



**Titan Cement Company S.A. and its Subsidiaries**  
**Condensed Financial Statements**  
**for the period ended 30 June 2007**

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

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The Interim Condensed Financial Statements presented through pages 3 to 33, both for the Group and the Parent Company, have been approved by the Board of Directors on 26.7.2007.

Chairman of the Board of Directors

ANDREAS L. CANELLOPOULOS  
I.D. No AB500997

Managing Director

DIMITRIOS TH. PAPALEXOPOULOS  
I.D. No Ξ163588

Chief Financial Officer

HOWARD PRINCE-WRIGHT  
PASS No P60090793

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

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION**

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

***Introduction***

We have reviewed the accompanying balance sheet of TITAN CEMENT COMPANY S.A. (the “Company”) as at 30 June 2007, the accompanying balance sheet of the Company and its subsidiaries (the “Group”), and the related income statements, statements of changes in equity, and cash flow statements of the Company and the Group for the six-month period then ended, as well as the explanatory notes (the “interim condensed financial information”). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as adopted by the European Union and apply to interim financial reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

***Scope of review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, to which the Greek Auditing Standards refer. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

**Athens, 26 July 2007  
THE CERTIFIED AUDITOR ACCOUNTANT**

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

**Interim Balance Sheet***(Amounts in € thousand)*

	<b>Group</b>		<b>Company</b>	
	<b>30/6/2007</b>	<b>31/12/2006</b>	<b>30/6/2007</b>	<b>31/12/2006</b>
<b><u>ASSETS</u></b>				
Property, plant & equipment	1,287,349	1,174,541	257,263	256,561
Intangible assets	323,669	145,181	-	-
Investment properties	-	-	7,248	7,248
Investment in subsidiaries	-	-	513,317	512,883
Investment in associates	2,458	3,880	-	-
Available for sale financial assets	2,260	1,607	107	107
Non current receivables	12,548	14,024	3,125	3,016
Deferred income tax assets	592	779	-	-
<b>Non current assets</b>	<b>1,628,876</b>	<b>1,340,012</b>	<b>781,060</b>	<b>779,815</b>
Inventories	219,633	203,137	78,106	68,404
Trade receivables	285,376	253,507	140,301	122,743
Other receivables and prepayments	35,270	39,918	11,076	9,017
Available for sale financial assets	2,325	2,011	61	61
Cash and cash equivalents	163,384	138,027	13	28
<b>Current assets</b>	<b>705,988</b>	<b>636,600</b>	<b>229,557</b>	<b>200,253</b>
<b>TOTAL ASSETS</b>	<b>2,334,864</b>	<b>1,976,612</b>	<b>1,010,617</b>	<b>980,068</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>				
Short-term borrowings	115,913	139,045	59,407	25,340
Trade and other payables	181,117	151,991	59,364	51,806
Current income tax liabilities	34,068	29,301	28,676	23,200
Current provisions	6,630	7,313	2,925	4,400
Dividends payable	425	286	395	262
<b>Current liabilities</b>	<b>338,153</b>	<b>327,936</b>	<b>150,767</b>	<b>105,008</b>
Long-term borrowings	629,627	326,040	7,868	16,320
Deferred income tax liabilities	132,470	133,583	28,318	29,876
Retirement benefit obligations	35,835	39,535	19,670	22,748
Non current provisions	37,466	37,977	17,154	17,178
Other non-current liabilities	13,384	11,182	6,917	7,063
<b>Non current liabilities</b>	<b>848,782</b>	<b>548,317</b>	<b>79,927</b>	<b>93,185</b>
<b>Total liabilities</b>	<b>1,186,935</b>	<b>876,253</b>	<b>230,694</b>	<b>198,193</b>
Share capital (84,485,204 shares of €2.00)	168,970	168,970	168,970	168,970
Treasury shares	-1,289	-502	-1,289	-502
Share Premium	22,724	22,724	22,724	22,724
Share options	4,778	3,519	4,778	3,519
	195,183	194,711	195,183	194,711
Reserves	360,632	373,923	503,381	503,366
Retained earnings	571,008	511,555	81,359	83,798
<b>Equity attributable to equity holders of the parent</b>	<b>1,126,823</b>	<b>1,080,189</b>	<b>779,923</b>	<b>781,875</b>
Minority interests	21,106	20,170	-	-
<b>Total equity</b>	<b>1,147,929</b>	<b>1,100,359</b>	<b>779,923</b>	<b>781,875</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,334,864</b>	<b>1,976,612</b>	<b>1,010,617</b>	<b>980,068</b>

## Titan Cement Company S.A.

### Interim Income Statement for the Second Quarter

(Amounts in € thousand)

