned combination.

It is the policy of the Group to continuously review interest rate trends and the tenure of financing needs. In this respect, decisions are made on an individual basis as to the term and fixed versus floating cost of a loan.

Consequently, all short term borrowings are entered into at floating rates. Medium and long-term facilities are normally entered into at fixed interest rates. This provides the Group the ability to avoid significant fluctuation in interest rate movements.

(3) 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 the existence of any material credit risk exposure that was not already covered by credit guarantee insurance or a doubtful debt provision.

The Group also has potential risk exposure on cash and cash equivalents, investments and derivative contracts. The Group minimises its counterparty exposure arising from money market and derivative instruments by dealing only with well-established financial institutions of high credit standing. The Group has policies in place to limit the amount of credit exposure to any one financial institution.

(4) 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.

Notes to the Financial Statements

The Group manages liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecast cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn call/demand borrowing facilities that could be utilised to fund any potential shortfall in cash resources.

B. Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently 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 the net profit or loss 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 profit or loss.

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 equity. 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 net profit or loss 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 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 equity. Gain or loss relating to the ineffective portion is recognised immediately 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 equity.

Notes to the Financial Statements

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 hedge inception and on an ongoing basis, of whether the derivatives 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.

C. Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. When use of interest rate swaps is made, the 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 values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. 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.

3. 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.

A. Estimated impairment of goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.F. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates referred below.

If the actual gross margin had been higher or the pre-tax discounted rate lower than management's estimates, the Group would not be able to reverse any impairment losses that arose on goodwill.

Notes to the Financial Statements

B. 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.

C. 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 note 1.D

D. Reclassification

Certain prior year amounts have been reclassified for presentation purposes.

Notes to the financial statements

| Index to the notes to the financial statements | Page |
|---|-------------|
| 1 Segment information | 26-28 |
| 2 Earnings before interest and taxes | 29 |
| 3 Finance costs - net | 30 |
| 4 Staff costs | 30 |
| 5 Income tax expense | 31 |
| 6 Earnings per share | 32 |
| 7 Dividend per share | 32 |
| 8 Property, plant and equipment | 33-34 |
| 9 Intangible assets | 35 |
| 10 Investment properties | 36 |
| 11 Available-for-sale investments | 36 |
| 12 Other non-current liabilities | 37 |
| 13 Other non-current receivables | 38 |
| 14 Inventories | 38 |
| 15 Receivables and prepayments | 39 |
| 16 Cash and cash equivalents | 39 |
| 17 Trade and other payables | 40 |
| 18 Borrowings | 40-41 |
| 19 Deferred income taxes | 42-44 |
| 20 Retirement and termination benefit obligations | 45-46 |
| 21 Provisions | 47 |
| 22 Financial instruments | 48 |
| 23 Contingencies and commitments | 49 |
| 24 Share capital | 50 |
| 25 Fair value and other reserves | 51 |
| 26 Cash generated from operations | 52 |
| 27 Related party transactions | 53 |
| 28 Principal Subsidiaries & Joint Ventures | 54 |
| 29 Minority Interests | 55 |
| 30 Acquisition and disposal of subsidiaries | 55 |
| 31 Interest in joint ventures | 56 |
| 32 Investment in Associates | 57 |
| 33 Fiscal Years Unaudited by the Tax Authorities | 58 |
| 34 Reclassifications | 58 |
| 35 Post balance sheet events | 58 |

1. 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 and aggregates, blocks and porcelain activities.

The Group's investments in joint ventures and associates are analyzed in notes 31 and 32, respectively.

For the year ended 31 December 2006

| <i>(all amounts in Euro thousands)</i> | Greece and the European Union | North America | South East Europe | Eastern Mediterranean | Total |
|--|--|----------------------|------------------------------|----------------------------------|------------------|
| <u>ASSETS</u> | | | | | |
| Non-current assets | 324,220 | 736,360 | 178,162 | 101,270 | 1,340,012 |
| Current assets | 256,526 | 170,605 | 168,593 | 40,876 | 636,600 |
| TOTAL ASSETS | 580,746 | 906,965 | 346,755 | 142,146 | 1,976,612 |
| <u>LIABILITIES</u> | | | | | |
| Non-current liabilities | 109,805 | 388,613 | 8,086 | 41,813 | 548,317 |
| Current liabilities | 131,876 | 141,094 | 26,674 | 28,292 | 327,936 |
| TOTAL LIABILITIES | 241,681 | 529,707 | 34,760 | 70,105 | 876,253 |

For the year ended 31 December 2005

| <i>(all amounts in Euro thousands)</i> | Greece and the European Union | North America | South East Europe | Eastern Mediterranean | Total |
|--|--|----------------------|------------------------------|----------------------------------|------------------|
| <u>ASSETS</u> | | | | | |
| Non-current assets | 304,758 | 681,308 | 153,686 | 117,252 | 1,257,004 |
| Current assets | 246,405 | 150,382 | 112,498 | 36,574 | 545,860 |
| TOTAL ASSETS | 551,163 | 831,690 | 266,184 | 153,826 | 1,802,864 |
| <u>LIABILITIES</u> | | | | | |
| Non-current liabilities | 137,363 | 427,212 | 3,691 | 61,942 | 630,208 |
| Current liabilities | 147,339 | 43,532 | 18,506 | 23,911 | 233,288 |
| TOTAL LIABILITIES | 284,702 | 470,744 | 22,197 | 85,853 | 863,496 |

1. Segment information (continued)

For the year ended 31 December 2006

Primary Geographical segments

| <i>(all amounts in Euro thousands)</i> | Greece and the European Union | North America | South Eastern Europe | Eastern Mediterranean | Total |
|---|--|--------------------------|---------------------------------|----------------------------------|------------------|
| Gross revenue | 644,909 | 712,500 | 186,836 | 61,944 | 1,606,189 |
| Inter-segment revenue | -37,877 | -203 | - | - | -38,080 |
| Revenue | 607,032 | 712,297 | 186,836 | 61,944 | 1,568,109 |
| Share in profit of associates | - | - | 3,400 | - | 3,400 |
| Profit before interest, taxes and depreciation | 190,902 | 183,741 | 72,991 | 33,037 | 480,671 |
| Depreciation & amortization | -14,391 | -48,215 | -9,504 | -8,621 | -80,731 |
| Profit before interest and taxes | 176,511 | 135,526 | 63,487 | 24,416 | 399,940 |
| Income from participations | 50 | - | 4,493 | - | 4,543 |
| Finance costs - net | -275 | -20,441 | 740 | -3,684 | -23,660 |
| Profit before taxes | 176,286 | 115,085 | 68,720 | 20,732 | 380,823 |
| Less: income tax expense | -71,704 | -39,812 | -7,140 | 143 | -118,513 |
| Profit after taxes | 104,582 | 75,273 | 61,580 | 20,875 | 262,310 |
| Attributable to: | | | | | |
| Titan Cement S.A. shareholders | 104,566 | 75,273 | 58,515 | 20,831 | 259,185 |
| Minority interests | 16 | - | 3,065 | 44 | 3,125 |
| | 104,582 | 75,273 | 61,580 | 20,875 | 262,310 |

| | Greece and the European Union | 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 | 1,700 | - | - | - | 1,700 |
| 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 |

The cement activity includes cement and cementitious materials.

Other operations of the Group mainly comprise of porcelain, shipping and transport activities, neither of which are of a 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. Total assets and capital expenditure are presented at the geographical segment of the company owning such assets.

1. Segment information (continued)

For the year ended 31 December 2005

Primary Geographical segments

| <i>(all amounts in Euro thousands)</i> | Greece and the European Union | North America | South Eastern Europe | Eastern Mediterranean | Total |
|---|--|--------------------------|---------------------------------|----------------------------------|------------------|
| Gross revenue | 546,077 | 605,127 | 157,996 | 52,448 | 1,361,648 |
| Inter-segment revenue | -19,672 | -200 | -49 | - | -19,921 |
| Revenue | 526,405 | 604,927 | 157,947 | 52,448 | 1,341,727 |
| Profit before interest, taxes and depreciation | 165,715 | 139,477 | 56,311 | 27,670 | 389,173 |
| Depreciation & amortization | -13,770 | -40,806 | -8,708 | -8,731 | -72,015 |
| Profit before interest and taxes | 151,945 | 98,671 | 47,603 | 18,939 | 317,158 |
| Income from participations | - | - | 1,866 | 7,139 | 9,005 |
| Finance costs - net | -14,573 | -17,622 | -286 | -614 | -33,095 |
| Profit before taxes | 137,372 | 81,049 | 49,183 | 25,464 | 293,068 |
| Less: income tax expense | -44,409 | -30,216 | -5,871 | 478 | -80,018 |
| Profit after taxes | 92,963 | 50,833 | 43,312 | 25,942 | 213,050 |
| Attributable to: | | | | | |
| Titan Cement S.A. shareholders | 92,958 | 50,833 | 40,418 | 25,919 | 210,128 |
| Minority interests | 5 | - | 2,894 | 23 | 2,922 |
| | 92,963 | 50,833 | 43,312 | 25,942 | 213,050 |
| | | | | | |
| | Greece and the European Union | North America | South Eastern Europe | Eastern Mediterranean | Total |
| Capital expenditure | 39,473 | 89,941 | 14,118 | 2,203 | 145,735 |
| Impairment/write off of Goodwill | 3,928 | - | 4,000 | - | 7,928 |
| Provision for doubtful debtors | 1,728 | 294 | -32 | -36 | 1,954 |

Secondary business segments

| | Cement | Ready mix, aggregates and blocks | Other | Total |
|--|---------------|---|--------------|--------------|
| Revenue | 773,051 | 551,121 | 17,555 | 1,341,727 |
| Profit before interest, taxes and depreciation | 349,772 | 95,014 | -55,613 | 389,173 |
| Profit before interest and taxes | 300,641 | 74,383 | -57,866 | 317,158 |
| Total assets | 1,421,085 | 368,658 | 13,121 | 1,802,864 |
| Capital expenditure | 96,253 | 47,241 | 2,241 | 145,735 |

