



Interim Financial Statements
for the period ended 30 September 2005

Titan Cement Company S.A.

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

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(Amounts in € thousand)

1. Income statement for the third quarter

	Group		Company	
	1/7-30/9/2005	1/7-30/9/2004	1/7-30/9/2005	1/7-30/9/2004
Turnover	381,779	309,749	116,341	111,422
Cost of sales	-230,004	-186,077	-65,435	-59,638
Gross profit	151,775	123,672	50,906	51,784
Other operating income/ (expense)	-3,925	2,253	1,822	-96
Administrative expenses	-19,060	-18,191	-7,705	-7,446
Selling and marketing expenses	-4,510	-3,974	-842	-911
Earnings before interest, taxes and depreciation	124,280	103,760	44,181	43,331
Depreciation & amortization	-17,835	-17,119	-2,639	-2,716
Earnings before interest and taxes	106,445	86,641	41,542	40,615
Income from participations	-	-	460	-
Finance costs - net	-355	-6,232	-2,572	-1,707
Gains / (losses) from financial instruments	-1,025	-1,581	428	-
Exchange differences gains/(losses)	644	3,985	-482	1,559
Profit before taxes	105,709	82,813	39,376	40,467
Less: taxes	-26,542	-20,023	-10,850	-11,404
Profit after taxes	79,167	62,790	28,526	29,063
<u>Attributable to:</u>				
Shareholders	77,618	61,093	28,526	29,063
Minority interest	1,549	1,697	-	-
Net profit per share - basic (in €)	0.92	0.73	0.34	0.35

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2. Income statement for the nine months

	Group		Company	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
Turnover	994,697	855,961	325,536	330,403
Cost of sales	<u>-633,375</u>	<u>-543,992</u>	<u>-198,879</u>	<u>-190,504</u>
Gross profit	361,322	311,969	126,657	139,899
Other operating income/ (expense)	-2,340	6,641	4,612	-934
Administrative expenses	-59,121	-54,293	-24,482	-22,500
Selling and marketing expenses	<u>-13,928</u>	<u>-12,528</u>	<u>-2,783</u>	<u>-2,627</u>
Earnings before interest, taxes and depreciation	285,933	251,789	104,004	113,838
Depreciation & amortization	<u>-51,897</u>	<u>-47,023</u>	<u>-7,855</u>	<u>-7,633</u>
Earnings before interest and taxes	234,036	204,766	96,149	106,205
Income from participations	129	-	29,104	13,773
Finance costs - net	-13,423	-10,933	-5,491	-3,155
Gains / (losses) from financial instruments	-7,340	-3,379	800	-
Exchange differences gains/(losses)	<u>4,810</u>	<u>3,385</u>	<u>-7,491</u>	<u>696</u>
Profit before taxes	218,212	193,839	113,071	117,519
Less: taxes	<u>-61,049</u>	<u>-53,402</u>	<u>-29,179</u>	<u>-34,240</u>
Profit after taxes	<u>157,163</u>	<u>140,437</u>	<u>83,892</u>	<u>83,279</u>
<u>Attributable to:</u>				
Shareholders	156,042	137,851	83,892	83,279
Minority interest	<u>1,121</u>	<u>2,586</u>	<u>-</u>	<u>-</u>
Net profit per share - basic (in €)	<u>1.85</u>	<u>1.64</u>	<u>1.00</u>	<u>0.99</u>