	Group		Company	
	1/4-30/6/2007	1/4-30/6/2006	1/4-30/6/2007	1/4-30/6/2006
Turnover	415,190	429,711	139,135	142,489
Cost of sales	-249,025	-254,045	-80,099	-80,254
<b>Gross profit before depreciation &amp; amortization</b>	<b>166,165</b>	<b>175,666</b>	<b>59,036</b>	<b>62,235</b>
Other operating income	4,457	3,680	2,239	2,159
Share in profit of associates	1,304	-	-	-
Administrative expenses	-28,043	-26,016	-11,694	-11,282
Selling and marketing expenses	-6,460	-5,364	-1,327	-910
Other operating expenses	-4,564	-13,728	-1,357	-5,280
<b>Earnings before interest, taxes and depreciation</b>	<b>132,859</b>	<b>134,238</b>	<b>46,897</b>	<b>46,922</b>
Depreciation and amortization related to cost of sales	-22,830	-18,128	-2,362	-2,404
Depreciation and amortization related to administrative and selling expenses	-1,579	-1,368	-260	-247
<b>Earnings before interest and taxes</b>	<b>108,450</b>	<b>114,742</b>	<b>44,275</b>	<b>44,271</b>
Income from participations and investments	265	632	2,656	5,078
Finance income	1,991	1,816	206	695
Finance expense	-11,101	-7,796	-765	-1,669
(Losses)/gains from financial instruments	-701	638	6	-
Exchange differences gains	440	1,282	417	2,528
<b>Profit before taxes</b>	<b>99,344</b>	<b>111,314</b>	<b>46,795</b>	<b>50,903</b>
Current income tax	-25,257	-36,643	-15,349	-16,307
Deferred income tax	1,189	3,810	1,488	1,589
<b>Profit after taxes</b>	<b>75,276</b>	<b>78,481</b>	<b>32,934</b>	<b>36,185</b>
<b><u>Net profit is allocated to:</u></b>				
Shareholders of Parent Company	73,833	77,319	32,934	36,185
Minority interest	1,443	1,162	-	-
	<b>75,276</b>	<b>78,481</b>	<b>32,934</b>	<b>36,185</b>
<b>Earnings per share - basic (in €)</b>	<b>0.87</b>	<b>0.92</b>	<b>0.39</b>	<b>0.43</b>
<b>Earnings per share - diluted (in €)</b>	<b>0.87</b>	<b>0.91</b>	<b>0.39</b>	<b>0.43</b>

**Interim Income Statement for Half Year***(Amounts in € thousand)*

	<b>Group</b>		<b>Company</b>	
	<b>1/1 -30/6/2007</b>	<b>1/1-30/6/2006</b>	<b>1/1 -30/6/2007</b>	<b>1/1-30/6/2006</b>
Turnover	757,334	764,715	266,603	249,281
Cost of sales	-472,727	-481,674	-159,456	-150,166
<b>Gross profit before depreciation &amp; amortization</b>	<b>284,607</b>	<b>283,041</b>	<b>107,147</b>	<b>99,115</b>
Other income	7,497	6,780	4,571	3,609
Share in profit of associates	1,770	-	-	-
Administrative expenses	-51,679	-46,539	-20,440	-18,892
Selling and marketing expenses	-12,019	-10,335	-2,141	-1,740
Other expenses	-8,408	-18,378	-3,401	-7,017
<b>Earnings before interest, taxes and depreciation</b>	<b>221,768</b>	<b>214,569</b>	<b>85,736</b>	<b>75,075</b>
Depreciation and amortization related to cost of sales	-42,592	-35,418	-4,695	-4,811
Depreciation and amortization related to administrative and selling expenses	-2,849	-2,592	-518	-493
<b>Earnings before interest and taxes</b>	<b>176,327</b>	<b>176,559</b>	<b>80,523</b>	<b>69,771</b>
Income from participations and investments	277	2,777	2,656	5,102
Finance income	3,565	2,605	232	753
Finance expense	-18,340	-15,031	-1,390	-3,163
(Losses)/gains from financial instruments	-755	439	-2	-
Exchange differences gains	955	2,854	617	3,882
<b>Profit before taxes</b>	<b>162,029</b>	<b>170,203</b>	<b>82,636</b>	<b>76,345</b>
Current income tax	-36,180	-51,759	-23,280	-21,313
Deferred income tax	691	2,760	1,558	-69
<b>Profit after taxes</b>	<b>126,540</b>	<b>121,204</b>	<b>60,914</b>	<b>54,963</b>
<b>Net profit is allocated to:</b>				
Equity holders of the parent Company	124,567	120,346	60,914	54,963
Minority interests	1,973	858	-	-
	<b>126,540</b>	<b>121,204</b>	<b>60,914</b>	<b>54,963</b>
<b>Earnings per share - basic (in €)</b>	<b>1.47</b>	<b>1.43</b>	<b>0.72</b>	<b>0.65</b>
<b>Earnings per share - diluted (in €)</b>	<b>1.47</b>	<b>1.42</b>	<b>0.72</b>	<b>0.65</b>

## Interim Statement of Changes in Equity

(all amounts in € thousands)

