

**2006  
Annual Report  
and Annual Bulletin**

## TITAN GROUP KEY FINANCIALS 2002-2006

(thousand EUROS)

	2006	2005	2004	2003	2002 <sup>(1)</sup>
TOTAL ASSETS	1,976,612	1,802,864	1,533,767	1,499,184	1,236,433
INVESTED CAPITAL <sup>(2)</sup>	1,407,247	1,317,409	1,065,223	1,003,031	740,596
SHAREHOLDERS' EQUITY <sup>(3)</sup>	1,080,189	922,988	650,519	530,282	429,676
TURNOVER	1,568,109	1,341,727	1,142,474	1,066,531	1,036,068
EBITDA	480,671	389,173	318,472	301,704	292,324
EARNINGS BEFORE TAX AND MINORITY INTEREST	380,823	293,068	242,605	196,762	180,167
EARNINGS AFTER TAX AND MINORITY INTEREST	259,185	210,128	176,951	122,872	114,081
BASIC EARNINGS PER SHARE <sup>(4)</sup>	3.07	2.50	2.11	1.46	1.36
NET DIVIDEND	63,353	50,598	43,747	39,868	35,629
DIVIDEND PER SHARE <sup>(4)</sup>	0.75	0.60	0.52	0.47	0.43
NUMBER OF SHARES AS AT DECEMBER 31 <sup>st</sup> <sup>(4)</sup>	84,485,204	84,330,124	84,129,224	83,932,824	83,832,324

	2006	2005	2004	2003	2002 <sup>(1)</sup>
INTEREST COVERAGE RATIO	14.71	11.40	12.66	9.86	9.47
NET DEBT TO NET WORTH RATIO	0.30	0.42	0.61	0.81	0.65
NET DEBT TO EBITDA RATIO <sup>(5)</sup>	0.68	1.01	1.30	1.57	1.42
RETURN ON INVESTED CAPITAL <sup>(5), (6)</sup>	19.3%	17.9%	17.4%	14.3%	15.4%

(1) : According to Greek GAAP

(2) : Shareholders' Equity plus Net Debt including Egypt consolidated on an Equity basis for 2002.

(3) : Shareholders' Equity has been restated for 2005 due to a change in the accounting treatment of dividends payable to Shareholders, as required by IFRS.

(4) : 2002 and 2003 have been adjusted as the number of shares was doubled through capitalization of reserves in 2004.

(5) : Includes Egypt consolidated on a proportional basis whereas reported on an Equity basis for 2002.

(6) : Net Profit after taxes and before Minority Interest divided by Average Invested Capital.

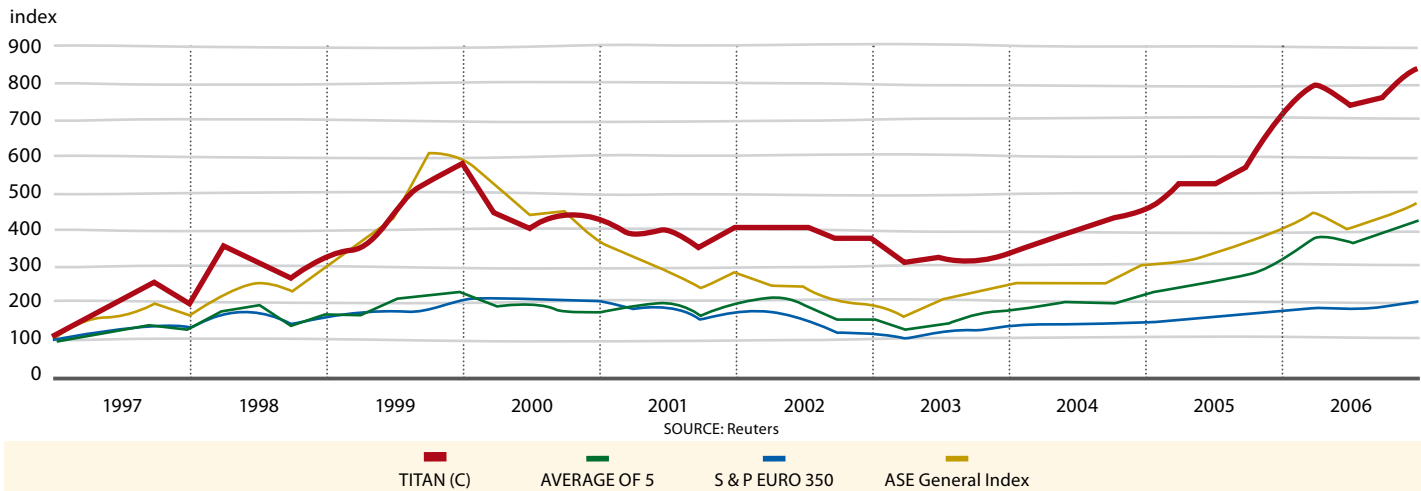
## TITAN GROUP BALANCE SHEET 2002 - 2006





Patras Plant, Achaia, Greece

SHARE PRICE PERFORMANCE OF TITAN (C) SHARES VS AVERAGE OF 5 LARGEST GLOBAL CEMENT PRODUCERS, S&P EURO 350 INDEX AND ASE GENERAL INDEX (31.12.1996 = 100)





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# Overview





# Overview

## Clear Objective

The Titan Group of companies continues to expand internationally as a vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

## Driven by Values

Our values are embedded in our corporate culture: committing to and delivering results, constantly upgrading our expertise, offering real value to our customers and social responsibility.

## Focused Strategy

Our core competence is the production and commercialization of cement, ready-mix concrete, aggregates and related building materials.

The Group remains committed to its key priorities:

- Expand the core business of cement through organic growth and acquisitions
- Vertically integrate in related building materials
- Continuously improve cost-effectiveness and competitiveness
- Develop our human resources
- Live Corporate Social Responsibility

## Multi-Regional Presence

The companies of the Titan Group are located in four main geographical areas:

- Greece and Western Europe
- The United States of America and Canada
- South Eastern Europe
- Eastern Mediterranean

## Solid Corporate Governance

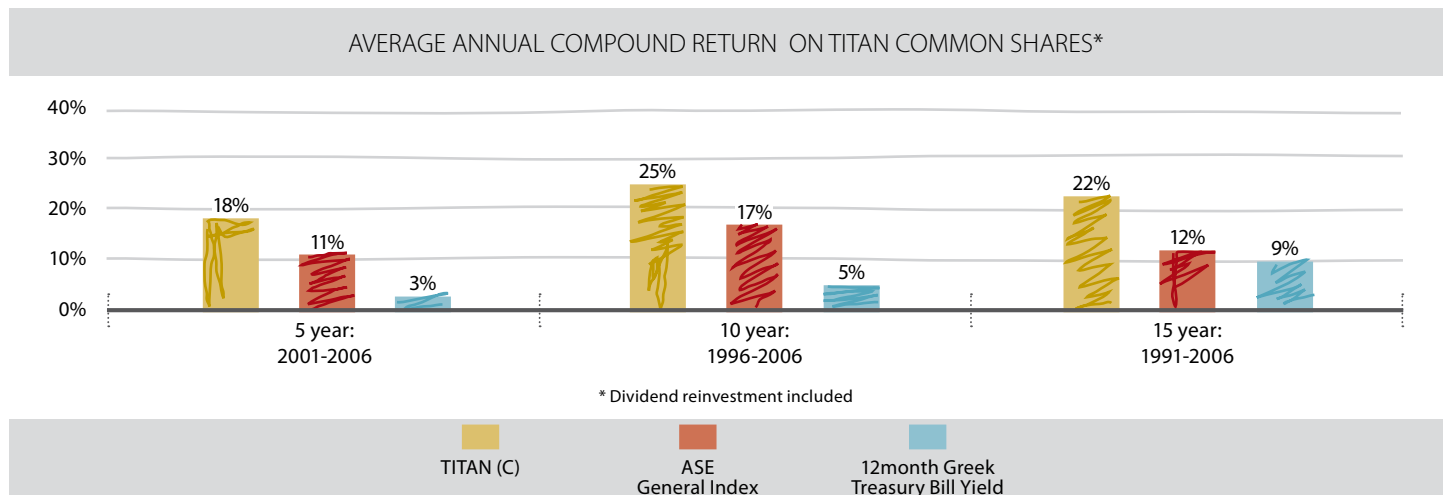
The Group has always strived to address issues of responsible corporate governance, both in principle and in practice. The Group's relevant practices are summarized further in this report and are outlined in detail in a separate report.