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3. Balance sheet

	Group		Company	
	30/09/2005	31/12/2004	30/09/2005	31/12/2004
<u>ASSETS</u>				
Property, plant & equipment	1,098,706	972,375	242,255	233,471
Intangible assets	103,482	107,213	-	-
Investment properties	-	-	7,161	7,161
Investment in subsidiaries	-	-	513,348	513,348
Other investments	5,316	1,421	107	107
Non current receivables	7,524	5,415	2,124	2,420
Deferred income tax assets	6,008	2,988	3,643	2,005
Non current assets	1,221,036	1,089,412	768,638	758,512
Inventories	160,896	138,325	62,787	60,065
Receivables and prepayments	290,845	231,997	129,429	92,896
Derivative financial instruments	3,508	3,497	-	-
Other investments	1,849	3,380	1,225	1,141
Cash and cash equivalents	114,541	78,408	47	21
Current assets	571,639	455,607	193,488	154,123
TOTAL ASSETS	1,792,675	1,545,019	962,126	912,635
<u>LIABILITIES</u>				
Long-term borrowings	441,237	408,083	68,671	62,378
Deferred income tax liabilities	150,924	120,696	46,102	44,410
Retirement benefit obligations and other provisions	78,618	68,939	30,093	34,114
Other non current liabilities	7,470	9,840	5,952	6,211
Non current liabilities	678,249	607,558	150,818	147,113
Short-term bank liabilities	90,810	85,029	74,644	56,643
Trade and other payables	129,182	113,369	43,405	56,276
Current income tax liabilities	22,480	17,052	10,448	7,526
Derivative financial instruments	3,764	888	-	-
Current provisions	1,140	1,016	-	-
Shareholders for dividend	466	44,121	465	44,121
Current liabilities	247,842	261,475	128,962	164,566
Total liabilities (a)	926,091	869,033	279,780	311,679
Share capital	188,822	187,844	188,822	187,844
Reserves	653,947	462,675	493,524	413,112
	842,769	650,519	682,346	600,956
Minority interests	23,815	25,467	-	-
Share capital & reserves (b)	866,584	675,986	682,346	600,956
Total Equity and Liabilities (a+b)	1,792,675	1,545,019	962,126	912,635

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4. Statement of changes in equity

	Group		Company	
	30/09/2005	30/09/2004	30/09/2005	30/09/2004
Equity balance at the beginning of period (1/1/2005 and 1/1/2004 respectively)	675,986	582,851	600,956	535,193
Share Capital increase	978	-	978	-
Income charged directly to equity	3,420	954	-	-
Net profit per income statement after tax	157,163	140,437	83,892	83,279
Buy-out of minority interest	-2,064	-13,932	-	-
Dividends paid to minority	-1,007	-962	-	-
Translation differences	35,588	3,486	-	-
Increase/(decrease) on derivative hedging position	-3,480	-1,136	-3,480	-1,136
Equity balance at the end of period (30/9/2005 and 30/9/2004 respectively)	<u>866,584</u>	<u>711,698</u>	<u>682,346</u>	<u>617,336</u>