Group	Ordinary shares	Treasury shares	Share Premium	Preferred Ordinary shares	Share Options	Reserves	Retained earnings	Minority interest	Total
<b>Balance at 1 January 2006 as previously reported</b>	<b>153,522</b>	<b>-</b>	<b>22,133</b>	<b>15,138</b>	<b>731</b>	<b>389,923</b>	<b>290,943</b>	<b>16,380</b>	<b>888,770</b>
<i>Dividend declared for fiscal year 2005</i>	-	-	-	-	-	-	50,598	-	50,598
<b>Balance at 1 January 2006 - as adjusted according to I.A.S. 10</b>	<b>153,522</b>	<b>-</b>	<b>22,133</b>	<b>15,138</b>	<b>731</b>	<b>389,923</b>	<b>341,541</b>	<b>16,380</b>	<b>939,368</b>
Exchange gains / (losses) on translation of financial statements of foreign operation	-	-	-	-	-	-34,875	4,864	142	-29,869
Movement on investment hedge net of deferred tax	-	-	-	-	-	3,029	-	-	3,029
Dividends	-	-	-	-	-	-	-50,598	-	-50,598
Dividends paid to minority	-	-	-	-	-	-	-	-314	-314
Net profit per income statement	-	-	-	-	-	-	120,346	858	121,204
Losses on available for sale financial assets	-	-	-	-	-	-1,542	-	-80	-1,622
Additional consideration for subsidiary acquisition (before transition to IFRS)	-	-	-	-	-	-	-1,070	-	-1,070
Share Capital increase due to share options exercised	-	-	-	-	1,184	-	-	-	1,184
Transfer to reserves	-	-	-	-	-	1,031	-1,031	-	-
<b>Balance at 30 June 2006</b>	<b>153,522</b>	<b>-</b>	<b>22,133</b>	<b>15,138</b>	<b>1,915</b>	<b>357,566</b>	<b>414,052</b>	<b>16,986</b>	<b>981,312</b>
<b>Balance at 1 January 2007</b>	<b>153,832</b>	<b>-502</b>	<b>22,724</b>	<b>15,138</b>	<b>3,519</b>	<b>373,923</b>	<b>511,555</b>	<b>20,170</b>	<b>1,100,359</b>
Exchange gains / (losses) on translation of financial statements of foreign operation	-	-	-	-	-	-8,360	-3,084	4	-11,440
Movement on investment hedge net of deferred tax	-	-	-	-	-	243	-	-	243
Dividends	-	-	-	-	-	15 *	-63,353	-	-63,338
Dividends paid to minority	-	-	-	-	-	-	-	-1,041	-1,041
Treasury shares purchased	-	-787	-	-	-	-	-	-	-787
Net profit per income statement	-	-	-	-	-	-	124,567	1,973	126,540
Gains on available for sale financial assets	-	-	-	-	-	414	-	-	414
Additional consideration for subsidiary acquisition (before transition to IFRS)	-	-	-	-	-	-	-4,280	-	-4,280
Share Capital increase due to share options exercised	-	-	-	-	1,259	-	-	-	1,259
Transfer to reserves	-	-	-	-	-	-5,603	5,603	-	-
<b>Balance at 30 June 2007</b>	<b>153,832</b>	<b>-1,289</b>	<b>22,724</b>	<b>15,138</b>	<b>4,778</b>	<b>360,632</b>	<b>571,008</b>	<b>21,106</b>	<b>1,147,929</b>
<b>Company</b>	<b>Ordinary shares</b>	<b>Treasury shares</b>	<b>Share Premium</b>	<b>Preferred Ordinary shares</b>	<b>Share Options</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total</b>	
<b>Balance at 1 January 2006 as previously reported</b>	<b>153,522</b>	<b>-</b>	<b>22,133</b>	<b>15,138</b>	<b>731</b>	<b>458,573</b>	<b>20,445</b>	<b>670,542</b>	
<i>Dividend declared for fiscal year 2005</i>	-	-	-	-	-	-	50,598	50,598	
<b>Balance at 1 January 2006 - as adjusted according to I.A.S. 10</b>	<b>153,522</b>	<b>-</b>	<b>22,133</b>	<b>15,138</b>	<b>731</b>	<b>458,573</b>	<b>71,043</b>	<b>721,140</b>	
Movement on investment hedge net of deferred tax	-	-	-	-	-	3,029	-	3,029	
Dividends	-	-	-	-	-	-	-50,598	-50,598	
Net profit per income statement	-	-	-	-	-	-	54,963	54,963	
Share Capital increase due to share options exercised	-	-	-	-	1,184	-	-	1,184	
<b>Balance at 30 June 2006</b>	<b>153,522</b>	<b>-</b>	<b>22,133</b>	<b>15,138</b>	<b>1,915</b>	<b>461,602</b>	<b>75,408</b>	<b>729,718</b>	
<b>Balance at 1 January 2007</b>	<b>153,832</b>	<b>-502</b>	<b>22,724</b>	<b>15,138</b>	<b>3,519</b>	<b>503,366</b>	<b>83,798</b>	<b>781,875</b>	
Treasury shares purchased	-	-787	-	-	-	-	-	-787	
Net profit per income statement	-	-	-	-	-	-	60,914	60,914	
Dividends	-	-	-	-	-	15 *	-63,353	-63,338	
Share Capital increase due to share options exercised	-	-	-	-	1,259	-	-	1,259	
<b>Balance at 30 June 2007</b>	<b>153,832</b>	<b>-1,289</b>	<b>22,724</b>	<b>15,138</b>	<b>4,778</b>	<b>503,381</b>	<b>81,359</b>	<b>779,923</b>	