## Commitment to Corporate Social Responsibility

Titan was the first Greek company to sign the United Nations Global Compact Initiative that aims to safeguard human rights, labor rights and protect the environment. Titan is the founding member of the Hellenic Network for Corporate Social Responsibility and is a member of the World Business Council for Sustainable Development and the Cement Sustainability Initiative.

A full CSR and Sustainability Report accompanies the 2006 Annual Report, which outlines our efforts, successes and shortcomings.

## Long Track Record of Delivering Value to Shareholders





## 2006 HIGHLIGHTS

- Double digit growth in Turnover (€1,568 m) and Net Profit after taxes and minorities (€259 m) up 17% and 23% respectively
- Record sales volumes in all major product lines: Cement<sup>(1)</sup> 16.1 m t<sup>(2)</sup>, Aggregates 22.4 m t and Ready-mix Concrete 6.0 m m<sup>3</sup>
- International operations account for 60% of EBITDA in 2006, growing from 28% in 2000
- New kiln line start-up in Bulgaria at end of 2006
- Acquisition of 3 ready-mix concrete and block companies on the west coast of Florida
- Modernization and expansion of import facility in New Jersey
- Investments<sup>(3)</sup> totaled €236 m in 2006

<sup>(1)</sup> Includes cement and cementitious materials

<sup>(2)</sup> Includes joint venture sales

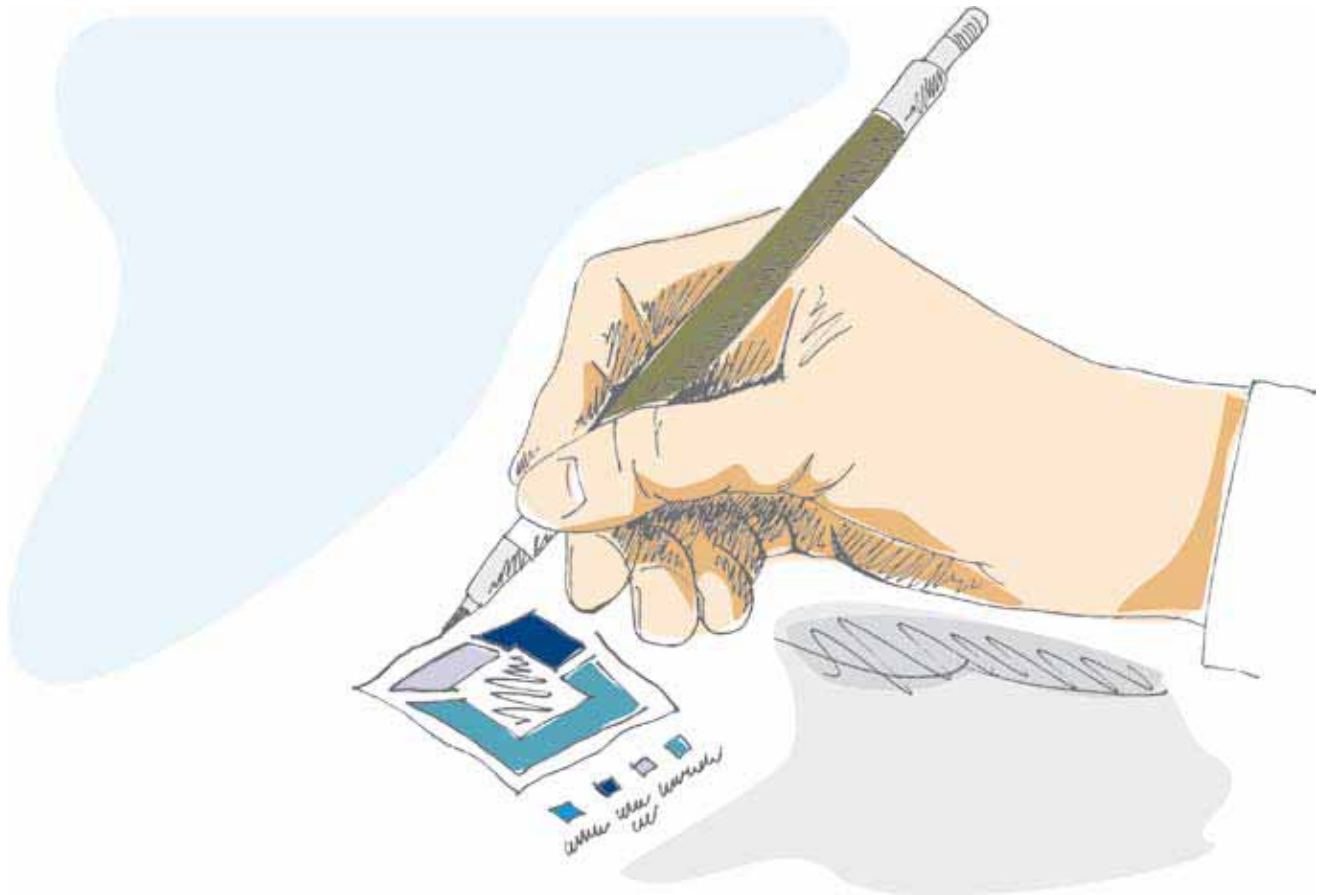
<sup>(3)</sup> Include investments in fixed assets and acquisitions



Patras Plant, Achaia, Greece



# To our Shareholders





## To our Shareholders

In 2006 Titan took advantage of continuing favorable conditions in the international building materials market to achieve record results.

Demand for cement and related building materials grew strongly, supported by broad-based economic growth and mild weather. Cement supply remained tight in many parts of the world, resulting in significant increases in selling prices. Thus, it was possible to compensate for escalating input costs, in particular energy.

In Greece, demand surged by an estimated 15%, far exceeding our expectations. Buoyant mortgage markets and changes in tax and permitting legislation relating to housing appear to have been the key drivers.

In the USA, full year figures mask a tale of two halves. Following robust, weather-assisted growth in the first half of the year, demand trends reversed in the second half, as a result of a sharp decline in the housing market. This trend was particularly pronounced in previously booming areas, such as South Florida.

Demand also grew in Egypt and Southeastern Europe, particularly in Bulgaria, as that country prepared to join the European Union in 2007.

Overall the Group sold over 16 million tons of cement and cementitious materials, 22 million tons of aggregates and 6 million cubic meters of ready-mix concrete in 2006.

Consolidated turnover rose by 17% to €1,568 million. EBITDA improved by 24% to €481 million. In addition, net profit after taxes and minority interests increased by 23% to €259 million.

Based on these results the Board of Directors recommends the approval of a net dividend of €0.75 per share, up 25% over the previous year.