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5. Cash flow statement

	Group		Company	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
Cash flows from operating activities				
Profits before taxes	218,212	193,839	113,071	117,519
<i>Adjustments for:</i>				
Depreciation	51,897	47,023	7,855	7,633
Dividends	-129	-	-28,304	-13,772
Interest expense	21,718	12,620	5,061	4,275
Other non cash flow items	3,716	4,969	7,311	5,064
Operating profit before changes in working capital	295,414	258,451	104,994	120,719
Decrease/(increase) in inventories	-22,863	-13,771	-2,495	-6,263
Decrease/(increase) in trade and other receivables	-60,718	81,414	-20,804	26,787
Increase/(decrease) in trade payables (excluding banks)	10,800	-11,031	-16,833	-3,111
Cash generated from operations	222,633	315,063	64,862	138,132
Interest received	2,389	3,867	139	20
Taxation paid	-26,198	-63,218	-24,194	-45,650
<i>Net cash flows from operating activities</i>	<u>198,824</u>	<u>255,712</u>	<u>40,807</u>	<u>92,502</u>
Cash flows from investing activities				
Purchase of tangible and intangible assets	-90,731	-118,359	-17,327	-20,704
Proceeds from the sale of property, plant and equipment	1,699	2,468	150	59
Proceeds from dividends	129	-	12,387	13,772
Disposal/(Acquisition) of subsidiaries, net of cash	-2,508	-67,565	-	-32,744
Proceeds from disposal of available-for-sale financial assets	9,663	2,497	-	637
Purchase of available-for-sale financial assets	-134	-1,219	-84	-740
Decrease/(increase) in long-term receivables	-2,893	-15,708	296	114
<i>Net cash flows from investing activities</i>	<u>-84,775</u>	<u>-197,886</u>	<u>-4,578</u>	<u>-39,606</u>
Net cash flows after investing activities	114,049	57,826	36,229	52,896
Cash flows from financing activities				
Interest paid	-24,380	-19,887	-5,200	-4,295
Dividends paid	-44,662	-41,802	-43,656	-40,847
Proceeds from borrowings	121,631	215,192	31,401	60,713
Payments of borrowings	-135,349	-217,168	-18,748	-68,593
<i>Net cash flows from financing activities</i>	<u>-82,760</u>	<u>-63,665</u>	<u>-36,203</u>	<u>-53,022</u>
Net increase in cash and cash equivalents	31,289	-5,839	26	-126
Cash and cash equivalents at beginning of the period	78,408	72,354	21	238
Effects of exchange rate changes	4,844	-31	-	-
Cash and cash equivalents at end of the period	<u>114,541</u>	<u>66,484</u>	<u>47</u>	<u>112</u>

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6. Segment information

	Greece		North America		South East Europe		Eastern Mediterranean		Total Group	
For the Period 1/1 - 30/9	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Turnover	387,918	408,704	447,824	324,601	120,249	94,055	38,706	28,601	994,697	855,961
Gross profit	154,311	171,327	132,184	80,257	52,553	43,900	22,274	16,485	361,322	311,969
Earnings before interest, taxes, and depreciation	119,513	139,887	105,274	54,202	40,791	43,105	20,355	14,595	285,933	251,789
Earnings before interest and taxes	109,320	130,007	75,938	28,696	34,926	37,471	13,852	8,592	234,036	204,766

	Greece		North America		South East Europe		Eastern Mediterranean		Total Group	
	30/9/05	31/12/04	30/9/05	31/12/04	30/9/05	31/12/04	30/9/05	31/12/04	30/9/05	31/12/04
Capital expenditure	24,585	35,665	54,052	103,501	10,893	17,533	1,201	2,031	90,731	158,730
Total assets	539,902	503,396	808,707	651,331	273,656	233,629	170,410	156,663	1,792,675	1,545,019
Total liabilities	316,523	342,683	465,728	384,206	32,664	17,540	111,176	124,604	926,091	869,033

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7. Reconciliation of shareholders equity at the beginning of the period (1/1/2005 and 1/1/2004 respectively) between Greek General Accepted Accounting Practices (GR G.A.A.P.) and International Financial Reporting Standards (I.F.R.S.)

	Group		Company	
	1/01/2005	1/01/2004	1/01/2005	1/01/2004
Equity balance at the beginning of period, excluding minority interests (1/1/2005 and 1/1/2004 respectively) according to GR G.A.A.P.	510,589	446,381	554,312	490,294
Recognition of deferred tax liabilities.	-29,124	-21,830	-42,404	-28,202
Change in economic useful lives of property, plant and equipment and restatement to historical cost basis.	87,894	57,555	73,024	46,377
Adjustment of provision accounts in accordance with I.F.R.S.	-25,320	-13,873	-10,909	-4,635
Revision to amortisation of government grants based on IFRS revised economic useful lives of appropriate assets and reclassification of government grants from equity to deferred income (non-current liabilities).	-4,211	-5,328	-6,210	-5,019
Recognition of unrealised foreign currency gains / (losses) in net income.	-	2,720	-	-
Reclassification of unrealised foreign currency gains to equity relating to US dollar loan used as a hedge against the investment in US subsidiaries.	33,641	34,792	33,626	36,735
Derecognition of intangible assets (previously reported under Greek GAAP).	-2,574	-2,616	-	-9
Differences arising from the method of accounting for Egyptian operations.	1,226	1,424	-	-
Reclassifications of goodwill from reserves to assets, difference arising from the translation of goodwill denominated in foreign currency and amortisation of goodwill over economic useful lives.	85,372	37,126	-	-
Differences between Greek GAAP and IFRS treatment of exchange gains / losses on translation of financial statements of foreign entities.	-6,475	-7,092	-	-
Recognition of financial derivative instruments (FEC's) at fair value.	-483	-348	-483	-348
Other.	-16	1,371	-	-
Equity balance at the beginning of period, excluding minority interests (1/1/2005 and 1/1/2004 respectively) as restated according to I.F.R.S.	<u>650,519</u>	<u>530,282</u>	<u>600,956</u>	<u>535,193</u>