\* Relates to dividends allocated to treasury shares

**Interim Cash Flow Statement***(Amounts in € thousand)*

	<b>Group</b>		<b>Company</b>	
	<b>1/1 -30/6/2007</b>	<b>1/1-30/6/2006</b>	<b>1/1 -30/6/2007</b>	<b>1/1-30/6/2006</b>
<b>Cash flows from operating activities</b>				
Profits before taxes	162,029	170,203	82,636	76,345
<i>Adjustments for:</i>				
Depreciation	45,441	38,010	5,213	5,304
Provisions	4,989	8,841	293	3,609
Exchange differences	-955	-2,854	-617	-3,882
Income from participations & investments	-277	-2,777	-2,656	-5,102
Interest expense	14,981	13,101	1,266	3,024
Other non cash flow items	2,281	4,427	815	2,660
Operating profit before changes in working capital	228,489	228,951	86,950	81,958
(Increase)/decrease in inventories	-14,879	-6,402	-9,695	439
Increase in trade and other receivables	-13,810	-36,917	-19,094	-19,884
Decrease/(increase) in operating long-term receivables	1,783	-2,142	-109	-2
Increase/(decrease) in trade payables (excluding banks)	9,693	5,393	2,360	-3,491
Cash generated from operations	211,276	188,883	60,412	59,020
Taxation paid	-45,536	-67,694	-17,698	-39,168
<i>Net cash flows from operating activities</i>	<b>165,740</b>	<b>121,189</b>	<b>42,714</b>	<b>19,852</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash	-235,622	-72,309	-18	-1,301
Purchase of tangible and intangible assets	-111,921	-68,696	-6,232	-12,735
Proceeds from the sale of property, plant and equipment	1,084	1,134	62	410
Proceeds from dividends	45	191	2,429	8,938
Proceeds from sale of available-for-sale financial assets	-	7,389	-	249
Purchase of available-for-sale financial assets	-613	-5,122	-2	-
Interest received	3,458	1,931	124	139
<i>Net cash flows from investing activities</i>	<b>-343,569</b>	<b>-135,482</b>	<b>-3,637</b>	<b>-4,300</b>
<b>Net cash flows after investing activities</b>	<b>-177,829</b>	<b>-14,293</b>	<b>39,077</b>	<b>15,552</b>
<b>Cash flows from financing activities</b>				
Treasury shares purchased	-787	-	-787	-
Government grants received	230	-	26	-
Interest paid	-18,438	-15,663	-1,390	-3,163
Dividends paid	-64,240	-50,925	-63,206	-50,648
Proceeds from borrowings	459,288	190,829	44,163	78,198
Payments of borrowings	-172,305	-97,897	-17,898	-39,940
<i>Net cash flows from financing activities</i>	<b>203,748</b>	<b>26,344</b>	<b>-39,092</b>	<b>-15,553</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25,919</b>	<b>12,051</b>	<b>-15</b>	<b>-1</b>
Cash and cash equivalents at beginning of the period	138,027	95,142	28	17
Effects of exchange rate changes	-562	-1,469	-	-
<b><i>Cash and cash equivalents at end of the period</i></b>	<b>163,384</b>	<b>105,724</b>	<b>13</b>	<b>16</b>



*Notes to the Condensed Interim Financial Statements*

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

**General information**

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

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

These interim financial statements have been approved for issue by the Board of Directors on 26 July 2007.

**Summary of significant accounting policies**

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

**A. Basis of preparation**

These interim condensed financial statements have been prepared by management in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of the amendments mandatory, mentioned below, for the annual periods beginning on or after 1 January 2007.

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

The adoption of the following standards and interpretations from January 1<sup>st</sup>, 2007 did not have any effect in the Company's and the Group's financial position and performance:

**– IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements Capital Disclosures**

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information

***Notes to the Condensed Interim Financial Statements***

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.

As the presented financial statements are condensed, the Group and the Company will disclose the additional information required by IFRS 7 in the preparation of the annual financial statements as at 31 December 2007.

**- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies**

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.

**- IFRIC 8, Scope of IFRS 2**

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 9, Reassessment of Embedded Derivatives**

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 10, Interim Financial Reporting and Impairment**

This Interpretation requires that, 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, these may not be reversed in later interim periods or when preparing the annual financial statements.

***Notes to the Condensed Interim 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 amended 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 and period 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.

***Notes to the Condensed Interim Financial Statements***

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.

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 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 currency of the Company and the presentation currency of the Group.

***Notes to the Condensed Interim Financial Statements***

**(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.

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 restoration 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.

***Notes to the Condensed Interim Financial Statements***

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

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

\* (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 and depreciated 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.

***Notes to the Condensed Interim Financial Statements***

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.

**(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**

Intangible 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 impairment test purposes assets are grouped at the lowest levels in which cash inflows are generated. These cash inflows are at a great extent independent from cash inflows generated from other assets.

**H. Investments**

Equity investments in subsidiaries, joint ventures and associates are measured at cost less impairment in the Company's financial statements (See note B above – Consolidation). 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.