2.Profit before interest and taxes

The following items have been included in arriving at profit from operations:

(all amounts in Euro thousands)

| | Group | | Company | |
|--|----------------|----------------|----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Depreciation on property, plant and equipment (Note 8): | | | | |
| Owned assets | 75,981 | 69,320 | 10,997 | 11,016 |
| Leased assets under finance leases | 333 | 340 | - | - |
| | 76,314 | 69,660 | 10,997 | 11,016 |
| Amortisation of government grants received | -513 | -430 | -387 | -344 |
| | 75,801 | 69,230 | 10,610 | 10,672 |
| Stripping amortisation | 1,370 | 1,347 | - | - |
| Impairment charge for property, plant and equipment (Note 8) | 1,700 | - | 1,700 | - |
| Profit / (loss) on disposal of property, plant and equipment | -622 | 376 | 142 | -69 |
| Amortisation of intangibles (Note 9) | 3,560 | 1,438 | - | - |
| Repairs and maintenance expenditure on property, plant and equipment | 87,046 | 80,092 | 16,352 | 16,961 |
| Costs of inventories recognized as an expense in Cost of Sales: | | | | |
| Raw materials | 142,809 | 126,826 | 86,361 | 76,564 |
| Maintenance stores | 67,098 | 69,757 | 14,851 | 14,626 |
| Finished goods | 221,419 | 196,456 | 4,222 | 3,815 |
| | 431,326 | 393,039 | 105,434 | 95,005 |
| Trade receivables - provision doubtful debtors (Note 15) | -6,040 | 1,954 | -2,727 | -612 |
| Staff costs (Note 4) | 259,741 | 232,146 | 71,113 | 66,421 |

3. Finance costs - net

(all amounts in Euro thousands)

| | Group | | Company | |
|---------------------------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Interest income | 3,782 | 3,752 | 150 | 146 |
| Exchange differences gains | 8,246 | 18,923 | 5,750 | 54 |
| Gains on financial instruments | 4 | 708 | 4 | 708 |
| Tax discount | 674 | 453 | 614 | 370 |
| | <u>12,706</u> | <u>23,836</u> | <u>6,518</u> | <u>1,278</u> |
| Exchange differences losses | -4,588 | -14,533 | -1,320 | -9,740 |
| Interest expense | -31,560 | -32,396 | -5,996 | -6,990 |
| Losses on financial instruments | -558 | -10,236 | -10 | -948 |
| Finance lease interest | -269 | -304 | - | - |
| | <u>-36,975</u> | <u>-57,469</u> | <u>-7,326</u> | <u>-17,678</u> |
| Capitalized interest expense (note 8) | 609 | 538 | - | - |
| Finance costs - net | <u>-36,366</u> | <u>-56,931</u> | <u>-7,326</u> | <u>-17,678</u> |

During 2006, the Group capitalized interest expense (note 8) of € 609 thousands (2005: € 538 thousands) generated from the U.S operations. The amounts capitalized were calculated on an weighted average borrowing rate basis. At the end of 2006 the average weighted interest was 6.47% (2005: 6.63%). The capitalization of interest relates to the modernization of the cement import terminal, located in New Jersey, USA, which was completed in June 2006.

4. Staff costs

(all amounts in Euro thousands)

| | Group | | Company | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Wages and salaries | 219,045 | 195,322 | 50,994 | 49,474 |
| Social security costs | 26,937 | 25,754 | 9,414 | 9,317 |
| Termination benefits | 1,623 | 2,755 | 853 | 314 |
| Share options granted to directors and employees | 2,787 | 731 | 1,893 | 516 |
| Profit sharing bonus | 3,300 | 2,950 | 3,300 | 2,950 |
| Pension costs - defined benefit plans, (see note 20) | 1,255 | 942 | - | - |
| Other post retirement and termination benefits - defined benefit plans, (see note 20). | 4,794 | 3,692 | 4,659 | 3,850 |
| Total staff costs | <u>259,741</u> | <u>232,146</u> | <u>71,113</u> | <u>66,421</u> |

| | Group | | Company | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2005 | 2006 | 2005 |
| The employees in the Group are employed on a full-time basis. | | | | |
| Greece | 1,844 | 1,834 | 1,121 | 1,135 |
| Overseas | 4,047 | 3,847 | - | - |
| | <u>5,891</u> | <u>5,681</u> | <u>1,121</u> | <u>1,135</u> |

5. Income tax expense

| (all amounts in Euro thousands) | Group | | | | Company | | | |
|---------------------------------------|---------|--------|--------|--------|---------|--------|--------|--------|
| | 2006 | | 2005 | | 2006 | | 2005 | |
| Current tax | 101,659 | 26.69% | 54,504 | 18.60% | 46,134 | 27.57% | 34,908 | 24.07% |
| Deferred tax (Note 19) | 554 | 0.15% | 25,514 | 8.71% | 1,661 | 0.99% | 4,299 | 2.96% |
| Tax provision for reserve L.3220/2004 | 16,300 | 4.28% | - | | 14,400 | 8.61% | - | |
| | 118,513 | 31.12% | 80,018 | 27.30% | 62,195 | 37.17% | 39,207 | 27.04% |

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:

| (all amounts in Euro thousands) | Group | | | | Company | | | |
|--|---------|--------|---------|---------|---------|--------|---------|--------|
| | 2006 | | 2005 | | 2006 | | 2005 | |
| Profit before tax | 380,823 | | 293,068 | | 167,313 | | 145,017 | |
| Tax calculated at the statutory tax rate of 29% (2005: 32%) | 110,439 | 29.00% | 93,782 | 32.00% | 48,521 | 29.00% | 46,405 | 32.00% |
| Income not subject to tax | -25,908 | -6.80% | -45,680 | -15.59% | -3,165 | -1.89% | -12,118 | -8.36% |
| Expenses not deductible for tax purposes | 17,449 | 4.58% | 28,161 | 9.61% | 318 | 0.19% | 298 | 0.21% |
| Estimated losses and utilization of previously unrecognized tax losses | -4,954 | -1.30% | -1,946 | -0.66% | - | | - | |
| Other taxes | 6,674 | 1.75% | 8,940 | 3.05% | 2,121 | 1.27% | 4,622 | 3.19% |
| Tax provision for reserve L.3220/2004 | 16,300 | 4.28% | - | | 14,400 | 8.61% | - | |
| Effect of different tax rates in other countries | -2,105 | -0.55% | -5,081 | -1.73% | - | | - | |
| Withholding tax on dividends | 1,276 | 0.34% | - | | - | | - | |
| Under provision prior years | -658 | -0.17% | 1,842 | 0.63% | - | | - | |
| Effective tax charge | 118,513 | 31.12% | 80,018 | 27.30% | 62,195 | 37.17% | 39,207 | 27.04% |

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 paragraph 2 of L.3220/2004. The European Commission, following its recent Announcement 2006/C20/05 stated that these tax exempt reserves have the form of a government subsidy and has requested the Greek Government to comment. The European Commission finally concluded that the relevant reserves are a form of government subsidy and companies should be required to submit to the taxation authorities the applicable income tax. As a result the Group has decided to account for the income tax expense related to the above tax free reserves using the rates in effect at the date such reserves were created. However, the Group intends to challenge any tax that maybe assessed in this respect, as the reserves were created according to existing legislation at the time.

6. 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 shares purchased by the Company and held as treasury shares (see Note 24).

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| <i>(all amounts in Euro thousands unless otherwise stated)</i> | | | | |
| Net profit for the year attributable to Titan S.A. shareholders | 259,185 | 210,128 | 105,118 | 105,810 |
| Weighted average number of ordinary shares in issue | 76,761,209 | 76,568,635 | 76,761,209 | 76,568,635 |
| Weighted average number of preferred shares in issue | 7,568,960 | 7,568,960 | 7,568,960 | 7,568,960 |
| Total weighted average number of shares in issue for basic earnings per share | 84,330,169 | 84,137,595 | 84,330,169 | 84,137,595 |
| Basic earnings per ordinary and preferred share (in €) | 3.07 | 2.50 | 1.25 | 1.26 |

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).

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| <i>(all amounts in Euro thousands unless otherwise stated)</i> | | | | |
| Net profit for the year attributable to Titan S.A. shareholders for diluted earnings per share | 259,185 | 210,128 | 105,118 | 105,810 |
| Weighted average number of ordinary shares for diluted earnings per share | 76,761,209 | 76,568,635 | 76,761,209 | 76,568,635 |
| Share options | 267,897 | 264,686 | 267,897 | 264,686 |
| Weighted average number of preferred shares in issue | 7,568,960 | 7,568,960 | 7,568,960 | 7,568,960 |
| Total weighted average number of shares in issue for diluted earnings per share | 84,598,066 | 84,402,281 | 84,598,066 | 84,402,281 |
| Diluted earnings per ordinary and preferred share (in €) | 3.06 | 2.49 | 1.24 | 1.25 |

7. Dividend per share

The Board of Directors will propose a dividend in respect of € 0.75 per share (2005: € 0.60 per share), amounting to a total dividend of € 63,353,403.00 (2005: € 50,598,074.40). This is expected to be ratified at the Annual General Meeting to be held in May 2007.