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8. Notes to the accounts**8.1 Accounting Policies****8.1.1 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 cement, concrete, aggregates, cement blocks, dry mortars and fly ash, as well as porcelain ware. The Group operates primarily in Greece, the Balkans, Egypt and the United States of America.

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

These financial statements have been approved for issue by the Board of Directors on 24 November, 2005.

8.1.2 Summary of significant accounting policies

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

8.1.2.1 Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing the Company's and Group's financial statements with effect from 1st January 2004.

The policies set out below have been consistently applied to all the years presented. The Group has taken the exemption available under IFRS 1 to only apply IAS 32 (revised) and IAS 39 (revised) from 1 January 2005.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on the Group's equity and its net income are given in note 7.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain equity investments, investment property, and derivative instruments (comprising forward exchange contracts) at fair value through profit or loss.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **critical accounting estimates and judgments** in para 8.1.3. These estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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Early adoption of standards

In 2004, the Group early adopted the following IFRS/IAS statements mentioned below, which are relevant to its operations. The 2003 accounts have been amended as required, in accordance with the relevant requirements.

IAS 1 (revised 2003), Presentation of Financial Statements

IAS 2 (revised 2003), Inventories

IAS 8 (revised 2003), Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10 (revised 2003), Events after the Balance Sheet Date

IAS 16 (revised 2003), Property, Plant and Equipment

IAS 17 (revised 2003), Leases

IAS 24 (revised 2003), Related Party Disclosures

IAS 27 (revised 2003), Consolidated and Separate Financial Statements

IAS 28 (revised 2003), Investments in Associates

IAS 31 (revised 2003), Interests in Joint Ventures

IAS 40 (revised 2003), Investment Property

IFRS 3 (issued 2004), Business Combinations

IAS 36 (revised 2004), Impairment of Assets

IAS 38 (revised 2004), Intangible Assets

IFRS 5 (issued 2004), Non-current Assets held for sale and Discontinued Operations

8.1.2.2 Group accounting

(1) Subsidiaries

Subsidiaries, which are those 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, are consolidated.

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. Paragraph 8.1.2.6 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.

(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

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the proportional consolidation method of accounting. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures.

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

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

(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 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.

8.1.2.3 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 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

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income statement, except when deferred in equity as qualifying net investment hedges.

Translation differences on non-monetary items, such as equity investments held at fair value through the profit and loss 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. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

8.1.2.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the items and any environmental rehabilitation costs to the extent that they have been recognised as a provision (refer to para 8.1.2.19 – 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 (incl. computer equipment and software) furniture and fittings	3 to 10 years
Minor value assets	Up to 2 years

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.

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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 para 8.1.2.7 – 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 period incurred.

8.1.2.5 Investment properties

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

Investment properties are treated as long-term 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.

8.1.2.6 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 on acquisitions of associates occurring is included in investments in associates. 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 in each territory of operation by each primary reporting segment.

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.

(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.