**I. 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.

***Notes to the Condensed Interim Financial Statements***

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.

**J. 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.

**K. 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.

**L. Cash and cash equivalents**

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

**M. 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.



***Notes to the Condensed Interim Financial Statements***

- (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.

**N. 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.

**O. 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 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 anticipated 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.

***Notes to the Condensed Interim Financial Statements***

**P. Employee benefits**

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

Certain Group companies have various pension 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 plan that defines an amount of pension 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 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 and changes in actuarial assumptions which cumulatively exceed 10% of the estimated benefit liability at the beginning of every period are charged or credited equally 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. 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.

***Notes to the Condensed Interim Financial Statements***

**(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:

- 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.

**Q. 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 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.

***Notes to the Condensed Interim Financial Statements***

**R. Provisions**

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

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

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

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

**S. 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. 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.

**T. 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.

*Notes to the Condensed Interim Financial Statements*

**U. Dividends**

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

**V. 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.

**W. CO<sub>2</sub> 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.

***Notes to the Condensed Interim Financial Statements***

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.

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.

***Notes to the Condensed Interim Financial Statements***

**(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.

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 derivative 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. Hedged items are also measured at fair value, and the respective gains or losses 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.

***Notes to the Condensed Interim Financial Statements***

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.

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 impairment 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.



*Notes to the Condensed Interim Financial Statements*

**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.

**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 paragraph 1.D.

**4. Segment information***(Amounts in € thousand)*

For the Period 1/1 - 30/6	Greece and Western Europe		North America		South Eastern Europe		Eastern Mediterranean		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Turnover	316,453	280,274	312,986	377,197	98,890	77,096	29,005	30,148	757,334	764,715
Gross profit before depreciation & amortization	131,175	116,049	89,427	118,994	48,165	29,544	15,840	18,454	284,607	283,041
Earnings before interest, taxes, and depreciation	101,992	79,838	62,667	92,056	43,010	25,779	14,099	16,896	221,768	214,569
Earnings before interest and taxes	94,531	72,874	33,821	69,899	37,896	21,284	10,079	12,502	176,327	176,559

	Greece and Western Europe		North America		South Eastern Europe		Eastern Mediterranean		Total	
	30/6/07	31/12/06	30/6/07	31/12/06	30/6/07	31/12/06	30/6/07	31/12/06	30/6/07	31/12/06
Capital expenditure <sup>(1)</sup>	14,989	36,061	75,898	88,052	17,738	32,530	3,296	3,070	111,921	159,713
Total assets	629,645	580,746	1,180,966	906,965	375,302	346,755	148,951	142,146	2,334,864	1,976,612
Total liabilities	607,995	241,681	482,850	529,707	39,066	34,760	57,024	70,105	1,186,935	876,253

<sup>(1)</sup> Capital expenditure for the 6 months to 30.6.07 compared to expenditure for the financial year ended of 2006