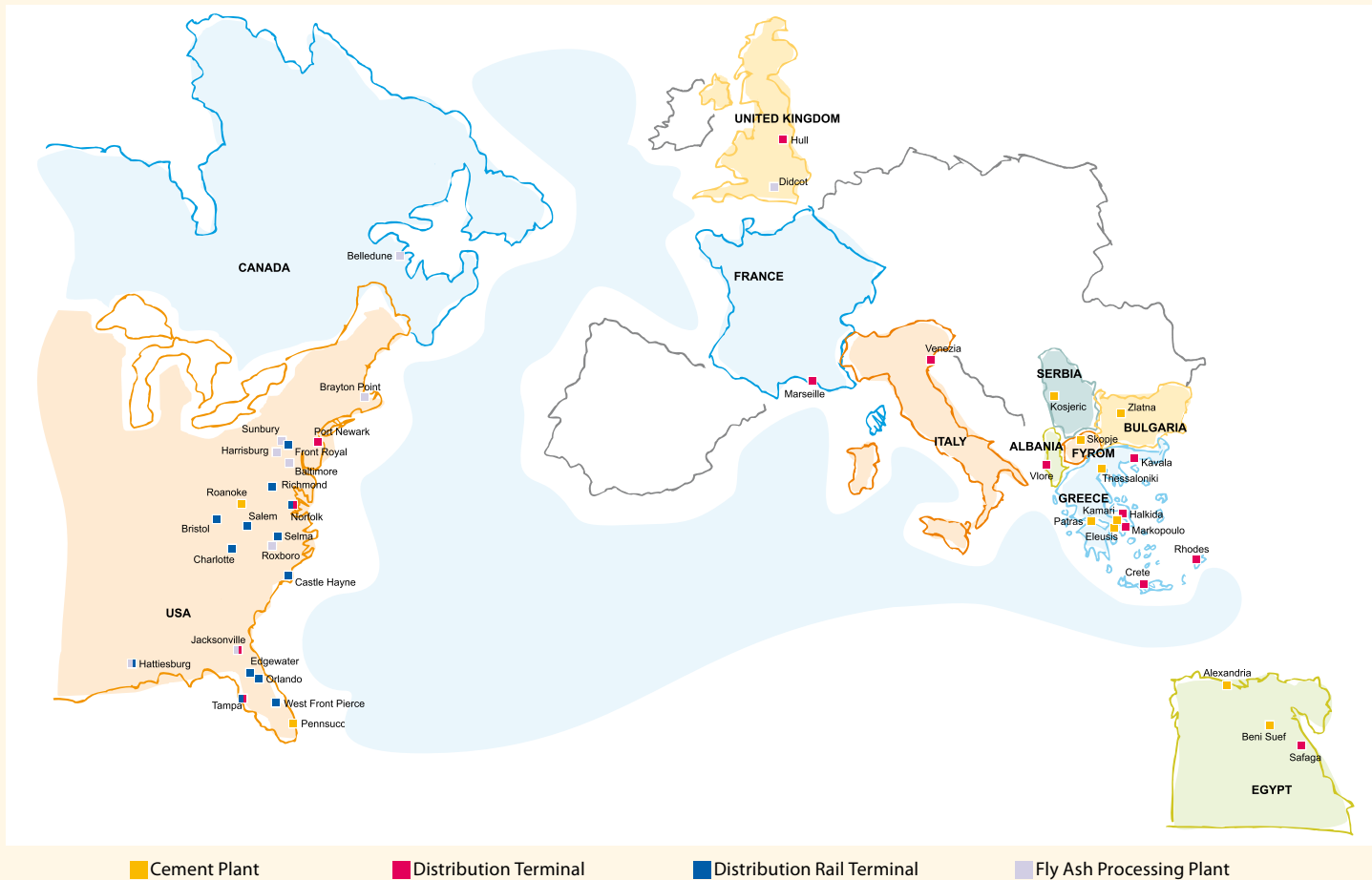
During the year Titan continued to invest in growing its activities and improving its competitiveness. Among the year's highlights:

- The acquisition of 3 ready-mix concrete and block companies on the Gulf coast of Florida, providing the foundations for growth in a market not previously served by the Group.
- The completion, at the end of the year, of the capacity expansion and modernization project of the Zlatna cement plant in Bulgaria, allowing us to cost-effectively capture demand growth in that market.
- The inauguration of a new state-of-the-art cement import terminal in Newark, New Jersey.

A total of €236 million was invested in 2006 that includes sustaining capital expenditures, environmental projects and acquisitions.







In pursuing its business goals, Titan has embedded Corporate Social Responsibility and Sustainability principles into its operations, based on the deep-rooted belief that this constitutes good business practice.

This philosophy is translated into a number of initiatives, which are described in more detail in the separate CSR and Sustainability Report of the Group. However, the nature of our business is such that two issues dominate: environmental sustainability and safety at work.

2006 could possibly be remembered, as the year during which the issue of global warming captured the world's attention. In recent months we are witnessing a remarkable shift in public awareness of climate change, as an issue requiring a coordinated global response.

As a cement manufacturer, and thus a heavy emitter of carbon dioxide, Titan has chosen early action. In 2003, we voluntarily

committed to curbing our CO<sub>2</sub> specific emissions per ton of cement by at least 15% by 2010, compared to 1990 levels. We are currently well on track towards achieving this goal.

Unfortunately 2006 will also be remembered by the Titan family for a tragic accident that related to the collapse of a ship loader, during maintenance works, at the dock of Elefsis. This unprecedented event in the history of our Company cost the lives of two people. In this context, it matters little that the numbers show that our overall safety record compares favorably with industry data compiled by the Cement Sustainability Initiative.

The Elefsis accident has served as a wake-up call in our Group to overhaul and improve our whole Occupational Health and Safety policies, systems and training programs, and to strengthen our safety culture. A critical lesson learned is that fostering and retaining a strong safety culture is a never-ending process.



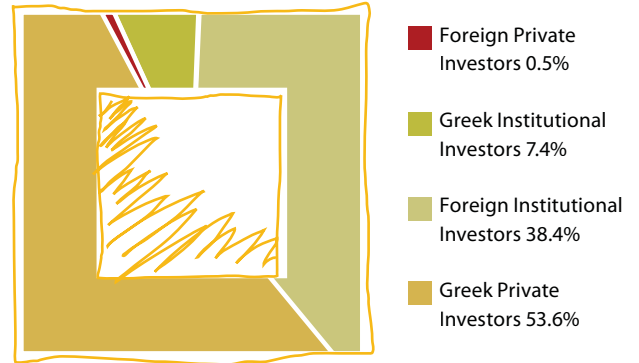
# To our Shareholders

The overall outlook for 2007 in the global building materials market is healthy. Demand is expected to continue to grow in Egypt and South Eastern Europe, and to remain strong in Greece, at least in the short term. 2007 does, however, represent some challenges for Titan, in particular with regard to what has become our largest single market, the USA, where there continues to be considerable uncertainty with regard to the depth and duration of the decline in the housing sector.

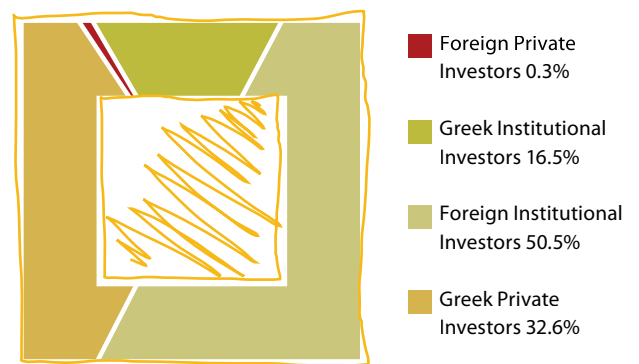
Several years ago Titan set out on a path to develop as a multiregional, vertically integrated cement producer, combining operating excellence and an entrepreneurial spirit with respect for people, society and the environment. In implementing our strategy we expanded our activities beyond our historical presence in Greece. Our international activities accounted for 60% of operating profitability in 2006, versus 28% in 2000. At the same time, we have been able to deliver attractive return to our Shareholders: earnings per share have increased 13 years in a row. Operating profitability, net earnings per share and total shareholder returns have grown at a compound annual growth rate of 18%, 20% and 25% respectively over the last 10 years, albeit in the context of supportive economic conditions.

Looking ahead, we remain focused on pursuing our growth strategy, while continuing to create value for our Shareholders. We have the financial flexibility to further step up capital spending. And we have the people to deliver the results. On behalf of all our Shareholders, we would like to thank our employees everywhere for their dedication, their tireless efforts and their continuing commitment.