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are

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amortised using the straight-line method over their useful lives, not exceeding a period of 2 years.

(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.

8.1.2.7 Impairment of assets

Assets that have an indefinite useful life 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

8.1.2.8 Investments

Equity investments in subsidiaries, joint ventures and associates are measured at cost less impairment (See para 8.1.2.2 – Group Accounting). Trading investments are classified as available-for-sale current assets and are measured at fair value, with fair value gains and losses recognised in equity unless realised, in which case these are recognised in the income statement. Non-trading investments are carried at cost less impairment. Impairment losses are recognised in the income statement.

8.1.2.9 Leases – where a Group entity is the lessee

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

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 shorter of the useful life of the asset or the lease term.

8.1.2.10 Inventories

Inventories are stated at the lower of cost or 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 excessive, obsolete and slow moving items. Write-downs to net

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realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

8.1.2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all 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.

8.1.2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, 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.

8.1.2.13 Share capital

- (1) Ordinary shares and non-redeemable non-voting preferred shares with minimum statutory non-discretionary dividend features are classified as equity.
- (2) Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, 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.

8.1.2.14 Borrowings

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

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

8.1.2.15 Deferred income taxes

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.

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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.

8.1.2.16 Employee benefits**(1) Pension and other retirement obligations**

Certain Group companies have various pension and other retirement schemes in accordance with the local conditions and practices in the countries in which they operate. These schemes are both funded and unfunded. The funded scheme is funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension or a similar retirement plan that defines an amount of pension or retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

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 not exceeding two years 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 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.

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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 there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

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

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

(4) Equity compensation benefits

Share options are granted to certain members of senior management. Options are granted at the market price of the shares (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. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

8.1.2.17 Government grants relating to purchase of property, plant and equipment

Grants from the government 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 them with 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.

8.1.2.18 Provisions

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

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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.

8.1.2.19 Environmental rehabilitation 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 an 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 with finance costs. In Greece, costs associated with the rehabilitation of quarries and mines are expensed on an annual basis.

8.1.2.20 Revenue recognition

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

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

8.1.2.21 Dividends

Dividends are recorded in the financial statements when declared.

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8.1.2.22 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.

8.1.3 Critical 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.

8.1.3.1 Estimated impairment of goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in para 8.1.2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates

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.

8.1.3.2 Income taxes

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

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8.2 Scope of Consolidation

Group companies that are included in the consolidated financial statements with their respective locations and percentage of ownership are as follows :