8. Property, plant and equipment

| Group <i>(all amounts in Euro thousands)</i> | Quarries | Land | Buildings | Plant & equipment | Motor vehicles | Office furniture, fixtures and equipment | Assets under construction | Total |
|--|-----------------|----------------|------------------|------------------------------|-----------------------|---|----------------------------------|------------------|
| Year ended 31 December 2005 | | | | | | | | |
| Opening balance | 91,280 | 81,786 | 136,423 | 528,677 | 60,343 | 12,605 | 53,508 | 964,622 |
| Additions | 450 | 1,187 | 7,576 | 18,323 | 4,350 | 2,243 | 111,606 | 145,735 |
| Disposals (NBV) | - | -11 | -79 | -417 | -684 | 21 | -83 | -1,253 |
| Reclassification of assets to other categories | 166 | 4,466 | 8,462 | 24,411 | 17,384 | 1,189 | -56,078 | - |
| Transfers from/(to) inventories (Note 14) | - | - | - | -341 | - | - | - | -341 |
| Revaluations | 152 | 82 | 1,741 | 1,018 | 66 | 10 | 150 | 3,219 |
| Interest capitalized (note 3) | - | - | - | - | - | - | 538 | 538 |
| Write-offs | -275 | -26 | -91 | -182 | -23 | -39 | - | -636 |
| Depreciation charge (Note 2, 26) | -2,542 | -844 | -8,111 | -43,693 | -12,341 | -1,789 | - | -69,320 |
| Exchange differences | 12,814 | 10,567 | 10,645 | 59,466 | 5,615 | -3,522 | 3,255 | 98,840 |
| Ending balance | 102,045 | 97,207 | 156,566 | 587,262 | 74,710 | 10,718 | 112,896 | 1,141,404 |
| Leased assets under finance leases | | | | | | | | |
| Opening balance | - | - | - | 6,753 | - | - | - | 6,753 |
| Exchange differences | - | - | - | 1,028 | - | - | - | 1,028 |
| Depreciation charge (Note 2, 26) | - | - | - | -340 | - | - | - | -340 |
| Ending balance | - | - | - | 7,441 | - | - | - | 7,441 |
| At 31 December 2005 | | | | | | | | |
| Cost | 116,696 | 101,207 | 266,483 | 928,277 | 151,016 | 29,358 | 112,896 | 1,705,933 |
| Accumulated depreciation | -14,651 | -4,000 | -109,917 | -332,574 | -76,306 | -18,640 | - | -556,088 |
| Provision for impairment of PPE | - | - | - | -1,000 | - | - | - | -1,000 |
| Net book value | 102,045 | 97,207 | 156,566 | 594,703 | 74,710 | 10,718 | 112,896 | 1,148,845 |
| Year ended 31 December 2006 | | | | | | | | |
| Opening balance | 102,045 | 97,207 | 156,566 | 587,262 | 74,710 | 10,718 | 112,896 | 1,141,404 |
| Additions | 1,743 | 4,969 | 4,802 | 17,621 | 5,597 | 4,293 | 120,688 | 159,713 |
| Disposals (NBV) | - | -457 | -149 | -366 | -757 | -60 | -2 | -1,791 |
| 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 14) | - | 8 | 44 | 746 | 114 | 77 | - | 989 |
| Revaluations | - | - | 181 | 91 | - | 14 | - | 286 |
| Interest capitalized (note 3) | - | - | - | - | - | - | 609 | 609 |
| Write-offs | - | - | -249 | -3,075 | -39 | -16 | -9 | -3,388 |
| Depreciation charge (Note 2, 26) | -2,799 | -1,327 | -8,704 | -45,114 | -15,409 | -2,628 | - | -75,981 |
| Impairment of PPE | - | - | - | -1,700 | - | - | - | -1,700 |
| Exchange differences | -9,684 | -8,376 | -5,540 | -35,939 | -5,488 | -247 | -7,480 | -72,754 |
| Ending balance | 91,305 | 107,306 | 152,160 | 584,341 | 94,699 | 13,743 | 124,641 | 1,168,195 |
| Leased assets under finance leases | | | | | | | | |
| Opening balance | - | - | - | 7,441 | - | - | - | 7,441 |
| Exchange differences | - | - | - | -762 | - | - | - | -762 |
| Depreciation charge (Note 2, 26) | - | - | - | -333 | - | - | - | -333 |
| Ending balance | - | - | - | 6,346 | - | - | - | 6,346 |
| At 31 December 2006 | | | | | | | | |
| Cost | 107,315 | 112,194 | 268,359 | 955,579 | 177,700 | 36,310 | 124,641 | 1,782,098 |
| Accumulated depreciation | -16,010 | -4,888 | -116,199 | -362,192 | -83,001 | -22,567 | - | -604,857 |
| Provision for impairment of PPE | - | - | - | -2,700 | - | - | - | -2,700 |
| Net book value | 91,305 | 107,306 | 152,160 | 590,687 | 94,699 | 13,743 | 124,641 | 1,174,541 |

The Group has no assets that are pledged.

Impairment charges are included in "other expenses".

8. Property, plant and equipment (continued)

| Company <i>(all amounts in Euro thousands)</i> | Quarries | Land | Buildings | Plant & equipment | Motor vehicles | Office furniture, fixtures and equipment | Assets under construction | Total |
|--|-----------------|--------------|------------------|------------------------------|-----------------------|---|----------------------------------|----------------|
| Year ended 31 December 2005 | | | | | | | | |
| Opening balance | 870 | 5,204 | 50,060 | 155,783 | 1,244 | 8,529 | 10,781 | 232,471 |
| Additions | 265 | 394 | 3,052 | 12,366 | 114 | 1,417 | 9,187 | 26,795 |
| Disposals (NBV) | -274 | -26 | -92 | -5 | -103 | -51 | - | -551 |
| Reclassification of assets to other categories | - | - | -49 | - | - | -16 | - | -65 |
| Transfers from/(to) inventories (Note 14) | - | - | - | -341 | - | - | - | -341 |
| Depreciation charge (Note 2, 26) | -46 | - | -1,598 | -8,002 | -283 | -1,087 | - | -11,016 |
| Ending balance | 815 | 5,572 | 51,373 | 159,801 | 972 | 8,792 | 19,968 | 247,293 |
| At 31 December 2005 | | | | | | | | |
| Cost | 1,087 | 5,572 | 82,115 | 252,982 | 5,989 | 19,880 | 19,968 | 387,593 |
| Accumulated depreciation | -272 | - | -30,742 | -92,181 | -5,017 | -11,088 | - | -139,300 |
| Provision for impairment of PPE | - | - | - | -1,000 | - | - | - | -1,000 |
| Net book value | 815 | 5,572 | 51,373 | 159,801 | 972 | 8,792 | 19,968 | 247,293 |
| Year ended 31 December 2006 | | | | | | | | |
| Opening balance | 815 | 5,572 | 51,373 | 159,801 | 972 | 8,792 | 19,968 | 247,293 |
| 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 14) | - | - | - | 989 | - | - | - | 989 |
| Depreciation charge (Note 2, 26) | -49 | - | -1,501 | -8,100 | -188 | -1,159 | - | -10,997 |
| Provision for impairment of PPE | - | - | - | -1,700 | - | - | - | -1,700 |
| Ending balance | 837 | 5,765 | 53,353 | 162,209 | 943 | 10,915 | 22,539 | 256,561 |
| At 31 December 2006 | | | | | | | | |
| 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 |
| Provision for impairment of PPE | - | - | - | -2,700 | - | - | - | -2,700 |
| Net book value | 837 | 5,765 | 53,353 | 162,209 | 943 | 10,915 | 22,539 | 256,561 |

9. Intangible assets

Group

(all amounts in Euro thousands)

Year ended 31 December 2005

| | Initial goodwill | Goodwill impairment | Total goodwill | Other intangible assets | Total |
|--|------------------|---------------------|----------------|-------------------------|----------------|
| Opening balance | 102,035 | -5,000 | 97,035 | 5,178 | 102,213 |
| Additions | - | - | - | 89 | 89 |
| Subsidiaries acquired - increase of investment | 2,180 | - | 2,180 | - | 2,180 |
| Write-offs | - | -3,928 | -3,928 | -223 | -4,151 |
| Goodwill impairment | - | -4,000 | -4,000 | - | -4,000 |
| Reclassifications | -3,074 | - | -3,074 | 3,074 | - |
| Amortization charge (Note 2,26) | - | - | - | -1,438 | -1,438 |
| Exchange differences | -1,115 | - | -1,115 | 1,212 | 97 |
| Ending balance | 100,026 | -12,928 | 87,098 | 7,892 | 94,990 |

Year ended 31 December 2006

| | | | | | |
|----------------------------------|----------------|----------------|----------------|---------------|----------------|
| Opening balance | 100,026 | -12,928 | 87,098 | 7,892 | 94,990 |
| Additions | - | - | - | 422 | 422 |
| Subsidiaries acquired (note 30) | 39,314 | - | 39,314 | 18,884 | 58,198 |
| Write-offs | - | -2,211 | -2,211 | - | -2,211 |
| Impairment of intangibles assets | - | - | - | -880 | -880 |
| Amortization charge (Note 2,26) | - | - | - | -3,560 | -3,560 |
| Exchange differences | -1,836 | - | -1,836 | 58 | -1,778 |
| Ending balance | 137,504 | -15,139 | 122,365 | 22,816 | 145,181 |

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):

| | 2006 | 2005 |
|-------------------------------|----------------|---------------|
| Greece and the European Union | 6,889 | 6,889 |
| North America | 48,634 | 13,118 |
| South Eastern Europe | 55,242 | 54,273 |
| Eastern Mediterranean | 11,600 | 12,818 |
| | 122,365 | 87,098 |

Carrying amount of goodwill (by business segment):

| | | |
|--|----------------|---------------|
| Cement | 112,349 | 77,082 |
| Blocks, ready mix and aggregates | 9,012 | 9,012 |
| Porcelain, shipping and transport activities | 1,004 | 1,004 |
| | 122,365 | 87,098 |

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 margins - the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

Key assumptions used for value in use calculations:

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

10. 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)

| | 2006 | 2005 |
|---|--------------|--------------|
| Opening balance | 7,226 | 7,161 |
| Reclassification of assets from / to other categories | 22 | 65 |
| Ending balance | 7,248 | 7,226 |

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.