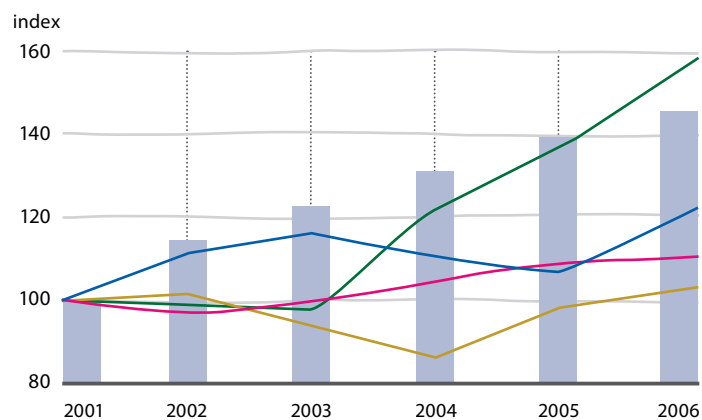
TITAN COMMON SHARES AS AT 31.12.2006



TITAN PREFERENCE SHARES AS AT 31.12.2006



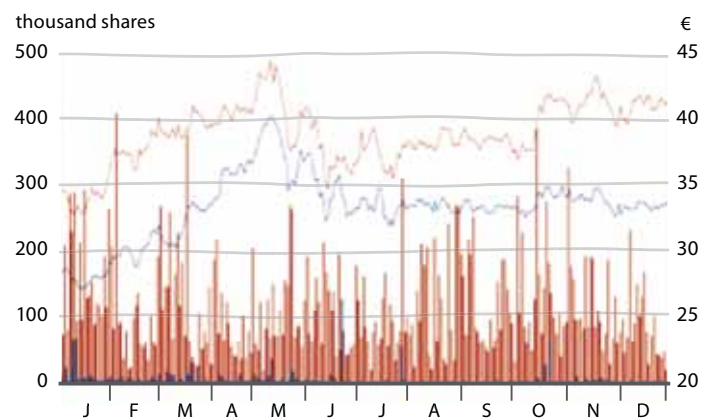
ANNUAL CHANGE IN PER CAPITA CEMENT CONSUMPTION IN THE GROUP COUNTRIES OF OPERATION AND TITAN GROUP CEMENT SALES VOLUME (2001=100)



SOURCE: IMF, Company Estimates

TITAN Group Cement Sales South Eastern Europe (Bulgaria, F.Y. Republic of Macedonia and Serbia) Greece USA Egypt

2006 DAILY VOLUME OF TRANSACTIONS AND PRICE OF TITAN COMMON AND PREFERENCE SHARES



SOURCE: Reuters

VOLUME TITAN (C) PRICE TITAN (C) VOLUME TITAN (P) PRICE TITAN (P)



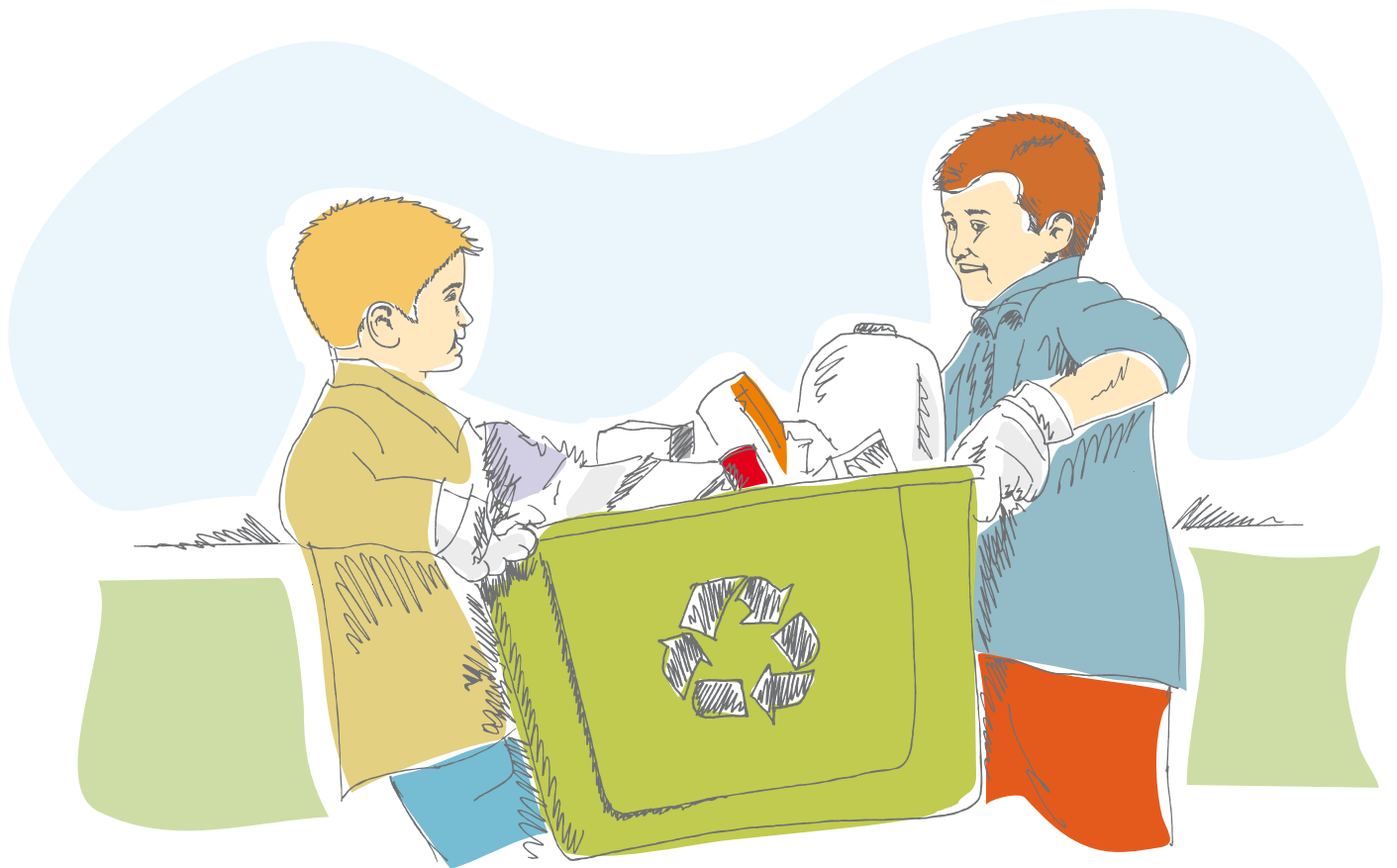


Pennsuco Plant, Florida, USA





# CSR Summary





# CSR Summary

Traditionally, the focus of our Shareholders' report has been on presenting and interpreting our financial, economic and operating performance during the past year. Our policies and programs related to Corporate Social Responsibility (CSR) and Sustainability are detailed in a separate, comprehensive report. Nevertheless we believe that part of our commitment to CSR implies a willingness to share our perspective and results with as broad an audience as possible. As part of our efforts to sensitize an even wider audience to CSR, this year we include in the present report a summary of these activities.

Corporate Social Responsibility at TITAN refers to our efforts to take into consideration the needs of our people, society at large and the environment above and beyond our legal obligations. This approach means that we measure our success not only by our financial and economic performance, but also by our broader impact on the communities and societies in which we operate. Respect for the needs and concerns of these stakeholders is displayed both within the Group and outside the Group in a variety of ways. We believe this is good business practice.