# Titan Cement Company S.A.

## Notes to the Condensed Interim Financial Statements

### 5. Principal subsidiaries, associates and joint ventures

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	30/6/2007		31/12/2006	
			% of investment Direct	Indirect	% of investment Direct	Indirect
Full consolidation method						
Titan Cement S.A	Greece	Cement Producer	Parent company		Parent company	
Achaiki Maritime Company	Greece	Shipping	100.000	-	100.000	-
Aeolian Maritime Company	Greece	Shipping	100.000	-	100.000	-
Albacem S.A.	Greece	Import & Distribution of Cement	99.996	0.004	99.996	0.004
AVES AFOI Polikandrioti S.A.*	Greece	Ready Mix	-	100.000	-	-
Betotechniki S.A.*	Greece	Ready Mix	-	100.000	-	-
Dodekanesos Quarries S.A.	Greece	Quarries & Aggregates	-	100.000	-	100.000
Ecobeton S.A.*	Greece	Ready Mix	-	100.000	-	-
Interbeton Construction Materials S.A.	Greece	Ready Mix & Aggregates	99.679	0.321	99.679	0.321
Intercement S.A.	Greece	Import & Distribution of Cement	99.950	0.050	99.950	0.050
Intertitan Trading International S.A.	Greece	Trading Company	99.995	0.005	99.995	0.005
Ionia S.A.	Greece	Porcelain	100.000	-	100.000	-
Lakmos S.A.	Greece	Trading Company	99.950	0.050	99.950	0.050
Lateem S.A.**	Greece	Quarries & Aggregates	-	100.000	-	-
Leecem S.A.	Greece	Trading Company	3.193	96.807	3.193	96.807
Leros Quarries S.A.	Greece	Quarries & Aggregates	-	100.000	-	100.000
Loukas Tsogas Beta S.A.	Greece	Ready Mix	-	100.000	-	100.000
Naftitan S.A.	Greece	Shipping	99.900	0.100	99.900	0.100
Polikos Maritime Company	Greece	Shipping	100.000	-	100.000	-
Quarries Corinthias S.A.	Greece	Quarries & Aggregates	-	100.000	-	100.000
Quarries Gournon S.A.	Greece	Quarries & Aggregates	54.930	45.070	54.930	45.070
Tagarades Community Quarries S.A.	Greece	Quarries & Aggregates	-	79.928	-	79.928
Titan Atlantic Cement Industrial and Commercial S.A.	Greece	Investment Holding Company	99.817	0.183	99.817	0.183
Titan Cement International Trading S.A.	Greece	Trading Company	99.800	0.200	99.800	0.200
Double W & Co OOD*	Bulgaria	Port	-	99.989	-	-
Granitoid AD	Bulgaria	Trading Company	-	99.668	-	99.668
Gravel & Sand PIT AD	Bulgaria	Investment Holding Company	-	99.989	-	99.989
Zlatna Panega Beton EOOD	Bulgaria	Ready Mix	-	99.989	-	99.989
Zlatna Panega Cement AD	Bulgaria	Cement Producer	-	99.989	-	99.989
Fintitan SRL	Italy	Import & Distribution of Cement	100.000	-	100.000	-
Separation Technologies Canada Ltd	Canada	Converter of waste material into fly ash	-	100.000	-	100.000
Aemos Cement Ltd	Cyprus	Investment Holding Company	100.000	-	100.000	-
Alvacim Ltd	Cyprus	Investment Holding Company	-	100.000	-	100.000
Balkcem Ltd	Cyprus	Investment Holding Company	-	100.000	-	100.000
Iapetos Ltd	Cyprus	Investment Holding Company	100.000	-	100.000	-
Rea Cement Ltd	Cyprus	Investment Holding Company	-	100.000	-	100.000
Themis Holdings Ltd	Cyprus	Investment Holding Company	-	51.006	-	51.006
Tithys Ltd	Cyprus	Investment Holding Company	-	100.000	-	100.000
Separation Technologies U.K. Ltd	U.K	Converter of waste material into fly ash	-	100.000	-	100.000
Titan Cement U.K. Ltd	U.K	Import & Distribution of Cement	100.000	-	100.000	-
Titan Global Finance PLC**	U.K	Financial Services	100.000	-	-	-
Central Concrete Supermix Inc.	U.S.A.	Ready Mix	-	100.000	-	100.000
Essex Cement Co. LLC	U.S.A.	Trading Company	-	100.000	-	100.000
Markfield America LLC	U.S.A.	Insurance Company	-	100.000	-	100.000
Mechanicsville Concrete INC.	U.S.A.	Ready Mix	-	100.000	-	-
Metro Redi-Mix LLC	U.S.A.	Ready Mix	-	100.000	-	100.000
Miami Valley Ready Mix of Florida LLC	U.S.A.	Ready Mix	-	100.000	-	100.000
Pennsuco Cement Co. LLC	U.S.A.	Cement Producer	-	100.000	-	100.000
Roanoke Cement Co. LLC	U.S.A.	Cement Producer	-	100.000	-	100.000
S&W Ready Mix Concrete Co. Inc.*	U.S.A.	Ready Mix	-	100.000	-	-
Separation Technologies LLC	U.S.A.	Converter of waste material into fly ash	-	100.000	-	100.000

**Titan Cement Company S.A.**

**Notes to the Condensed Interim Financial Statements**

**5. Principal subsidiaries, associates and joint ventures (continued)**

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	30/6/2007		31/12/2006	
			% of investment Direct	Indirect	% of investment Direct	Indirect
Full consolidation method						
Standard Concrete LLC	U.S.A.	Trading Company	-	100,000	-	100,000
Summit Ready-Mix LLC	U.S.A.	Ready Mix	-	100,000	-	100,000
Tarmac America LLC	U.S.A.	Cement Producer	-	100,000	-	100,000
Titan Virginia Ready Mix LLC	U.S.A.	Ready Mix	-	100,000	-	100,000
Titan America LLC	U.S.A.	Investment Holding Company	-	100,000	-	100,000
Cementara Kosjeric AD	Serbia	Cement Producer	-	74,280	-	74,280
TCK Montenegro DOO**	Montenegro	Trading Company	-	74,280	-	-
Cement Plus LTD	F.Y.R.O.M	Trading Company	-	61,643	-	61,643
Rudmark DOOEL**	F.Y.R.O.M	Trading Company	-	99,990	-	-
Usje Cementarnica AD	F.Y.R.O.M	Cement Producer	-	94,835	-	94,835
Antea Cement SHA	Albania	Cement Producer	-	100,000	-	100,000
Titan Cement Netherlands	Holland	Investment Holding Company	-	100,000	-	100,000
Proportionate consolidation method						
Alexandria Portland Cement Co. S.A.E	Egypt	Cement Producer	-	48,640	-	48,640
Beni Suef Cement Co.S.A.E.	Egypt	Cement Producer	-	49,932	-	49,932
Blue Circle Cement Egypt S.A.E.	Egypt	Cement Producer	-	48,490	-	48,490
Four M Titan Silo Co. LLC	Egypt	Cement Silo Operations	-	49,322	-	49,322
Misrieen Titan Trade & Distribution	Egypt	Cement Silo Operations	-	49,470	-	49,470
Balkan Cement Enterprises Ltd	Cyprus	Investment Holding Company	-	51,006	-	51,006
East Cement Trade Ltd	Cyprus	Investment Holding Company	-	50,000	-	50,000
Alexandria Development Co.Ltd	U.K. (Ch. Islands)	Investment Holding Company	-	50,000	-	50,000
Lafarge Titan Egyptian Inv. Ltd	U.K. (Ch. Islands)	Investment Holding Company	-	50,000	-	50,000
Equity consolidation method						
Karieri AD	Bulgaria	Quarries & Aggregates	-	48,711	-	48,711
Karierni Materiali AD	Bulgaria	Quarries & Aggregates	-	48,764	-	48,764
Mechanicsville Concrete INC.	U.S.A.	Ready Mix	-	-	-	25,000