Full Consolidation method

TITAN CEMENT COMPANY S.A., Athens	Parent	REA CEMENT LTD, Nicosia Cyprus	100.00% *
ALBACEM S.A., Athens	100.00%	TITHYS LTD, Nicosia Cyprus	100.00% *
INTERBETON CONSTRUCTIONS MATERIALS S.A., Athens	100.00%	THEMIS HOLDINGS LTD, Nicosia Cyprus	51.01% *
INTERTITAN TRADING INTERNATIONAL S.A., Athens	100.00%	FINTITAN SRL, Venice Italy	100.00%
IONIA S.A., Athens	100.00%	TITAN CEMENT U.K. LTD, Hull U.K.	100.00%
INTERCEMENT S.A., Athens	100.00%	SEPARATION TECHNOLOGIES UK LTD, Hull U.K.	100.00% *
QUARRIES GOURNON S.A., Heraklion Crete	100.00%	* TITAN AMERICAN LLC, Delaware U.S.A.	100.00% *
QUARRIES OF TAGARADON COMMUNITY, Thessaloniki	79.93%	* ROANOKE CEMENT CO. LLC, Virginia U.S.A.	100.00% *
LAKMOS S.A., Athens	100.00%	TITAN VIRGINIA READY MIX LLC, Delaware U.S.A.	100.00% *
LEECEM S.A., Athens	100.00%	* MARKFIELD AMERICA LLC, Virginia U.S.A.	100.00% *
TITAN CEMENT INTERNATIONAL TRADING S.A., Athens	100.00%	SEPARATION TECHNOLOGIES LLC, Delaware U.S.A.	100.00% *
TITAN CEMENT ATLANTIC S.A., Athens	100.00%	PENNSUCO CEMENT CO. LLC, Delaware U.S.A.	100.00% *
NAFTITAN S.A., Athens	100.00%	TARMAC AMERICA LLC, Delaware U.S.A.	100.00% *
AEOLIAN MARITIME COMPANY, Athens	100.00%	STANDARD CONCRETE LLC, Florida U.S.A.	100.00% *
ACHAIKI MARITIME COMPANY, Athens	100.00%	ESSEX CEMENT CO LLC, Delaware U.S.A.	100.00% *
KIMOLOS MARITIME COMPANY, Athens	100.00%	SEPARATION TECHNOL.CAN. LTD, Fredericton NB Canada	100.00% *
POLIKOS MARITIME COMPANY, Athens	100.00%	CEMENTARA KOSJERIC AD, Kosjeric Serbia	74.28% *
QUARRIES KORINTHIAS S.A., Korinthos	100.00%	* ZLATNA PANEGA CEMENT AD, Zlatna Bulgaria	99.99% *
READY MIX PAVLIDES BROS CO S.A., Chalkidiki	86.32%	* ZLATNA PANEGA BETON EOOD, Zlatna Bulgaria	99.99% *
AEMOS CEMENT LTD, Nicosia Cyprus	100.00%	ZLATNA PANEGA GRANITOID AD, Zlatna Bulgaria	99.67% *
BALKCEM LTD, Nicosia Cyprus	100.00%	* USJE CEMENTARNICA AD, Skopje FYROM	94.84% *
IAPETOS LTD, Nicosia Cyprus	100.00%		

Proportionate Consolidation method

BALKAN CEMENT ENTERPRISES LTD, Nicosia Cyprus	51.01%	* MISRIEEN TITAN TRAD. & DISTR., Cairo Egypt	49.47% *
EAST CEMENT TRADE LTD, Nicosia Cyprus	50.00%	* BENI SUEF CEMENT CO. SAE, Cairo Egypt	49.93% *
LAFARGE TITAN EGYPTIAN INV.LTD,Channel Islands U.K.	50.00%	* ALEXANDRIA PORTLAND CEM.CO SAE, Alexandria Egypt	48.64% *
ALEXANDRIA DEVEL.LTD, Channel Islands U.K.	50.00%	* BLUE CIRCLE CEMENT EGYPT SAE, Alexandria Egypt	48.49% *
FOUR M TITAN SILO COMPANY LLC, Cairo Egypt	49.32%	*	

*** Companies held indirectly**

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8.3 Fiscal Years Unaudited by the Tax Authorities