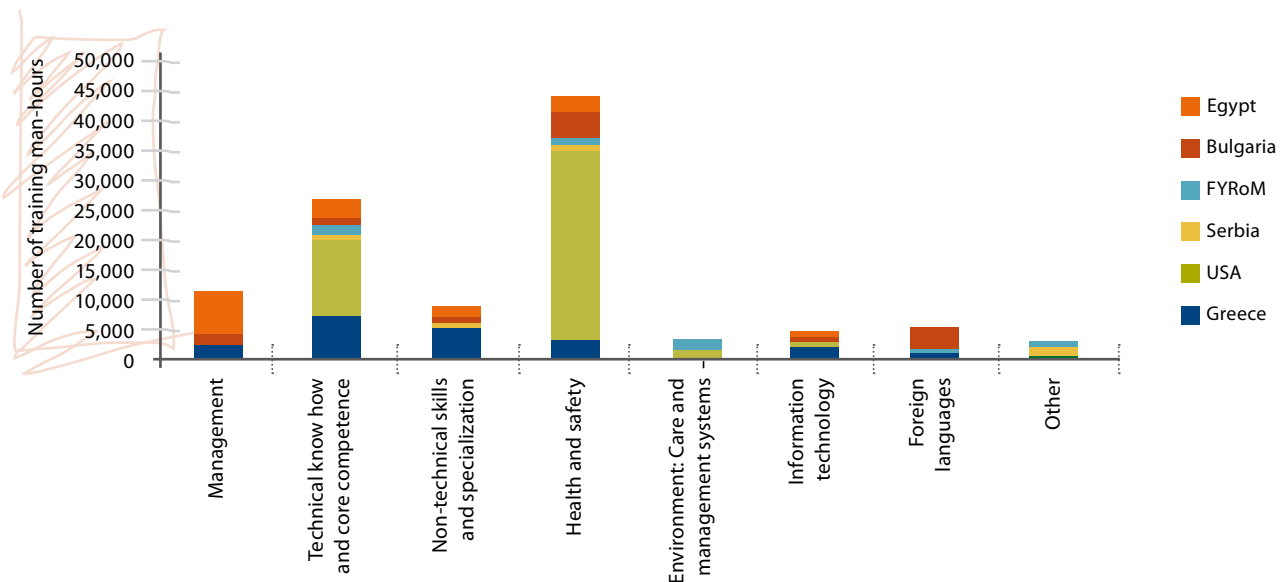
Our CSR activities and policies focus on three broad areas. First, we are committed to our people. Within the Group, this means treating our human capital with respect by providing satisfactory working conditions and developing our human resources through favorable employment policies and training, and encouraging their participation and involvement while focusing on health and safety at all times. This same level of respect is given to our contractors' personnel, our customers, our suppliers and, of course, our Shareholders.

Secondly, we are committed to the betterment of society.

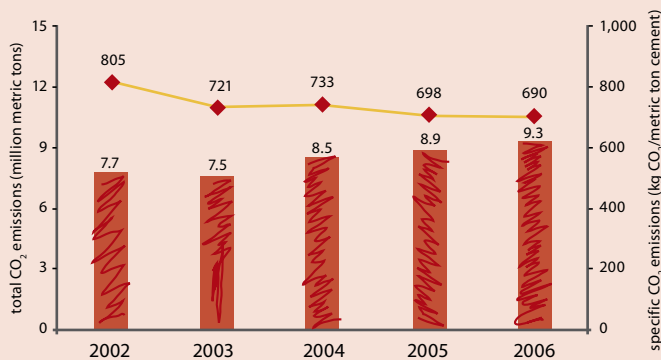
Outside the Group, our CSR efforts geared towards society at large are mainly focused on initiatives promoting community development, education and training, health and safety, social solidarity and voluntarism. While we recognize that one company can only do so much to handle the significant challenges plaguing society today, we also feel that by being responsive to the grassroots initiatives found in many of the communities in which we operate, we too can have a positive and valuable impact. These efforts are complemented by our own initiatives frequently yielding greater synergies for maximum impact.

Finally, we are strongly committed to the protection and preservation of the environment. As an industrial concern, we recognize that our activities impact the environment in a variety of ways. From quarrying and using natural resources to emitting carbon dioxide into the atmosphere, our operating activities affect the environment. For this reason, we make every reasonable effort to mitigate that impact by carefully rehabilitating quarries while keeping in mind the needs of local communities, by investing in and using the latest emission abatement techniques in our plants and by planting trees, of which more than 1 million have been planted to date.

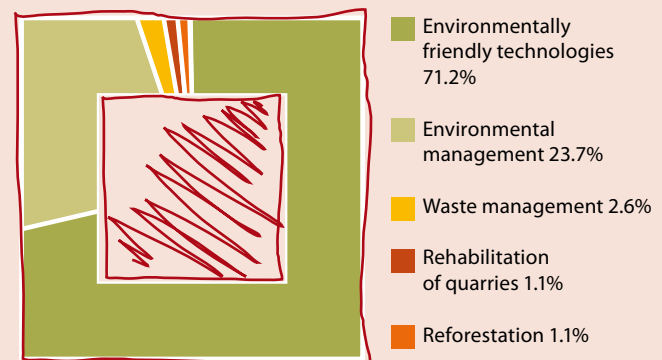
TRAINING BY SUBJECT AND COUNTRY OF OPERATIONS



## CO<sub>2</sub> EMISSIONS



## ANALYSIS OF ENVIRONMENTAL COSTS 2006\*



\*investments with an indirect environmental impact are not included

Although there is a great deal more to do, we are happy to report that our environmental mitigation strategy has yielded positive results in the past few years. Further details are available in the full CSR report but it is worth mentioning here that we have already reached our targets for the reduction of specific carbon dioxide emissions to the 1990 levels as per our commitment to implementing the terms of the Kyoto Protocol. We are especially proud to have reached this objective and vow to continue our efforts to reduce our environmental footprint.

However, despite best efforts, no single company can change society nor the environment. Recognizing that we are part of an interdependent economy in today's era of globalization, we have decided to join forces with similarly-minded companies. Leveraging common resources and creating synergies through cooperation can clearly have a greater impact.

Today, the TITAN Group participates in a variety of joint initiatives and networks. Whether as a signatory of the United Nations Global Compact, or as a participant in CSR Europe, the "European Alliance for CSR" or the Hellenic Network for CSR, we make every effort to learn from and share our own experience with our collaborators in our endeavors to improve our performance as a responsible company.

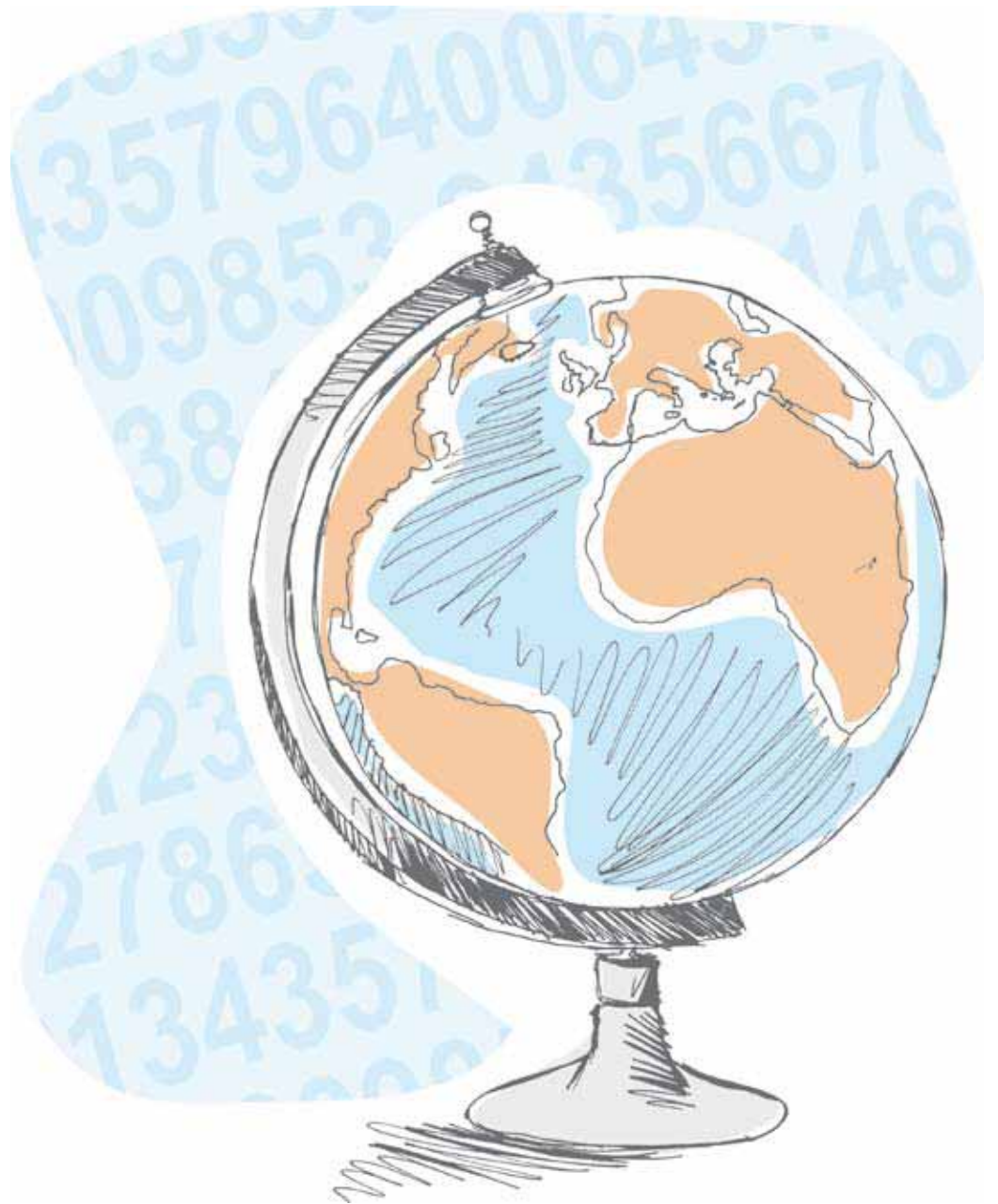
As an industrial company, we also recognize that we must make special efforts to mitigate our impact on the environment along with others facing similar problems and challenges. For this reason the TITAN Group has joined and actively participates in various initiatives designed to harmonize our industry's efforts to improve, record, report and measure our environmental impact. That is precisely what we are doing through the Cement Sustainability Initiative of the World Business Council for Sustainable Development along with other leading cement producers representing a significant proportion of all cement production worldwide.