11. Available-for-sale financial assets

(all amounts in Euro thousands)

| | Group | | Company | |
|------------------------|--------------|--------------|----------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| Opening balance | 6,623 | 4,801 | 1,049 | 1,248 |
| Additions | 3,248 | 1,175 | 81 | 299 |
| Disposals | -7,280 | -2,122 | -962 | -498 |
| Revaluations | 1,396 | 2,960 | - | - |
| Exchange differences | -369 | -191 | - | - |
| Ending balance | 3,618 | 6,623 | 168 | 1,049 |

Analysis of available-for-sale financial assets:

| | | | | |
|---------------------|--------------|--------------|------------|--------------|
| Non-current portion | 1,607 | 4,277 | 107 | 107 |
| Current portion | 2,011 | 2,346 | 61 | 942 |
| | 3,618 | 6,623 | 168 | 1,049 |

Available-for-sale financial assets include the following:

| | | | | |
|-----------------------|--------------|--------------|------------|--------------|
| Listed securities | 1,701 | 4,120 | - | - |
| Non listed securities | 1,917 | 2,503 | 168 | 1,049 |
| | 3,618 | 6,623 | 168 | 1,049 |

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.

12. Other-non current liabilities

(all amounts in Euro thousands)

| | Group | | Company | |
|-------------------------------|---------------|--------------|----------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| Government grants | 7,328 | 7,841 | 7,063 | 7,450 |
| Other-non current liabilities | 3,854 | 1,760 | - | - |
| | 11,182 | 9,601 | 7,063 | 7,450 |

Analysis of Government grants:

(all amounts in Euro thousands)

| | Group | | Company | |
|-------------------------------|--------------|--------------|----------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| Opening balance | 7,841 | 6,781 | 7,450 | 6,210 |
| Additions due to acquisitions | - | 232 | - | - |
| Additions | - | 1,584 | - | 1,584 |
| Write-offs | - | -326 | - | - |
| Depreciation | -513 | -430 | -387 | -344 |
| Ending balance | 7,328 | 7,841 | 7,063 | 7,450 |

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.

13. Other non-current receivables

(all amounts in Euro thousands)

| | Group | | Company | |
|--------------------------------|---------------|--------------|--------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| Utility deposits | 3,494 | 1,831 | 3,016 | 1,603 |
| Stripping amortization expense | 4,783 | 3,049 | - | - |
| Other non-current assets | 5,747 | 3,266 | - | - |
| | 14,024 | 8,146 | 3,016 | 1,603 |

14. Inventories

(all amounts in Euro thousands)

| | Group | | Company | |
|---|----------------|----------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Inventories | | | | |
| Raw materials | 31,813 | 24,715 | 22,243 | 17,787 |
| Maintenance stores | 101,800 | 95,919 | 33,262 | 32,981 |
| Finished goods | 79,419 | 64,950 | 16,584 | 15,708 |
| | 213,032 | 185,584 | 72,089 | 66,476 |
| Provision for obsolete inventory | -8,906 | -9,971 | -2,696 | -2,132 |
| | 204,126 | 175,613 | 69,393 | 64,344 |
| Transfer of major spare parts to property, plant and equipment (Note 8) | -989 | 341 | -989 | 341 |
| | 203,137 | 175,954 | 68,404 | 64,685 |

The Group has not pledged its inventories as collateral.

15. Receivables and prepayments

(all amounts in Euro thousands)

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Trade receivables | 141,512 | 137,706 | 26,879 | 21,194 |
| Cheques receivables | 119,155 | 113,355 | 69,105 | 72,219 |
| Provision for doubtful debtors | -7,160 | -10,739 | -2,849 | -5,751 |
| | <u>253,507</u> | <u>240,322</u> | <u>93,135</u> | <u>87,662</u> |
| Prepayments and other receivables | 44,024 | 39,724 | 4,080 | 4,365 |
| Provision for other doubtful receivables | -4,112 | -7,643 | - | - |
| | <u>39,912</u> | <u>32,081</u> | <u>4,080</u> | <u>4,365</u> |
| Trade receivables from related parties (Note 27) | 6 | 15 | 34,545 | 39,448 |
| | <u>293,425</u> | <u>272,418</u> | <u>131,760</u> | <u>131,475</u> |

Analysis of provisions for doubtful debtors

| | 2006 | 2005 | 2006 | 2005 |
|-------------------------------|---------------------|----------------------|---------------------|---------------------|
| Balance at 1 January | 10,739 | 9,800 | 5,751 | 6,545 |
| Additions | 974 | 2,294 | 69 | - |
| Amount not utilized | -3,047 | -340 | -2,796 | -612 |
| Utilized during the year | -1,589 | -1,247 | - | -182 |
| Additions due to acquisitions | 245 | - | - | - |
| Exchange differences | -162 | 232 | - | - |
| Balance at 31 December | <u>7,160</u> | <u>10,739</u> | <u>2,849</u> | <u>5,751</u> |

Analysis of provisions for other doubtful receivables

| | 2006 | 2005 |
|-------------------------------|---------------------|---------------------|
| Balance at 1 January | 7,643 | 8,716 |
| Additions | 113 | - |
| Amount not utilized | -4,080 | - |
| Utilized during the year | - | -1,073 |
| Exchange differences | 436 | - |
| Balance at 31 December | <u>4,112</u> | <u>7,643</u> |

16. Cash and cash equivalents

(all amounts in Euro thousands)

| | Group | | Company | |
|--------------------------|-----------------------|----------------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Cash at bank and in hand | 592 | 334 | 23 | 12 |
| Short-term bank deposits | 137,435 | 94,808 | 5 | 5 |
| | <u>138,027</u> | <u>95,142</u> | <u>28</u> | <u>17</u> |

Short-term bank deposits comprise primarily of time deposits and 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.

17. Trade and other payables

(all amounts in Euro thousands)

| | Group | | Company | |
|--|----------------|----------------|----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Trade payables | 86,445 | 79,107 | 24,637 | 25,892 |
| Amounts due to related parties (Note 27) | 504 | 450 | 5,039 | 7,073 |
| Other payables | 24,212 | 16,054 | 11,178 | 10,183 |
| Accrued expenses | 22,281 | 19,798 | 4,493 | 3,241 |
| Social security | 4,790 | 4,493 | 2,819 | 2,751 |
| Customer down payments/advances | 4,827 | 4,657 | 980 | 934 |
| Forward foreign exchange contracts (Note 22) | 989 | 3,722 | - | - |
| Other taxes | 7,943 | 7,978 | 2,660 | 1,731 |
| | 151,991 | 136,259 | 51,806 | 51,805 |

Other payables comprise mainly of insurance and employee benefit payables.

18. Borrowings

(all amounts in Euro thousands)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Current | | | | |
| Loans in local currency - (€ denominated) | 28,911 | 23,973 | 8,258 | 13,483 |
| Loans in foreign currency | 109,569 | 39,966 | 17,082 | 35,513 |
| Finance lease liabilities | 565 | 599 | - | - |
| | 139,045 | 64,538 | 25,340 | 48,996 |
| Non-current | | | | |
| Bank borrowings (Loans in foreign currency) | 321,877 | 419,747 | 16,320 | 62,203 |
| Finance lease liabilities | 4,163 | 5,278 | - | - |
| | 326,040 | 425,025 | 16,320 | 62,203 |
| Total borrowings | 465,085 | 489,563 | 41,660 | 111,199 |

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

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

| | Group | | Company | |
|-----------------------|----------------|----------------|----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Up to 2 years | 33,935 | 48,832 | 4,218 | - |
| Between 2 and 5 years | 115,928 | 90,437 | 12,102 | 62,203 |
| Over 5 years | 172,014 | 280,478 | - | - |
| | 321,877 | 419,747 | 16,320 | 62,203 |

18. Borrowings (continued)

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

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| Bank borrowings (foreign currency - USD) | 6.13% | 5.95% | 6.11% | 4.26% |
| Bank borrowings (foreign currency - JPY) | 2.70% | 3.32% | - | - |
| Bank borrowings (foreign currency - EGP) | 10.53% | 11.03% | - | - |
| Bank borrowings (foreign currency - GBP) | 6.45% | 6.45% | 6.45% | 6.45% |
| Bank borrowings (foreign currency - BGN) | 5.54% | 5.86% | 5.67% | 5.97% |
| Bank borrowings (local currency - €) | 3.95% | 3.15% | 3.85% | 3.11% |
| Finance lease liabilities | 5.14% | 5.14% | - | - |

Bank borrowings in foreign currencies:

(all amounts in Local Currency thousands)

| | Group | | Company | |
|-----|--------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| USD | 502,210 | 446,249 | 43,990 | 84,965 |
| JPY | 2,250,846 | 2,060,488 | - | - |
| EGP | 210,980 | 114,290 | - | - |
| GBP | - | 92 | - | 92 |
| BGN | 10,196 | 50,000 | - | 50,000 |
| CAN | 4,600 | - | - | - |

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

(all amounts in Euro thousands)

| | Group | |
|---|--------------|-------------|
| | 2006 | 2005 |
| Finance lease liabilities - minimum lease payments | | |
| Not later than 1 year | 795 | 887 |
| Later than 1 year and not later than 5 years | 3,179 | 3,549 |
| Later than 5 years | 1,682 | 2,765 |
| | 5,656 | 7,201 |
| Future finance charges on finance leases | -928 | -1,324 |
| Present value of finance lease liabilities | 4,728 | 5,877 |
| Present value of finance lease liabilities is as follows: | | |
| Not later than 1 year | 565 | 724 |
| Later than 1 year and not later than 5 years | 2,260 | 2,896 |
| Later than 5 years | 1,903 | 2,257 |
| | 4,728 | 5,877 |

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

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

19. 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 | |
|----------------------------------|----------------|----------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Opening balance | 142,763 | 117,708 | 30,458 | 42,405 |
| Income statement charge (Note 5) | 554 | 25,514 | 1,661 | 4,299 |
| Exchange differences | -12,002 | 15,787 | - | - |
| Additions due to acquisitions | 3,732 | - | - | - |
| Tax charged to equity | -2,243 | -16,246 | -2,243 | -16,246 |
| Ending balance | 132,804 | 142,763 | 29,876 | 30,458 |

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 | |
|--|----------------|----------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Property, plant and equipment | 149,778 | 159,383 | 27,902 | 27,967 |
| Provisions | 5,950 | 3,253 | 4,743 | 3,350 |
| Receivables and prepayments | 1,421 | 913 | - | - |
| Currency translation differences on derivative hedged position | - | 2,902 | - | 2,902 |
| | 157,149 | 166,451 | 32,645 | 34,219 |