TITAN CEMENT COMPANY S.A.	2002-2004	IAPETOS LTD	2000,03,04
ALBACEM S.A.	2003-2004	REA CEMENT LTD	2004
INTERBETON CONSTRUCTIONS MATERIALS S.A.	2000-2004	TITHYS LTD	2003-2004
INTERTITAN TRADING INTERNATIONAL S.A.	1998-2004	THEMIS HOLDINGS LTD	2004
IONIA S.A.	2002-2004	FINTITAN SRL	(a)
INTERCEMENT S.A.	2003-2004	TITAN CEMENT U.K. LTD	(a)
QUARRIES GOURNON S.A.	2000-2004	SEPARATION TECHNOLOGIES UK LTD	(a)
QUARRIES OF TAGARADON COMMUNITY	2003-2004	TITAN AMERICAN LLC	2001-2004
LAKMOS S.A.	2003-2004	ROANOKE CEMENT CO. LLC	2001-2004
LEECEM S.A.	2003-2004	TITAN VIRGINIA READY MIX LLC	2001-2004
TITAN CEMENT INTERNATIONAL TRADING S.A.	2001-2004	MARKFIELD AMERICA LLC	2001-2004
TITAN CEMENT ATLANTIC S.A.	2001-2004	SEPARATION TECHNOLOGIES LLC	2001-2004
NAFTITAN S.A.	2003-2004	PENNSUCO CEMENT CO. LLC	2001-2004
AEOLIAN MARITIME COMPANY	1998-2004	TARMAC AMERICA LLC	2001-2004
ACHAIKI MARITIME COMPANY	1998-2004	STANDARD CONCRETE LLC	2001-2004
KIMOLOS MARITIME COMPANY	1998-2004	ESSEX CEMENT CO LLC	2001-2004
POLIKOS MARITIME COMPANY	1998-2004	SEPARATION TECHNOLOGIES CANADA LTD	2004
QUARRIES KORINTHIAS S.A.	2004	CEMENTARA KOSJERIC AD	2000-2004
READY MIX PAVLIDES BROS CO S.A.	2003-2004	ZLATNA PANEGA CEMENT AD	2001-2004
AEMOS CEMENT LTD	2000,03,04	ZLATNA PANEGA BETON EOOD	2002-2004
BALKCEM LTD	2002-2004	ZLATNA PANEGA GRANITOID AD	2003-2004
BALKAN CEMENT ENTERPRISES LTD	2003-2004	USJE CEMENTARNICA AD	2004
EAST CEMENT TRADE LTD	2003-2004	MISRIEEN TITAN TRAD. & DISTR.	(a)
LAFARGE TITAN EGYPTIAN INV.LTD	(a)	BENI SUEF CEMENT CO. SAE	1999-2004
ALEXANDRIA DEVEL.LTD	(a)	ALEXANDRIA PORTLAND CEM.CO SAE.	1999-2004
FOUR M TITAN SILO COMPANY LLC	1997-2004	BLUE CIRCLE CEMENT EGYPT SAE	(a)

(a) Subject to special tax regime

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8.4 Changes in Accounting Policies

The accounting policies applied in preparing these Financial statements are the same as those applied for the Financial statements at 31.12.2004.

8.5 Companies consolidated for the first time

The company READY MIX PAVLIDES BROS CO S.A. has been fully consolidated in the Consolidated Financial Statements of 30.9.2005 (first consolidation from 1.4.2005).

8.6 Mergers

The company BETOKAT TRADING AND CONSTRUCTION CO S.A. was merged with INTERBETON CONSTRUCTION MATERIALS S.A. since 2.7.2005

8.7 Pledge of Assets

There are no pledges on the assets.

8.8 Litigation

There are no litigation matters which have a material impact on the financial position of the Company and the Group.

8.9 Number of employees

Number of employees at the end of the reporting period : Group 5.591 (30.9.2004 5.598), Parent Company 1.142 (30.9.2004 1.154).

8.10 Capital expenditure

Capital expenditure for the first nine months 2005 amounted to: Group € 90,9 m (30.9.2004 € 124,6 m), Parent Company € 17,3 m (30.9.2004 € 23,6 m).

8.11 Earnings per share

Earnings per share have been calculated based on the total weighted average of shares (i.e. ordinary and preferred) of 84.129.224 (30.9.2004 83.932.824).

8.12 Related Party Transactions

Intercompany transactions for the 30.9.2005 and intercompany balances as of 30 September 2005 between the Company and related parties respectively are as follows: Sales of goods and services € 73,5 m, Purchases of goods and services € 19,6 m, Receivables € 39,0 m and Payables € 5,3 m.

8.13 Emissions Rights

The Company has been made aware of it's allocation, from the 1st of January 2005, of the Greek National Allocation Plan for CO2 emissions. This has been approved by the EU Commission, however certificates have not been issued. Consequently, we have not accounted for this in the nine months financial statements.