Finally, as with our operations, living up to our CSR values and commitments requires constant vigilance and dedication to continuous improvement. While we have made important progress in our CSR activities in the past few years, we are eager to improve further. In 2007 we will continue our CSR activities while focusing on improving our internal policies and procedures throughout the Group's various business units.

Details of our CSR policies and activities can be found in our annual CSR and Sustainability report, also available online. We strongly encourage readers and stakeholders to give us feedback and suggestions on how we can further improve.



# Group Financial Results





# Group Financial Results

Financial performance for the Titan Group posted significant growth on all fronts. Turnover for the Group reached nearly €1.6 billion, almost 17% higher than 2005. EBITDA reached €481 million, an increase of 24% against 2005. Operating profitability showed double-digit progress in all our areas of operation, with the largest increase coming from the USA. Our EBITDA margin improved by 1.6 points compared to last year, reaching 30.7% as a result of higher cement sales in the product mix.

Net profit after taxes and minorities for the Group was a record €259 million, up by more than 23% versus the previous year. This was after the one-off provisioning for taxes relating to untaxed investment incentive reserves in 2003 and 2004 of €16 million. Earnings per share was €3.07 versus €2.50 in the previous year. Earnings per share before the provision for taxes was €3.27 up 31% on 2005.

Between 2001 and 2006, Titan posted double digit growth year on year as the Group consolidated its international presence. Annual turnover grew at 10%, EBITDA increased by 14%, while net profit after taxes increased by over 20% each year. The steady, year-on-year improvement in performance in Greece enabled our international expansion, which in turn has driven the growth of the Group overall.

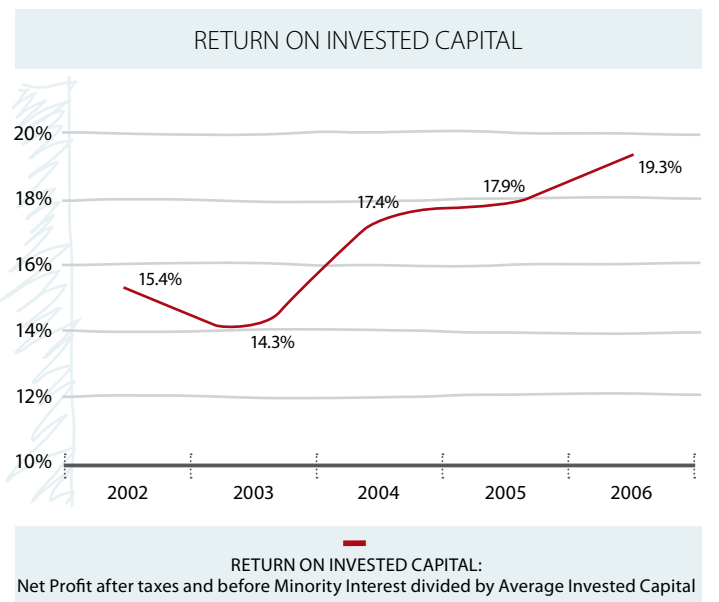
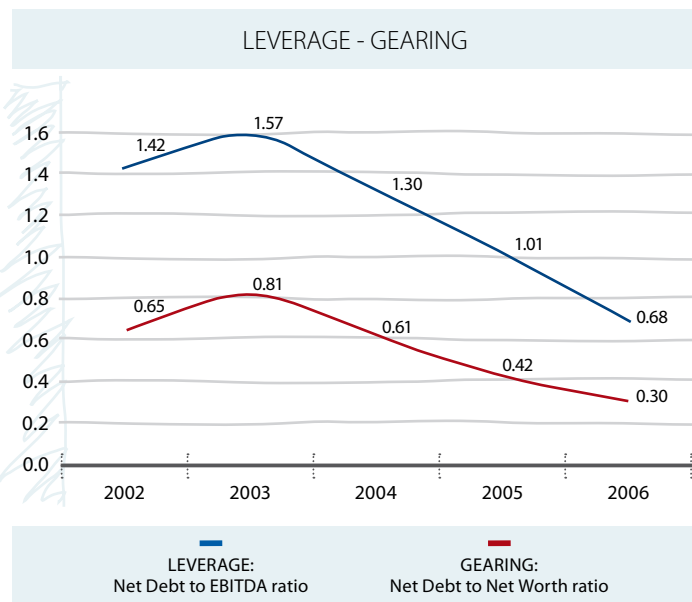
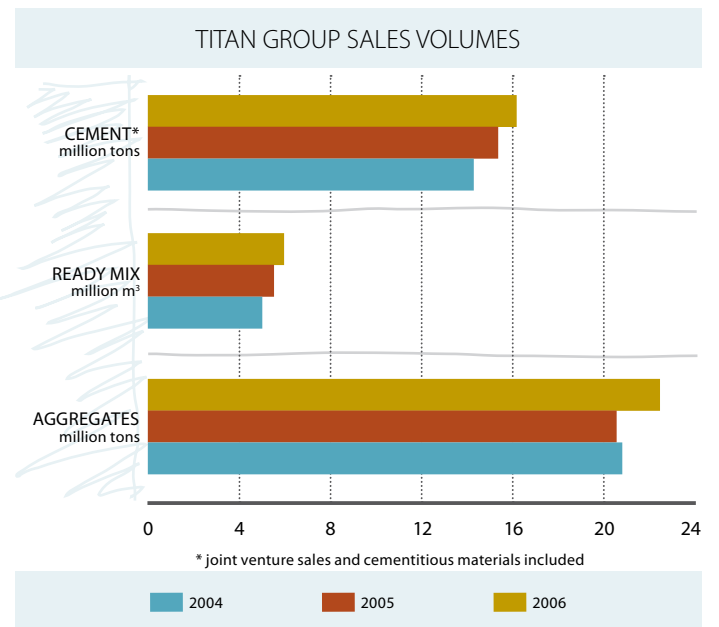
Indeed, during the five-year period in review, the Group's dependence on Greece was significantly reduced. Today, Greece accounts for 39% of the Group's turnover, compared to 44% in 2001, while the EBITDA percentage for Greece fell to 40% from 59%.

All key performance measures for the last five years show significant improvement.

Gearing has been reduced to 0.30 from 0.42 in the previous year and our leverage ratio has gone from 1.01 in 2005 to 0.68 in 2006, allowing us a number of options going forward.

Return on Invested Capital has exceeded by more than one percentage point the level achieved in 2005, reaching 19.3%. Titan's stock performance continued in line with its strong track record up from €34.50 to €41.30 at year-end. Share performance posted growth of 16% per annum for the period from 2001 until end 2006 (18% growth with dividend reinvested).

Since the beginning of the year cement and cementitious material volumes grew by 5% with strong performance coming from the Greek market. Volume growth in cement sales was posted across all regions. This was helped by milder weather, meaning a milder winter in some of our markets and a less severe hurricane season in others.