Analysis of deferred tax assets

| <i>(all amounts in Euro thousands)</i> | | | | |
|--|----------------|----------------|---------------|---------------|
| Intangible assets | -2,206 | -1,445 | - | - |
| Tax losses | -2,659 | -2,637 | - | - |
| Inventories | -799 | -812 | - | - |
| Post-employment and termination benefits | -1,380 | -1,885 | - | - |
| Receivables and prepayments | -2,214 | -2,630 | -867 | -1,376 |
| Other | -15 | -18 | - | - |
| Government grants | -2,708 | -2,667 | -1,331 | -1,422 |
| Provisions | -7,321 | -6,155 | -571 | -304 |
| Trade and other payables | -5,043 | -4,780 | - | - |
| Currency translation differences on derivative hedged position | - | -659 | - | -659 |
| | -24,345 | -23,688 | -2,769 | -3,761 |
| Net deferred tax liability | 132,804 | 142,763 | 29,876 | 30,458 |

19. 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 <i>(all amounts in Euro thousands)</i> | 1 January 2006 | Debit/ (Credited) charged to net profit | Debit/ (Credited) charged to equity | Exchange differences | Additions due to acquisitions | 31 December 2006 |
|--|---------------------------|--|--|---------------------------------|--|-----------------------------|
| Deferred tax liabilities | | | | | | |
| 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 | - | - | - |
| | 166,451 | 3,667 | -2,902 | -13,799 | 3,732 | 157,149 |
| Deferred tax assets | | | | | | |
| 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 | - | - | - |
| | -23,688 | -3,113 | 659 | 1,797 | - | -24,345 |
| Net deferred tax liability | 142,763 | 554 | -2,243 | -12,002 | 3,732 | 132,804 |
| Company <i>(all amounts in Euro thousands)</i> | 1 January 2006 | Debit/ (Credited) charged to net profit | Debit/ (Credited) charged to equity | Exchange differences | 31 December 2006 | |
| Deferred tax liabilities | | | | | | |
| 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 | - | - | |
| | 34,219 | 1,328 | -2,902 | - | 32,645 | |
| Deferred tax assets | | | | | | |
| 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 | - | - | |
| | -3,761 | 333 | 659 | - | -2,769 | |
| Net deferred tax liability | 30,458 | 1,661 | -2,243 | - | 29,876 | |

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.

19. 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 <i>(all amounts in Euro thousands)</i> | 1 January 2005 | Debit/ (Credited) charged to net profit | Debit/ (Credited) charged to equity | Exchange differences | 31 December 2005 |
|--|---------------------------|--|--|---------------------------------|-----------------------------|
| Deferred tax liabilities | | | | | |
| Property, plant and equipment | 134,294 | 7,788 | - | 17,301 | 159,383 |
| Provisions | -929 | 2,114 | - | 2,068 | 3,253 |
| Receivables and prepayments | 790 | 1 | - | 122 | 913 |
| Currency translation differences on derivative hedged position | 19,806 | - | -16,904 | - | 2,902 |
| | <u>153,961</u> | <u>9,903</u> | <u>-16,904</u> | <u>19,491</u> | <u>166,451</u> |
| Deferred tax assets | | | | | |
| Intangible assets | -517 | -892 | - | -36 | -1,445 |
| Tax losses | -20,482 | 20,421 | - | -2,576 | -2,637 |
| Inventories | -2,074 | 1,582 | - | -320 | -812 |
| Post-employment and termination benefits | -1,698 | 75 | - | -262 | -1,885 |
| Receivables and prepayments | -911 | -1,597 | - | -122 | -2,630 |
| Other | -797 | -16 | - | 795 | -18 |
| Government grants | -1,903 | -586 | - | -178 | -2,667 |
| Provisions | -2,617 | -3,141 | - | -397 | -6,155 |
| Trade and other payables | -3,937 | -235 | - | -608 | -4,780 |
| Currency translation differences on derivative hedged position | -1,317 | - | 658 | - | -659 |
| | <u>-36,253</u> | <u>15,611</u> | <u>658</u> | <u>-3,704</u> | <u>-23,688</u> |
| Net deferred tax liability | <u>117,708</u> | <u>25,514</u> | <u>-16,246</u> | <u>15,787</u> | <u>142,763</u> |
| Company <i>(all amounts in Euro thousands)</i> | 1 January 2005 | Debit/ (Credited) charged to net profit | Debit/ (Credited) charged to equity | Exchange differences | 31 December 2005 |
| Deferred tax liabilities | | | | | |
| Property, plant and equipment | 23,368 | 4,599 | - | - | 27,967 |
| Provisions | 1,236 | 2,114 | - | - | 3,350 |
| Currency translation differences on derivative hedged position | 19,806 | - | -16,904 | - | 2,902 |
| | <u>44,410</u> | <u>6,713</u> | <u>-16,904</u> | <u>-</u> | <u>34,219</u> |
| Deferred tax assets | | | | | |
| Receivables and prepayments | - | -1,376 | - | - | -1,376 |
| Government grants | -688 | -734 | - | - | -1,422 |
| Provisions | - | -304 | - | - | -304 |
| Currency translation differences on derivative hedged position | -1,317 | - | 658 | - | -659 |
| | <u>-2,005</u> | <u>-2,414</u> | <u>658</u> | <u>-</u> | <u>-3,761</u> |
| Net deferred tax liability | <u>42,405</u> | <u>4,299</u> | <u>-16,246</u> | <u>-</u> | <u>30,458</u> |

20. 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 2006. 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 annum.

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.

20. Retirement and termination benefit obligations (continued)

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

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| <i>(all amounts in Euro thousands)</i> | | | | |
| Current service cost | 3,071 | 2,395 | 1,497 | 1,590 |
| Interest cost | 2,502 | 2,317 | 1,465 | 1,389 |
| Past service cost | - | - | - | - |
| Actuarial loss / (gain) | 1,148 | 672 | 1,697 | 871 |
| | 6,721 | 5,384 | 4,659 | 3,850 |
| Expected return on plan assets | -672 | -750 | - | - |
| Net periodic cost | 6,049 | 4,634 | 4,659 | 3,850 |
| Additional provision required | 770 | 2,435 | - | - |
| Additional post retirement and termination benefits paid out, not provided for | 853 | 320 | 853 | 314 |
| Amounts recognised in the income statement | 7,672 | 7,389 | 5,512 | 4,164 |
| Actual return on plan assets | - | 712 | - | - |
| Present value of the liability recognised in the balance sheet | 58,798 | 45,339 | 38,137 | 33,035 |
| Movement in the liability recognized in the balance sheet: | | | | |
| <i>(all amounts in Euro thousands)</i> | | | | |
| Opening balance | 38,937 | 39,642 | 23,293 | 24,114 |
| Total expense - as shown above | 6,049 | 4,634 | 4,659 | 3,850 |
| Additional provision required | 770 | 2,435 | - | - |
| Exchange differences | -686 | -694 | - | - |
| Benefits paid during the year | -5,535 | -7,080 | -5,204 | -4,671 |
| Ending balance | 39,535 | 38,937 | 22,748 | 23,293 |

21. Provisions

| Group <i>(all amounts in Euro thousands)</i> | | 1 January 2006 | Additions | Used during year | Exchange differences | Additions due to acquisitions | 31 December 2006 |
|--|---|-----------------------|------------------|-------------------------|-----------------------------|--------------------------------------|-------------------------|
| Provisions for restoration of quarries | a | 7,639 | 4,582 | -10 | -491 | - | 11,720 |
| Provisions for other taxes | b | 2,699 | 239 | 35 | -89 | - | 2,884 |
| Litigation provisions | c | 3,200 | 1,655 | -2,271 | -87 | 137 | 2,634 |
| Tax provision for reserve L.3220/2004 (note 5) | d | - | 16,300 | - | - | - | 16,300 |
| Other provisions | e | 4,075 | 7,954 | - | -277 | - | 11,752 |
| | | 17,613 | 30,730 | -2,246 | -944 | 137 | 45,290 |

| | | |
|--|---------------|---------------|
| <i>(all amounts in Euro thousands)</i> | 2006 | 2005 |
| Non current provisions | 37,977 | 13,136 |
| Current provisions | 7,313 | 4,477 |
| | 45,290 | 17,613 |

| Company <i>(all amounts in Euro thousands)</i> | | 1 January 2006 | Additions | Used during year | Exchange differences | 31 December 2006 |
|--|---|-----------------------|------------------|-------------------------|-----------------------------|-------------------------|
| Provisions for restoration of quarries | a | - | 2,778 | - | - | 2,778 |
| Tax provision for reserve L.3220/2004 (note 5) | d | - | 14,400 | - | - | 14,400 |
| Other provisions | e | 2,418 | 4,400 | -2,418 | - | 4,400 |
| | | 2,418 | 21,578 | -2,418 | - | 21,578 |

| | | |
|--|---------------|--------------|
| <i>(all amounts in Euro thousands)</i> | 2006 | 2005 |
| Non current provisions | 17,178 | 2,418 |
| Current provisions | 4,400 | - |
| | 21,578 | 2,418 |

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 2 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 2 to 50 years.

22. Financial instruments

Derivative financial instruments

(all amounts in Euro thousands)

Liabilities

Forward foreign exchange contracts at fair value (Note 17)

| Group | | Company | |
|-------|-------|---------|------|
| 2006 | 2005 | 2006 | 2005 |
| 989 | 3,722 | - | - |

All forward exchange contracts are valued at fair value. The resultant gain or loss is included in finance costs on the income statement.