\* Acquired Subsidiaries for the period 1/1-30/6/2007

\*\* Formed Subsidiaries for the period 1/1-30/6/2007

## Titan Cement Company S.A.

### Notes to the Condensed Interim Financial Statements

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

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

(a) Under special tax status

**Notes to the Condensed Interim Financial Statements**

**7. Changes in Accounting Policies**

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

**8. Pledge of Assets**

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

**9. Number of employees**

Number of employees at the end of the reporting period : Group 6,256 (30.6.2006 5,937), Parent Company 1,094 (30.6.2006 1,127).

**10. Capital expenditure and disposals**

Capital expenditure for the first semester 2007, not including fixed assets acquired through a business combination, amounted to: Group € 111.9 m (30.6.2006 € 68.7 m), Parent Company € 6.2 m (30.6.2006 € 12.7 m). Assets with a net book value of € 0.9 m have been disposed of by the Group during the three months ended 30 June 2007 (30.6.2006: € 1.2 m), resulting in a net gain € 0.1m (2006: loss € 0.1 m).

**11. Earnings per share**

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

**12. Related Party Transactions**

Intercompany transactions for the first six months of 2007 and intercompany balances as of 30 June 2007, according to I.A.S. 24 are as follows

Amounts in € thousand

	Group	Company
a) Sales of goods and services	5	61,365
b) Purchases of goods and services	853	16,110
c) Receivables from related parties	-	41,005
d) Payables to related parties	478	6,753
e) Key management compensations	4,844	4,462
f) Receivables from key management	28	28
g) Payables to key management included in above	266	266

**13. Treasury shares purchased**

According to article 16 of Greek Law 2190/1920 and the resolution approved by the Annual General Meeting of May 23, 2006 the Company acquired 20,000 of its own common shares during the period 14-20.3.2007. The total consideration was € 787 thousand. The shares are held as treasury shares and have been deducted from the Shareholder Equity.

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

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

The Group's non current assets have increased by € 288.9 m due to capital expenditure and to acquisition of new subsidiaries in U.S.A. (note 16).

The increase of trade receivables comes mainly from Greece and Western Europe segment and is in line with the increase in the turnover in the same segment.

The increase of borrowings by € 280.5 m relates to the financing of new acquisitions.

The variance in the account other operating expenses is due to provisions recorded in 2006.

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

The increase in finance cost is in line with the increase of Group's borrowings.

## Notes to the Condensed Interim Financial Statements

## 15. Contingencies

## Contingent liabilities

*(all amounts in Euro thousands)*

	Group		Company	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Guarantees to third parties on behalf of subsidiaries	110,108	96,793	666,077	396,443
Bank guarantee letters	17,507	29,058	16,096	18,192
Other	9,341	2,062	2,148	6,226
	<b>136,956</b>	<b>127,913</b>	<b>684,321</b>	<b>420,861</b>

In 1997 the Florida Legislature adopted the Miami-Dade County Lake Belt Plan, covering roughly 57,000-acre area between Miami and the Everglades National Park, aiming to allow efficient recovery of limestone, while at the same time promoting the social and economic welfare of the community and protecting the environment. In 2002, the Army Corps of Engineers issued permits to several companies that authorize dredging of wetlands in the Lake Belt for mining-related purposes, while requiring the permit holders to pay mitigation fees to fund the acquisition and restoration of a larger area in the Everglades. Today, the Lake Belt is the source of almost half of Florida's coarse aggregates and is vital to Florida's economy and the building materials industry.

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

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

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

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

The Group believes the decision is based on inaccurate analysis since water supply to Miami-Dade is protected by the current water treatment plants and it has been scientifically demonstrated that mining activities do not damage the quality of the water supply. and plans to appeal to the 11th Circuit Court of Appeals in Atlanta. Tarmac has appealed against this ruling and has applied for motion to stay before the 11th Circuit Court of Appeals in Atlanta.

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

## Notes to the Condensed Interim Financial Statements

**15. Contingencies (continued)**

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

The financial years, referred to in note 6, have not been audited by the tax authorities and therefore the tax obligations of the Company and its subsidiaries for those years have not yet been finalized. The statutory tax audit for the Company for the years 2002 through 2005 has been completed and the total liability assessed amounts to €4.2 m. An amount of €0.9 m. was charged to the Income Statement for the first half of 2007 and the remaining amount was offset against a provision established over those years amounted to €3.3m.