During the same period, the surge in construction activity in Greece had a positive impact on aggregate sales offsetting the decline of aggregate volumes in the USA.

Our ready-mix operations continued to perform well, driven by the robust construction momentum in Greece and supported by volumes from acquisitions made during the year in the USA and investments in vertical integration in Greece and Bulgaria.

Currency fluctuations did not have a significant impact on the Group's results. Average currency rates during the year were remarkably stable and as a result their impact on the P&L was small. However, comparing year end to year end, the US dollar continued to weaken and closed 12% down versus the Euro. As the majority of our debt is in US dollars, this favorably impacted our borrowings at balance sheet dates. Overall, FX had a positive impact on Cash Balances of €49 million.

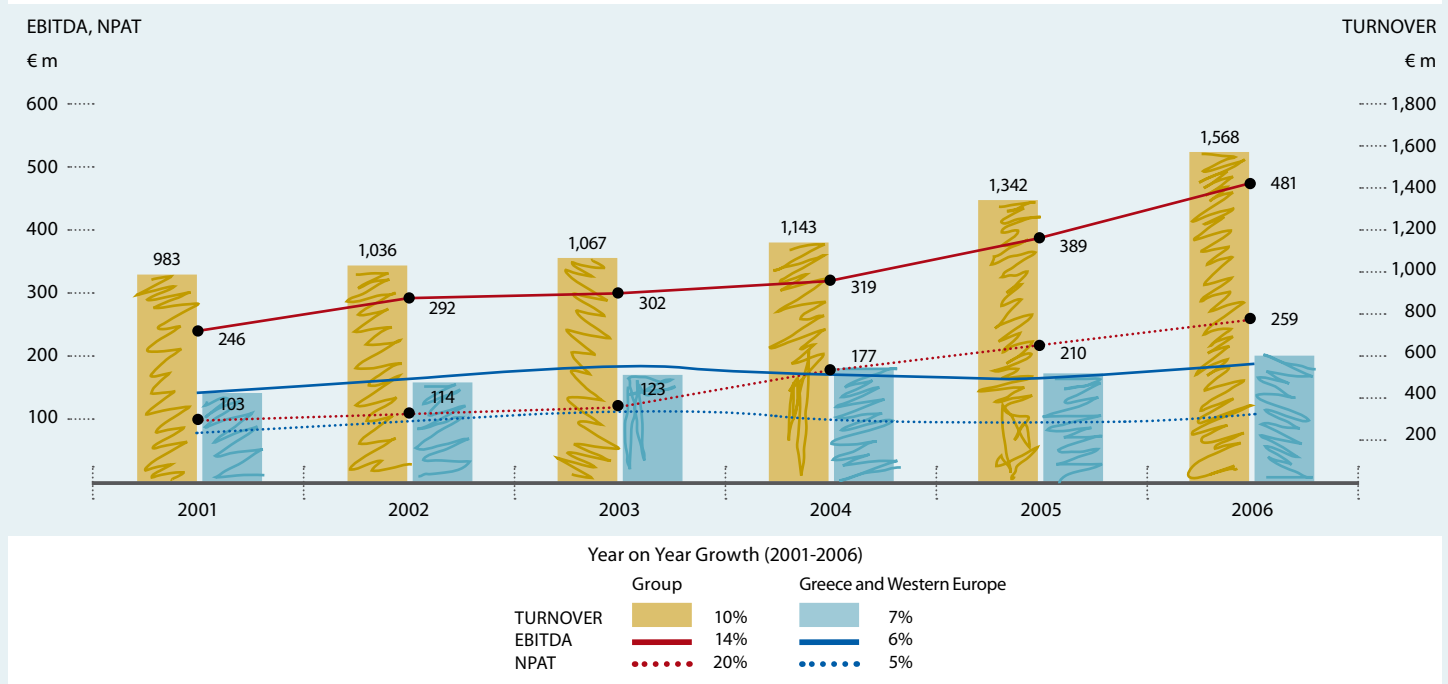
The main movements on the Group Balance Sheet relate to the continued investments made in the year and the reduction of debt. Working capital increases are due to receivables, moving in-line with revenue and inventory that relates mainly to a stock build in the USA. The Group's net debt position improved significantly: by year-end Consolidated Net Debt decreased by €67 million.

The Group continued to invest in its Capital Expenditure and Acquisitions programs, which totaled €236 million in the year, the vast majority relating to business expansion and modernization activities, as we continue to invest in and improve the efficiency of our operations. Interest, tax and dividends for the year totaled €184 million.

### Parent Company Financial Results

The parent company, Titan Cement Company S.A., realized turnover of €520 million, up 18% on the previous year. At €173 million, EBITDA for the year was up 21% against 2005, supported by the strong demand for building materials in the Greek market. Net profit before taxes was up 15% to €167 million, while net profit after taxes was marginally lower than 2005 at €105 million, as a result of the €16 million tax on incentive reserves noted above.

PERFORMANCE HIGHLIGHTS 2001-2006







# Group Financial Results

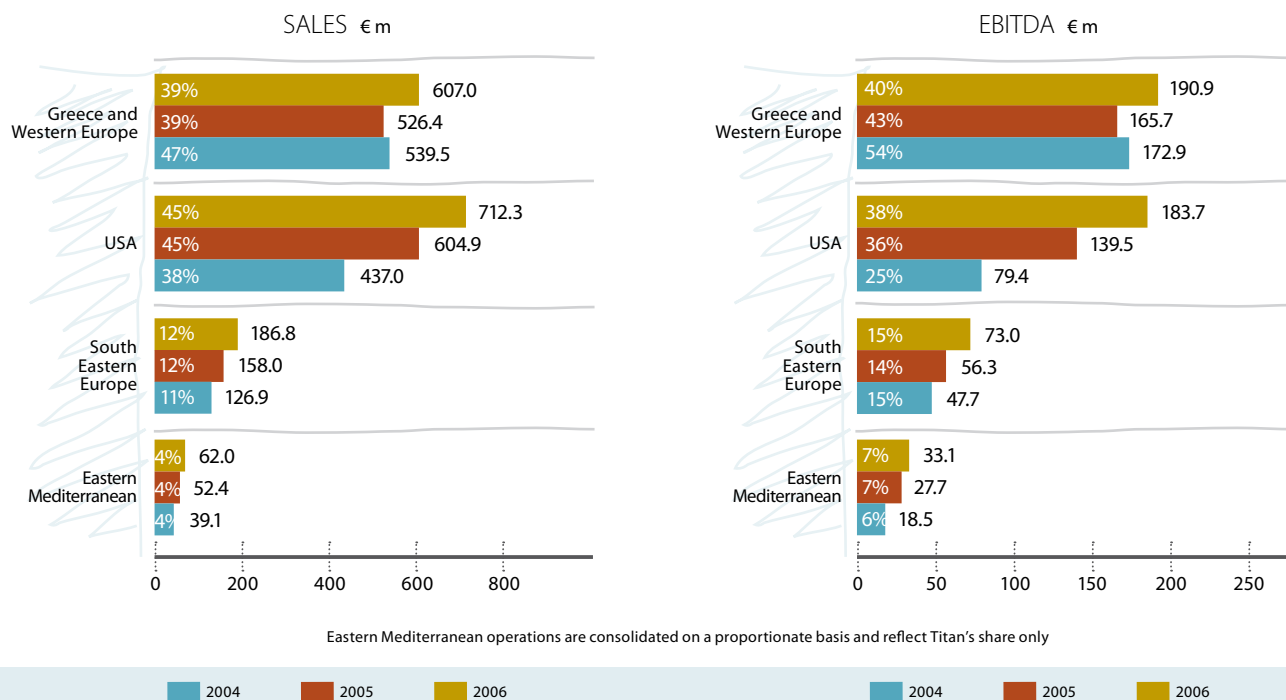
## Outlook

The global market outlook is healthy. Demand for building materials is expected to grow, supply remains fairly tight, and consequently export prices are high. However, 2007 does represent some challenges, in particular with regard to our largest single market, the USA, where there is considerable uncertainty regarding the depth and duration of the slump in the property market.