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.

| | Foreign Amount | | Average Rate to the Yen/\$ | |
|---|----------------|------------|----------------------------|--------|
| | 2006 | 2005 | 2006 | 2005 |
| (all amounts in local currency thousands) | | | | |
| Subsidiaries | | | | |
| Japanese Yen (Bought) | 4,575,386 | 12,201,000 | 113.96 | 110.77 |
| Japanese Yen (Sold) | 2,324,540 | 8,075,000 | 119.16 | 113.96 |

Hedging of net investment in foreign subsidiary

At 30.6.2006 the loan in foreign currency which has been designated as a hedge of the Group's net investment in Titan America was fully repaid. As at 31.12.2005 the remaining balance was \$20,000,000. The fair value of the borrowing at 31 December 2005 was € 16,953,463. The foreign exchange gain of € 785,059 (2005: loss of € 5,551,242) on translation of the borrowing to Euro at the repayment date was recognised in shareholders' equity. The cumulative exchange gain at 31 December 2006 recognized in shareholders' equity amounted to € 48,346,632 (2005: € 45,318,420).

23. Contingencies and Commitments

Contingent liabilities

(all amounts in Euro thousands)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Guarantees to third parties on behalf of subsidiaries | 96,793 | 74,026 | 396,443 | 358,418 |
| Bank guarantee letters | 29,058 | 33,052 | 18,192 | 31,871 |
| Other | 2,062 | 6,891 | 6,226 | 5,353 |
| | 127,913 | 113,969 | 420,861 | 395,642 |

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

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

As part of the Kyoto Protocol, the European Union has committed itself to reduce greenhouse gas emissions. Within this context a Community Directive was issued that foresees the commercialisation of 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 will be lower than the Company's present emissions, the Company will incur costs for either having to acquire emission rights or via an investment in equipment that reduces the emission of the gas. Presently the Company believes that it will not incur such an obligation.

The Company has not been tax audited for the years 2002 to 2006. In addition, the Group's subsidiaries have not been audited for the financial years mentioned in note 34, therefore their tax obligations have not been finalized. In potential future tax audit, the tax authorities may reject certain expenses, increasing in this way the Company's and the Group's subsidiaries taxable income, by imposing additional taxes, fines and accessions. At the present time it is not possible to define with accuracy the level of the additional taxes and fines which may possibly be imposed, as it depends to the findings of the tax audit.

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

Contingent assets

(all amounts in Euro thousands)

| | Group | | Company | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Bank guarantee letters | 11,355 | 12,037 | 11,355 | 12,037 |
| | 11,355 | 12,037 | 11,355 | 12,037 |

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

Commitments

Capital commitments

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

| | Group | | Company | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Property, plant and equipment | 19,751 | 29,503 | 13,605 | 18,101 |
| Total | 19,751 | 29,503 | 13,605 | 18,101 |

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)

| | Group | |
|---|---------------|---------------|
| | 2006 | 2005 |
| Not later than 2 years | 6,208 | 6,510 |
| Later than 2 years and not later than 5 years | 3,256 | 3,063 |
| Later than 5 years | 3,275 | 3,728 |
| | 12,739 | 13,301 |

24. Share capital

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

| | Numbers of ordinary shares | Ordinary shares | Number of treasury shares | Treasury shares | Share premium | Share options | Number of preferred ordinary shares | Preferred ordinary shares | Total number of shares | Total |
|---------------------------------------|-------------------------------|--------------------|---------------------------------|--------------------|------------------|------------------|--|---------------------------------|---------------------------|----------------|
| At 1 January 2005 | 76,560,264 | 153,121 | - | - | 19,585 | - | 7,568,960 | 15,138 | 84,129,224 | 187,844 |
| Share options (IFRS 2) | - | - | - | - | - | 731 | - | - | - | 731 |
| Issue of shares - share option scheme | 200,900 | 401 | - | - | 2,548 | - | - | - | 200,900 | 2,949 |
| At 31 December 2005 | 76,761,164 | 153,522 | - | - | 22,133 | 731 | 7,568,960 | 15,138 | 84,330,124 | 191,524 |
| Share options (IFRS 2) | - | - | - | - | - | 2,788 | - | - | - | 2,788 |
| Treasury shares purchased | - | - | -14,000 | -502 | - | - | - | - | -14,000 | -502 |
| Issue of shares - share option scheme | 155,080 | 310 | - | - | 591 | - | - | - | 155,080 | 901 |
| At 31 December 2006 | 76,916,244 | 153,832 | -14,000 | -502 | 22,724 | 3,519 | 7,568,960 | 15,138 | 84,471,204 | 194,711 |

The total number of the authorised ordinary shares is:

| | 2006 | 2005 |
|--|-------------------|-------------------|
| Ordinary shares of € 2.00 each | 76,916,244 | 76,761,164 |
| Preferred ordinary shares of € 2.00 each | 7,568,960 | 7,568,960 |
| | 84,485,204 | 84,330,124 |

All issued shares are fully paid.

The trading price of the Titan Cement ordinary shares were € 41.30 and € 34.50 at December 31, 2006 and 2005, respectively.

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

| | 2006 | | | 2005 | | |
|-----------------------|--------------|----------------|----------------|---------------|----------------|----------------|
| | Old scheme | New scheme | Total | Old scheme | New scheme | Total |
| At 1 January | 82,700 | 244,590 | 327,290 | 283,600 | 111,480 | 395,080 |
| Granted | - | 142,440 | 142,440 | - | 133,110 | 133,110 |
| Exercised | -46,600 | -108,480 | -155,080 | -200,900 | - | -200,900 |
| Written off | -29,500 | -3,000 | -32,500 | - | - | - |
| At 31 December | 6,600 | 275,550 | 282,150 | 82,700 | 244,590 | 327,290 |

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

| Expiration date | 2006 | | | | 2005 | | |
|-----------------|----------------|------------|------------|---------|------------|------------|---------|
| | Exercise price | Old scheme | New scheme | Total | Old scheme | New scheme | Total |
| 2007 | € 14.68 | 6,600 | - | 6,600 | 82,700 | - | 82,700 |
| 2007 | € 2.00 | - | - | - | - | 111,480 | 111,480 |
| 2008 | € 2.00 | - | 133,110 | 133,110 | - | 133,110 | 133,110 |
| 2009 | € 2.00 | - | 142,440 | 142,440 | - | - | - |
| | | 6,600 | 275,550 | 282,150 | 82,700 | 244,590 | 327,290 |

Old scheme

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 12 (2005: 41) executives exercised options for 46,600 (2005: 200,900) shares. The remaining options for 6,600 (2005: 82,700) shares have not yet been exercised. During the 2006 financial year, no members of the board exercised their rights (2005: 30,800 shares).

New scheme

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 Securities Exchange and the share performance of other international cement producing companies. The number of options to be granted each year will be determined as follows:

- 1) One-third of options granted vest based on an individuals 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 under the new scheme, determined using the Black-Scholes valuation model, was €37.27 (2005: €30.76) per option. The significant inputs into the valuation model were share price at grant date of €40.74 (2005: €34.50), expected volatility of share price 22.03% (2005: 21.6%), dividend yield of 1.56% (2005: 1.9%) and an annual risk free rate of 3.67% (2005: 2.8%).

During 2006, 54 executives exercised options for 155,080 shares (2005: nil). The remaining options for 275,550 (2005: 244,590) shares have not yet been exercised. During the 2006 financial year, members of the board exercised their rights for 10,200 (2005: nil) shares. The weighted average share price at the exercise date of rights was € 38.73.

25. Fair value and other reserves

| Group <i>(all amounts in Euro thousands)</i> | Legal reserve | Special reserve | Contingency reserve | Tax exempt reserves under special laws | Revaluatio n reserve | Currency translation differences on derivative hedging position | Translation Reserve | Total |
|--|--------------------------|----------------------------|--------------------------------|---|---------------------------------|--|--------------------------------|----------------|
| Balance at 1 January 2005 | 64,463 | 3,693 | 166,629 | 153,896 | - | 34,624 | -148,753 | 274,552 |
| Foreign currency translation | - | - | - | - | - | - | 40,429 | 40,429 |
| Net gains on available for sale financial assets | - | - | - | - | 2,959 | - | - | 2,959 |
| Net gain on hedge of net investment | - | - | - | - | - | 10,694 | - | 10,694 |
| Transfer from retained earnings | -11,874 | -56 | 76,055 | -8,050 | - | - | 5,214 | 61,289 |
| Balance at 31 December 2005 | 52,589 | 3,637 | 242,684 | 145,846 | 2,959 | 45,318 | -103,110 | 389,923 |
| Foreign currency translation | - | - | - | - | - | - | -58,851 | -58,851 |
| Net losses on available for sale financial assets | - | - | - | - | -3,153 | - | - | -3,153 |
| Net gain on hedge of net investment | - | - | - | - | - | 3,028 | - | 3,028 |
| Transfer from retained earnings | 4,960 | - | 28,105 | 8,429 | 3,485 | - | -2,003 | 42,976 |
| Balance at 31 December 2006 | 57,549 | 3,637 | 270,789 | 154,275 | 3,291 | 48,346 | -163,964 | 373,923 |

| Company <i>(all amounts in Euro thousands)</i> | Legal reserve | Special reserve | Contingency reserve | Tax exempt reserves under special laws | Revaluatio n reserve | Currency translation differences on derivative hedging position | Total |
|--|--------------------------|----------------------------|--------------------------------|---|---------------------------------|--|----------------|
| Balance at 1 January 2005 | 40,019 | 1,769 | 192,957 | 123,298 | - | 34,624 | 392,667 |
| Net gain on hedge of net investment | - | - | - | - | - | 10,694 | 10,694 |
| Transfer from retained earnings | 5,273 | - | 39,141 | 10,798 | - | - | 55,212 |
| Balance at 31 December 2005 | 45,292 | 1,769 | 232,098 | 134,096 | - | 45,318 | 458,573 |
| Net gain on hedge of net investment | - | - | - | - | - | 3,028 | 3,028 |
| Transfer from retained earnings | 5,226 | - | 28,136 | 8,403 | - | - | 41,765 |
| Balance at 31 December 2006 | 50,518 | 1,769 | 260,234 | 142,499 | - | 48,346 | 503,366 |

Certain Group companies are obliged according to the applicable commercial law to form as legal reserve a percentage 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 paragraph 2 of L.3220/2004. The European Commission, following its recent Directive 2006/C20/05 that these tax exempt reserves have the form of a government subsidy, has requested the Greek Government to comment. The European Commission finally concluded that the relevant reserves are a form of government subsidy and the affected Group companies should be required to submit to the taxation authorities the applicable income tax. As a result the Group has decided to account for the tax applicable. However the Group intends to challenge any tax assessed in this respect as the reserves were created according to existing legislation at the time.