8.14 Date of approval of Financial statements

The Board of Directors approved the above financial statements on the 24.11.2005

8.15 Sales for the period ended 30.9.05, in €thousand, are analysed by category of products and services (using Greek Statistical Service Codes) as follows:

<u>Code</u>	<u>Description</u>	<u>Group</u>	<u>Company</u>
265.1	Cement products	554,250	305,374
266.3	Ready mix	291,889	-
142.1	Aggregate materials	58,626	5,169
266.1	Cement blocks	45,610	-
602.4	Transportation	26,629	-
262.1	Porcelain products	5,182	4,940
741.4	Services	5,016	-
266.4	Mortars	3,138	3,138
515.1	Solid fuel	2,180	5,236
524.4	Accompanied Porcelain products	1,594	1,539
519.0	Other products and services	583	140
Total		<u>994,697</u>	<u>325,536</u>

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8.16 Principal exchange rates

Balance sheet	30/9/2005	31/12/2004	30.09.05 vs 31.12.04
€1 = USD	1.20	1.36	11.8%
€1 = EGP	6.93	8.27	16.2%
1USD=EGP	5.76	6.07	5.1%
€1 = YUD	84.70	79.08	-7.1%
1USD = JPY	113.15	102.53	-10.4%

Profit and loss	Ave 9M 05	Ave 9M 04	Ave 9M 05 vs 9M 04
€1 = USD	1.25	1.22	-2.5%
€1 = EGP	7.27	7.57	4.0%
1USD=EGP	5.79	6.20	6.6%
€1 = YUD	82.31	71.39	-15.3%
1USD = JPY	108.49	108.81	0.3%

8.17 Significant movements in balance sheet and profit and loss items

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

- Property, plant and equipment have increased by € 126,3m due to capital expenditure and the translation impact from US operations.
- Receivables and prepayments have increased in line with the growth of operations.
- Long term and short term bank borrowings have increased by € 38,9m. This movement results from increases in the borrowings of the Greek and USA operations and is more than offset by an increase in cash balances.
- Derivative financial instrument liabilities have increased by € 2,9m. This movement results from increases in the derivative positions (foreign exchange contracts) of the Egyptian operations.
- Gross margin year on year has increased in line with the growth of sales.
- Finance costs - net have increased by € 6,3m, resulting from increased interest payments due to the switch of borrowings from floating to fixed interest rates in the USA and the ceasing of capitalisation of borrowing costs in respect of the Pensuko USA operations that are now fully operational.

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8.18 Contingencies

	Group		Company	
	<u>30/09/2005</u>	<u>30/09/2004</u>	<u>30/09/2005</u>	<u>30/09/2004</u>
Guarantees to third parties on behalf of subsidiaries	108,476	107,911	416,138	343,817
Bank guarantees provided against obligations.	4,192	5,091	3,485	4,406
Guarantees given in respect of government grants relating to property, plant and equipment.	6,680	6,680	6,680	6,680
Other guarantees	<u>14,098</u>	<u>12,146</u>	<u>12,795</u>	<u>11,099</u>
	<u>133,446</u>	<u>131,828</u>	<u>439,098</u>	<u>366,002</u>

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9. Investor information**9.1 Titan Cement Company S.A. Securities**

The Titan Cement Co, S.A. shares (security code No. TITK for ordinary shares, TITP for preferred shares) are listed on the Athens Stock Exchange.

The corresponding code under Bloomberg is TITK GA for ordinary shares and TITP GA for preferred shares while Reuters uses the abbreviations TTNr.AT for ordinary shares and TTNm.AT for preferred shares. Every ordinary share carries one vote while the preferred share does not carry a vote.

The market capitalization of Titan Cement Co, S.A. amounted to € 2,3 bn at September 30, 2005.

9.2 Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance.

Such statements may be subject to a number of risks, uncertainties and other important factors, which could cause actual development and results to differ materially from the statements made in this document.

TITAN assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.