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

**Contingent assets**

*(all amounts in Euro thousands)*

Bank guarantee letters

<b>Group</b>		<b>Company</b>	
<b>30/6/2007</b>	<b>31/12/2006</b>	<b>30/6/2007</b>	<b>31/12/2006</b>
12,712	11,355	12,712	11,355
<b>12,712</b>	<b>11,355</b>	<b>12,712</b>	<b>11,355</b>

Litigation between our subsidiary Intertitan S.A and the French state is pending before the competent French administrative court of appeal in regard to a claim of our subsidiary against the French state for damages, which at first instance had been accepted for € 2.7 m plus interest. The ruling was overturned in the Court of Appeal and will be heard by a higher court.

**16. Post Balance sheet events**

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



**17. Acquisitions of subsidiaries**

The companies Betotechniki S.A. (first consolidated from 12.1.2007), Double W & Co OOD (first consolidated from 27.3.2007), S&W Ready Mix Concrete Co Inc (first consolidated from 1.4.2007), Ecobeton S.A (first consolidated from 19.4.2007), AVES Afoi Polikandrioti S.A. (first consolidated from 8.5.2007), have been fully consolidated in the Group Financial Statements of 30.6.2007. The assets and liabilities of the above mentioned companies, as they were preliminary recorded at the date of acquisition, are as follows:

*(Amount in € 000s)*

<b><u>Assets</u></b>	<b><u>Total</u></b>
Property, plant and equipment	130,288
Inventories	4,037
Receivables and Prepayments	20,105
Cash & cash equivalents	458
<b>Total assets</b>	<b><u>154,888</u></b>
 <b><u>Liabilities</u></b>	
Long term liabilities	1,678
Other liabilities and taxes	30,866
<b>Total liabilities</b>	<b><u>32,544</u></b>
 <b>Fair value of net assets</b>	<b>122,344</b>
Goodwill arising on acquisition	113,736
<b>Total</b>	<b><u>236,080</u></b>
 <b>Composed of:</b>	
Cash and cash equivalents of acquired subsidiary	458
Net cash outflow for acquisition of subsidiaries	235,622
<b>Net cash outflow</b>	<b><u>236,080</u></b>

During the first quarter, the Group acquired an extra 24% of the equity of Mechanicsville Concrete Inc. (Powhatan Ready Mix), increasing the Group's participation to 49%. At 10.4.2007 Group acquired the remaining 51% of Mechanicsville Concrete Inc. (Powhatan Ready Mix), which has been fully incorporated in Group's financial statements on the same date (10.4.2007).

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

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

## **18. Interest - bearing loans and borrowings**

### **Borrowing and repayment of debt.**

On April 27, 2007 the Group (through its U.K subsidiary Titan Global Finance plc (TGF PLC)) signed a €800 m. multi-currency, revolving, 5-year Syndicated Credit Facility, guaranteed by the parent, Titan Cement Company S.A.

### **Debt Refinancing**

On May 23, 2007, the Group borrowed \$422 m. from the above syndicated facility at 3-month Libor + 0.25% plus costs p.a., for three months. Of that, \$420 m was granted as a loan to Titan America LLC, through an inter-company loan arrangement, with the same tenor and spread. Titan America LLC used the proceeds to refinance its existing short-term borrowings, as follows:

- Short-term bridge facility granted by both Bank of America and BNP Paribas for a 3-month tenor, at Libor + 0.15% p.a.
- Short-term credit facility granted by Bank of America, annually renewable, at Libor + 0.275% p.a.
- Short-term credit facility granted by San Paolo IMI, annually renewable, at Libor + 0.40% p.a.

The liability of the above mentioned syndicated facility at June 30 2007 is included in long-term borrowings, since the Group has the discretion to roll over the repayment for a period that exceeds 12 months after June 30 2007. The Group intends to use this option.

## **19. Financial Instruments**

Included in loans at June 30, 2007 was a borrowing of \$ 422 thousand, which has been designated as a hedge of the net investments in the United States Group's subsidiary Titan America LLC and is being used to hedge the Group's exposure to foreign exchange risk on these investments. For the six month period ended 30 June 2007, a gain in the amount of € 347.5 thousand (€243 thousand net of deferred tax) on the retranslation of this borrowing was transferred to equity to offset any gains or losses on translation of the net investments in the subsidiaries.

## **20. Principal exchange rates**

<b>Balance sheet</b>	<b>30/6/2007</b>	<b>31/12/2006</b>	<b>30/6/2007 vs 31/12/2006</b>
€1 = USD	1.35	1.32	-2.5%
€1 = EGP	7.69	7.52	-2.2%
1USD=EGP	5.69	5.74	0.8%
€1 = RSD	79.03	79.00	0.0%
1USD = JPY	123.38	116.24	-6.1%
<b>Profit and loss</b>	<b>Ave 6M 07</b>	<b>Ave 6M 06</b>	<b>Ave 6M 07 vs 6M 06</b>
€1 = USD	1.33	1.24	-7.9%
€1 = EGP	7.60	7.11	-6.9%
1USD=EGP	5.70	5.75	0.9%
€1 = RSD	80.25	86.71	7.4%
1USD = JPY	120.44	115.41	-4.4%