26. Cash generated from operations

(all amounts in Euro thousands)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net Profit for the year as per income statement | 262,310 | 213,050 | 105,118 | 105,810 |
| Adjustments for: | | | | |
| Tax (Note 5) | 118,513 | 80,018 | 62,195 | 39,207 |
| Depreciation (Note 8) | 76,314 | 69,660 | 10,997 | 11,016 |
| Amortization of intangibles (Note 9) | 3,560 | 1,438 | - | - |
| Amortization of government grants received (note 12) | -513 | -430 | -387 | -344 |
| Stripping amortization | 1,370 | 1,347 | - | - |
| Provision for impairment of goodwill - write offs | 7,600 | 8,152 | - | - |
| Loss / (profit) on sale of property, plant and equipment | 622 | -376 | -142 | 69 |
| Provision for impairment of debtors charged to income statement (Note 15) | -6,040 | 1,954 | -2,727 | -612 |
| Provision for inventory obsolescence | 525 | -429 | 564 | - |
| Provision for restoration of quarries | 4,582 | - | 2,778 | - |
| Provision for litigation | 1,655 | - | - | - |
| Other provisions | 7,954 | 3,570 | 4,451 | -2 |
| Provision for retirement and termination benefit obligations | 6,819 | 7,069 | 4,659 | 3,850 |
| Interest income and net foreign exchange transaction gains | -12,028 | -22,675 | -5,900 | -200 |
| Dividend income | -4,543 | -9,005 | -5,598 | -29,175 |
| Interest expense and net foreign exchange transaction losses | 36,417 | 47,233 | 7,316 | 16,730 |
| Loss/ (Gains) on financial instruments | 554 | 9,528 | 6 | 240 |
| Interest capitalized to fixed assets | -609 | -538 | - | - |
| Tax discount due to one off payment | -674 | -453 | -614 | -370 |
| Share stock options | 2,787 | 731 | 1,893 | 516 |
| Share in profit/(loss) of associates | -3,400 | - | - | - |
| <i>Changes in working capital:</i> | | | | |
| Increase in inventories | -37,739 | -39,310 | -5,271 | -6,752 |
| Increase in trade and other receivables | -11,434 | -41,625 | -4,126 | -30,679 |
| (Increase)/decrease in operating long-term receivables | -3,397 | 987 | -1,412 | 817 |
| Increase / (decrease) / in trade and other payables | 6,433 | -11,022 | -5,204 | -8,828 |
| Cash generated from operations | 457,638 | 318,874 | 168,596 | 101,293 |

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

| | | | | |
|--|--------------|--------------|------------|------------|
| Net book amount (Note 8) | 2,370 | 1,890 | 554 | 550 |
| (Loss)/Profit on sale of property, plant and equipment | -622 | 376 | 142 | -69 |
| Proceeds from the sale of property, plant and equipment | 1,748 | 2,266 | 696 | 481 |

27. 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 17.3% (2005: 17.3%) of the Company's shares.

Various transactions are entered into by the Company and its subsidiaries during the year with related parties. Outstanding balances at year-end are unsecured and settlement occurs in cash. For the years ended 31 December 2006 and 31 December 2005, 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:

| | Company | |
|---|----------------|---------------|
| | 2006 | 2005 |
| <i>(all amounts in Euro thousands)</i> | | |
| i) Sales of goods and services | | |
| Sale of goods to subsidiaries | 127,470 | 97,721 |
| Sale of services to subsidiaries and joint ventures | 909 | 981 |
| Rental income | 120 | 52 |
| | <u>128,499</u> | <u>98,754</u> |

ii) Purchases of goods and services

| | Group | | Company | |
|---|------------|------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Purchase of goods from subsidiaries | - | - | 8,212 | 8,036 |
| Purchase of services from subsidiaries | - | - | 18,279 | 20,105 |
| Purchase of goods and services from related parties | 896 | 985 | 896 | 985 |
| | <u>896</u> | <u>985</u> | <u>27,387</u> | <u>29,126</u> |

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

| | Group | | Company | |
|---|------------|------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Payables to related parties | - | - | 4,535 | 6,623 |
| Payables to associates | 127 | 113 | 127 | 113 |
| Payables to executives and member of the Board | 377 | 337 | 377 | 337 |
| Total (note 17) | <u>504</u> | <u>450</u> | <u>5,039</u> | <u>7,073</u> |
| Receivables from related parties | - | - | 34,539 | 39,433 |
| Receivables from executives and member of the Board | 6 | 15 | 6 | 15 |
| Total (note 15) | <u>6</u> | <u>15</u> | <u>34,545</u> | <u>39,448</u> |

iv) Key management compensation

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| Salaries and other short-term employee benefits | 4,937 | 4,436 | 4,560 | 4,121 |
| Post-employment benefits | 107 | 80 | 107 | 80 |
| Other long term benefits | 472 | 364 | 472 | 364 |
| Termination benefits | 348 | - | 348 | - |
| Share based payments | 686 | 194 | 686 | 194 |
| | <u>6,550</u> | <u>5,074</u> | <u>6,173</u> | <u>4,759</u> |

v) Directors

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

vi) Contingencies and commitments (see Note 23)

28. Principal subsidiaries and joint ventures

Shareholding in subsidiaries and joint ventures

| Subsidiary and joint venture name | Country of incorporation | Nature of business | % of direct investment | % of indirect investment |
|--|--------------------------|--|------------------------|--------------------------|
| Full consolidation method | | | | |
| Titan Cement S.A | Greece | Cement Producer | Parent company | |
| Aeolian Maritime Company | Greece | Shipping | 100.000 | - |
| Albacem S.A. | Greece | Import & Distribution of Cement | 99.996 | 0.004 |
| Achaiki Maritime Company | Greece | Shipping | 100.000 | - |
| Interbeton Construction Materials S.A. | Greece | Ready Mix & Aggregates | 99.679 | 0.321 |
| Intercement S.A. | Greece | Trading Company | 99.950 | 0.050 |
| Intertitan Trading International S.A. | Greece | Trading Company | 99.995 | 0.005 |
| Ionia S.A. | Greece | Porcelain | 100.000 | - |
| Lakmos S.A. | Greece | Trading Company | 99.950 | 0.050 |
| Quarries Gournon S.A. | Greece | Quarries & Aggregates | 54.930 | 45.070 |
| Tagarades Community Quarries S.A. | Greece | Quarries & Aggregates | - | 79.928 |
| Quarries Corinthias S.A. | Greece | Quarries & Aggregates | - | 100.000 |
| Dodekanesos Quarries S.A | Greece | Quarries & Aggregates | - | 100.000 |
| Leros Quarries S.A | Greece | Quarries & Aggregates | - | 100.000 |
| Leesem S.A. | Greece | Trading Company | 3.193 | 96.807 |
| Loukas Tsogkas Beta S.A. | Greece | Ready Mix | - | 100.000 |
| Naftitan S.A. | Greece | Shipping | 99.900 | 0.100 |
| Polikos Maritime Company | Greece | Shipping | 100.000 | - |
| Titan Cement International Trading S.A. | Greece | Trading Company | 99.800 | 0.200 |
| Titan Atlantic Cement Industrial and Commercial S.A. | Greece | Investment Holding Company | 99.817 | 0.183 |
| Granitoid AD | Bulgaria | Trading Company | - | 99.669 |
| Gravel and Sand PIT AD | Bulgaria | Quarries & Aggregates | - | 99.989 |
| Zlatna Panega Beton EOOD | Bulgaria | Ready Mix | - | 99.989 |
| Zlatna Panega Cement AD | Bulgaria | Cement Producer | - | 99.989 |
| Fintitan SRL | Italy | Import & Distribution of Cement | 100.000 | - |
| Separation Technologies Canada Ltd | Canada | Converter of waste material into fly ash | - | 100.000 |
| Aemos Cement Ltd | Cyprus | Investment Holding Company | 100.000 | - |
| Alvacim Ltd | Cyprus | Investment Holding Company | - | 100.000 |
| Balkcem Ltd | Cyprus | Investment Holding Company | - | 100.000 |
| Iapetos Ltd | Cyprus | Investment Holding Company | 100.000 | - |
| Rea Cement Ltd | Cyprus | Investment Holding Company | - | 100.000 |
| Themis Holdings Ltd | Cyprus | Investment Holding Company | - | 51.006 |
| Tithys Ltd | Cyprus | Investment Holding Company | - | 100.000 |
| Separation Technologies U.K. Ltd | U.K | Converter of waste material into fly ash | - | 100.000 |
| Titan Cement U.K. Ltd | U.K | Import & Distribution of Cement | 100.000 | - |
| Cetral Concrete Supermix Inc. | U.S.A. | Ready Mix | - | 100.000 |
| Essex Cement Co. LLC | U.S.A. | Trading Company | - | 100.000 |
| Markfield America LLC | U.S.A. | Insurance Company | - | 100.000 |
| Metro Redi-Mix LLC | U.S.A. | Ready Mix | - | 100.000 |
| Miami Valley Ready Mix of Florida LLC | U.S.A. | Ready Mix | - | 100.000 |
| Pennsuco Cement Co LLC | U.S.A. | Cement Producer | - | 100.000 |
| Roanoke Cement Co. LLC | U.S.A. | Cement Producer | - | 100.000 |
| Separation Technologies LLC | U.S.A. | Converter of waste material into fly ash | - | 100.000 |
| Standard Concrete LLC | U.S.A. | Trading Company | - | 100.000 |
| Summit Ready Mix LLC | U.S.A. | Ready Mix | - | 100.000 |
| Tarmac America LLC | U.S.A. | Cement Producer | - | 100.000 |
| Titan America LLC | U.S.A. | Investment Holding Company | - | 100.000 |
| Titan Virginia Ready Mix LLC | U.S.A. | Ready Mix | - | 100.000 |
| Cementara Kosjeric AD | Serbia & Montenegro | Cement Producer | - | 74.280 |
| Cement Plus Ltd | F.Y.R.O.M | Import & Distribution of Cement | - | 61.643 |
| Usje Cementarnica AD | F.Y.R.O.M | Cement Producer | - | 94.835 |
| Titan Cement Netherlands BV | Holland | Investment Holding Company | - | 100.000 |
| Antea Cement SHA | Albania | Cement Producer | - | 100.000 |
| Proportional method | | | | |
| Alexandria Portland Cement Co. S.A.E | Egypt | Cement Producer | - | 48.640 |
| Beni Suef Cement Co.S.A.E. | Egypt | Cement Producer | - | 49.932 |
| Blue Circle Cement Egypt S.A.E. | Egypt | Cement Producer | - | 48.490 |
| Four M Titan Silo Co. LLC | Egypt | Cement Silo Operations | - | 49.322 |
| Misrieen Titan Trade & Distribution | Egypt | Cement Silo Operations | - | 49.470 |
| East Cement Trade Ltd | Cyprus | Investment Holding Company | - | 50.000 |
| Balkan Cement Enterprises Ltd | Cyprus | Investment Holding Company | - | 51.006 |
| Alexandria Development Co.Ltd | U.K. (Channel Islands) | Investment Holding Company | - | 50.000 |
| Lafarge Titan Egyptian Inv. Ltd | U.K. (Channel Islands) | Investment Holding Company | - | 50.000 |
| Equity method | | | | |
| Karieri AD | Bulgaria | Quarries & Aggregates | - | 48.711 |
| Karierni Materiali AD | Bulgaria | Quarries & Aggregates | - | 48.764 |
| Mechanicsville Concrete Inc. | U.S.A. | Ready Mix | - | 25.000 |

29. Minority Interests

(all amounts in Euro thousands)

| | 2006 | 2005 |
|--|---------------|---------------|
| Opening balance | 16,380 | 25,467 |
| Minority interest from new-established companies | 108 | - |
| Share of net profit of subsidiaries (per income statement) | 3,125 | 2,922 |
| Dividends | -315 | -1,011 |
| Subsidiary's equity reduction portion to minority interest | - | -9,799 |
| Fair value gains/(losses) from available for sale financial assets | -147 | 914 |
| Exchange differences | 1,019 | -2,113 |
| Ending balance | 20,170 | 16,380 |

30. Acquisition and disposal of subsidiaries

During the year the Group had not disposed of any subsidiaries.

At 1.4.2005 the Group acquired 86.32% of PAVLIDES BROS. READY MIX ABEE and at 28.12.2005 the balance of the minorities of 13.68% and the company was subsequently merged with INTERBETON CONSTRUCTION MATERIALS S.A.. The balance sheets of the company at the successive acquisition dates are presented below.

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 Surermix Inc., at 26.10.2006 100% of Loukas Tsogas Beton 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:

(all amounts in Euro thousands)

| | 2006 | 2005 |
|--|---------------|--------------|
| <u>Assets</u> | | |
| Current assets | 39,699 | 2,084 |
| Inventory | 820 | 2,123 |
| Receivables and prepayments | 8,069 | 1,652 |
| Cash and cash equivalents | 2,365 | 281 |
| Total assets | 50,953 | 6,140 |
| <u>Liabilities</u> | | |
| Long term borrowings | - | 123 |
| Other liabilities and taxes payable | 12,119 | 3,101 |
| Total liabilities | 12,119 | 3,224 |
| Fair value of net assets | 38,834 | 2,916 |
| Fair value of net assets purchased | - | 802 |
| Goodwill arising on acquisition | 39,314 | 1,187 |
| Total | 39,314 | 1,989 |
| Composed of: | | |
| Net cash outflow for acquisition of subsidiary | 78,148 | 1,989 |
| Cash and cash equivalents of acquired subsidiary | -2,365 | -281 |
| Total cash outflow for subsidiary acquisition | 75,783 | 1,708 |

From the date of acquisition the above mentioned companies have contributed €2,213 thousands to the Group's profitability.

The goodwill resulted from the acquisition of the above companies of € 39,314 thousands, includes also the fair value of expected synergies arising from their incorporation to the Group (note 9).

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)

| | 2006 | 2005 |
|---|----------------|----------------|
| Property, plant and equipment | 87,284 | 102,618 |
| Intangibles and long-term receivables | 13,696 | 14,804 |
| Current assets | 39,775 | 30,278 |
| | 140,755 | 147,700 |
| Non-current interest bearing borrowings | 35,964 | 58,973 |
| Other long-term liabilities | 737 | 918 |
| Provisions | 5,206 | 4,757 |
| Minority interests | 169 | 142 |
| Current non-interest bearing borrowings | 5,675 | 4,453 |
| Other short-term liabilities | 22,523 | 11,049 |
| | 70,274 | 80,292 |
| Net assets | 70,481 | 67,408 |
| Revenues | 61,944 | 52,448 |
| Profit after tax | 21,397 | 36,024 |

The average number of employees in the joint venture in 2006 was 819 (2005: 809).

32. Investment in associates

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 50.00% 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 28). The above mentioned companies are not listed.

(all amounts in Euro thousands)

Share of the associates' balance sheet

| | 2006 |
|---|---------------------|
| Property, plant and equipment | 4,930 |
| Intangibles and long-term receivables | 110 |
| Current assets | 1,363 |
| | <u>6,403</u> |
| Non-current interest bearing borrowings | 1,066 |
| Other long-term liabilities | 1,457 |
| | <u>2,523</u> |
| Net assets | <u>3,880</u> |
| Revenues | 3,304 |
| Profit after tax | <u>1,397</u> |

33. Fiscal years unaudited by the tax authorities

| | | | |
|--|-----------|---------------------------------------|-----------|
| Titan Cement S.A | 2002-2006 | Rea Cement Ltd | 2004-2006 |
| Albacem S.A. | 2003-2006 | Themis Holdings Ltd | 2004-2006 |
| Interbeton Construction Materials S.A. | 2002-2006 | Tithys Ltd | 2003-2006 |
| Intercement S.A. | 2003-2006 | Separation Technologies U.K. Ltd | (a) |
| Intertitan Trading International S.A. | 2000-2006 | Titan Cement U.K. Ltd | (a) |
| Ionia S.A. | 2006 | Central Concrete Supermix Inc. | 2006 |
| Lakmos S.A. | 2003-2006 | Essex Cement Co. LLC | 2003-2006 |
| Quarries Gournon S.A. | 2000-2006 | Markfield America LLC | 2003-2006 |
| Tagarades Community Quarries S.A. | 2003-2006 | Mechanicsville Concrete Inc. | 0 |
| Quarries Corinthias S.A. | 2005-2006 | Metro Redi-Mix LLC | 2006 |
| Dodekanesos Quarries S.A | 2006 | Miami Valley Ready Mix of Florida LLC | 2006 |
| Leros Quarries S.A | 2006 | Pennsuco Cement Co LLC | 2003-2006 |
| Leesem S.A. | 2003-2006 | Roanoke Cement Co. LLC | 2003-2006 |
| Titan Cement International Trading S.A. | 2001-2006 | Separation Technologies LLC | 2003-2006 |
| Titan Atlantic Cement Industrial and Commercial S.A. | 2001-2006 | Standard Concrete LLC | 2003-2006 |
| Aeolian Maritime Company | 2000-2006 | Summit Ready-Mix LLC | 2006 |
| Achaiki Maritime Company | 2000-2006 | Tarmac America LLC | 2003-2006 |
| Loukas Tsogas Beton S.A. | 2006 | Titan Virginia Ready Mix LLC | 2003-2006 |
| Naftitan S.A. | 2003-2006 | Titan America LLC | 2003-2006 |
| Polikos Maritime Company | 2001-2006 | Cementara Kosjeric AD | 2001-2006 |
| Granitoid AD | 2005-2006 | Usje Cementarnica AD | 2006 |
| Gravel and Sand Pit AD | 2002-2006 | Cement Plus LLC | 2006 |
| Karieri AD | - | Alexandria Portland Cement Co. S.A.E | 2004-2006 |
| Karierni Materiali AD | - | Beni Suef Cement Co.S.A.E. | 2004-2006 |
| Zlatna Panega Beton EOOD | 2002-2006 | Blue Circle Cement Egypt S.A.E. | (a) |
| Zlatna Panega Cement AD | 2005-2006 | Four M Titan Silo Co. LLC | 2001-2006 |
| Fintitan SRL | (a) | Misrieen Titan Trade & Distribution | 2005-2006 |
| Separation Technologies Canada Ltd | 2004-2006 | East Cement Trade Ltd | 2003-2006 |
| Aemos Cement Ltd | 2002-2006 | Balkan Cement Enterprises Ltd | 2003-2006 |
| Alvacim Ltd | 2006 | Alexandria Development Co.Ltd | (a) |
| Balkcem Ltd | 2002-2006 | Lafarge Titan Egyptian Inv. Ltd | (a) |
| Iapetos Ltd | 2002-2006 | Titan Cement Netherlands BV | 2006 |
| | | Antea Cement S.H.A. | 2006 |

(α) Under special tax status

34. Reclassifications

Comparative figures have been reclassified in order to be comparable for presentation purposes, are as follows: a) an amount of € 3,761 thousand has been transferred from deferred tax assets to deferred tax liabilities at the Company's balance sheet as of 31.12.05, b) an amount of € 1,000 thousands transferred from "Provisions" to "Property, plant and equipment" decreasing property, plant and equipment by the relevant amount, both the Group's and Company's balance sheet as of 31.12.2005 and c) an amount of € 7,997 thousands has been transferred from net finance costs to income from participations and investments in the consolidated income statement as of 31.12.2005.

35. Post balance sheet events

There are no events after 31 December 2006 considered to be material to the financial position of both the Group and the Company.