Places like South Florida which rose higher have further to fall. Nevertheless, the longer term prospects for the South East (and Florida in particular) remain positive, taking into consideration the population growth, the structure of the construction industry and favorable building codes that promote higher cement usage.

In the short term, however, we face the challenge posed by the imminent decision on the Lake Belt mining permits.

## CONSOLIDATED SALES AND EBITDA BY REGION 2004-2006



## EXCHANGE RATES FOR THE TRANSLATION OF MAIN CURRENCIES

Foreign Currency per Euro	Year end rate			Average rate		
	2006	2005	Movement +/- (%)	2006	2005	Movement +/- (%)
US Dollar (USD)	1.3170	1.1797	-11.6%	1.2630	1.2376	-2.1%
Japanese Yen (JPY)	156.93	138.90	-13.0%	146.81	136.92	-7.2%
British Pound (GBP)	0.6715	0.6853	2.0%	0.6819	0.6830	0.2%
Canadian Dollar (CAD)	1.5281	1.3725	-11.3%	1.4267	1.4995	4.9%
Egyptian Pound (EGP)	7.5217	6.7700	-11.1%	7.2500	7.1591	-1.3%
Bulgarian Leva (BGN)	1.9558	1.9558	0.0%	1.9558	1.9558	0.0%
Macedonian Dinar (MKD)	61.17	61.18	0.0%	61.19	61.29	0.2%
Serbian Dinar (RSD)	79.00	85.50	7.6%	83.96	83.15	-1.0%



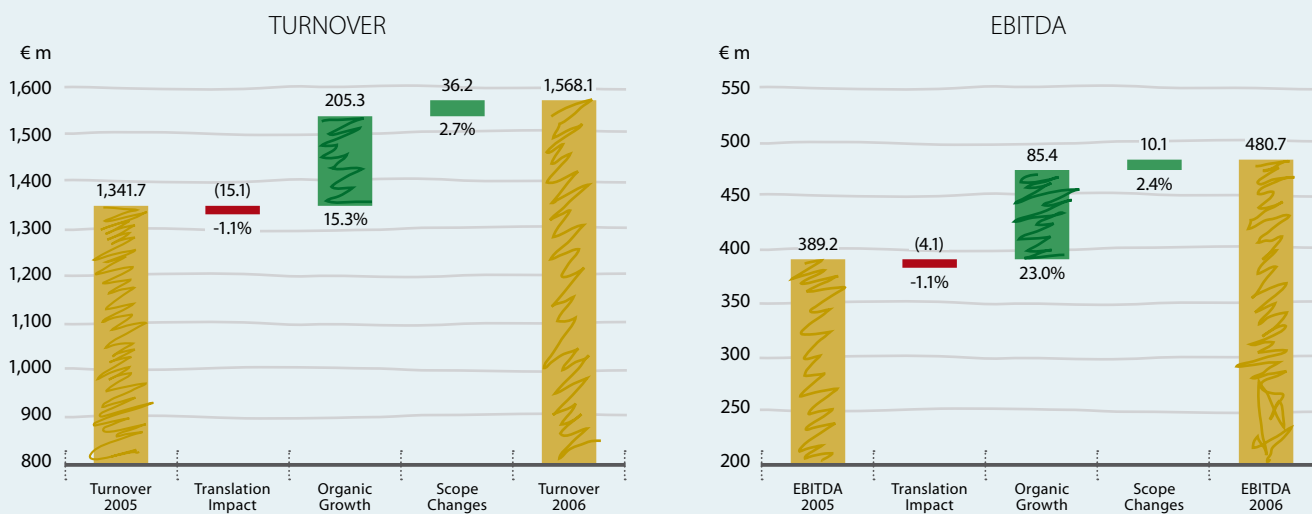
Although we have made contingency plans, a mining shut-down in the Lake Belt region could have an adverse effect on the Group's financial results and on the building industry and economy in South Florida as a whole.

Turning to Greece, the main driver of demand has been the ready availability of credit. It is doubtful that households can continue to increase their net borrowing indefinitely, but at least in the short term, the banking sector is optimistic about growth in mortgage loans.

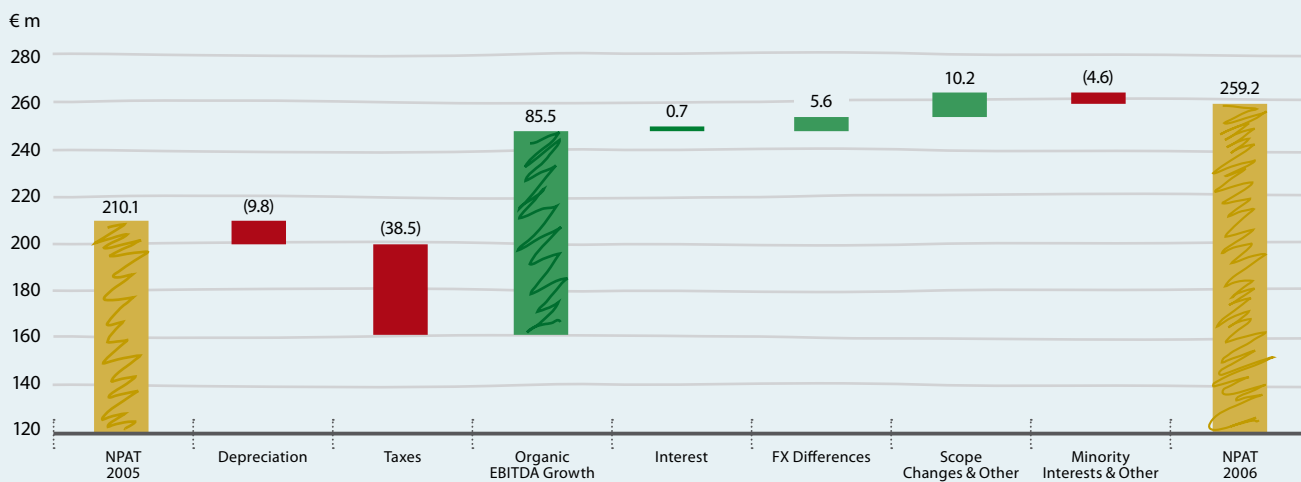
The outlook for South Eastern Europe is also positive, particularly, in Bulgaria.

Looking further ahead, we are pursuing a number of business expansion projects and are stepping up capital spending. However, our focus remains on long-term value creation and we will continue to make decisions on that basis.

### 2006 GROUP TURNOVER AND EBITDA



### 2006 GROUP NET PROFIT AFTER TAX AND MINORITIES





# Regional Overviews





# Greece and Western Europe

## Macro-Economic Environment

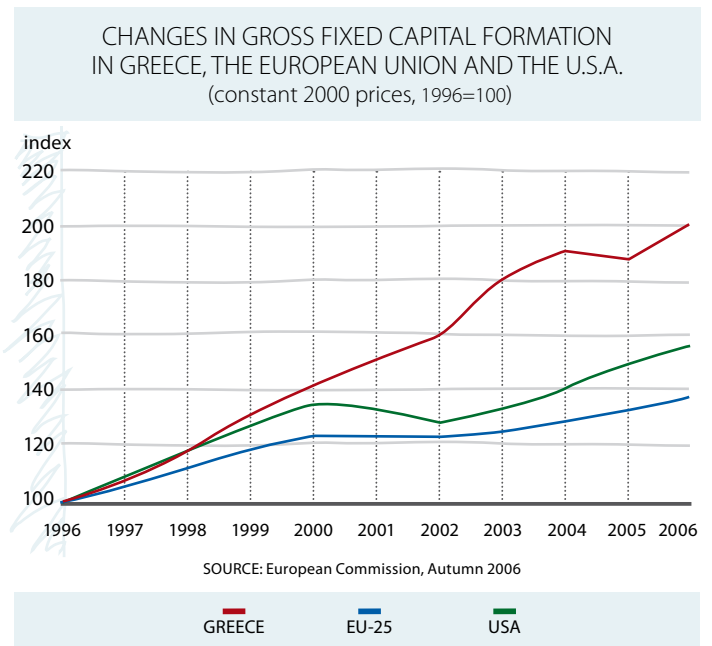
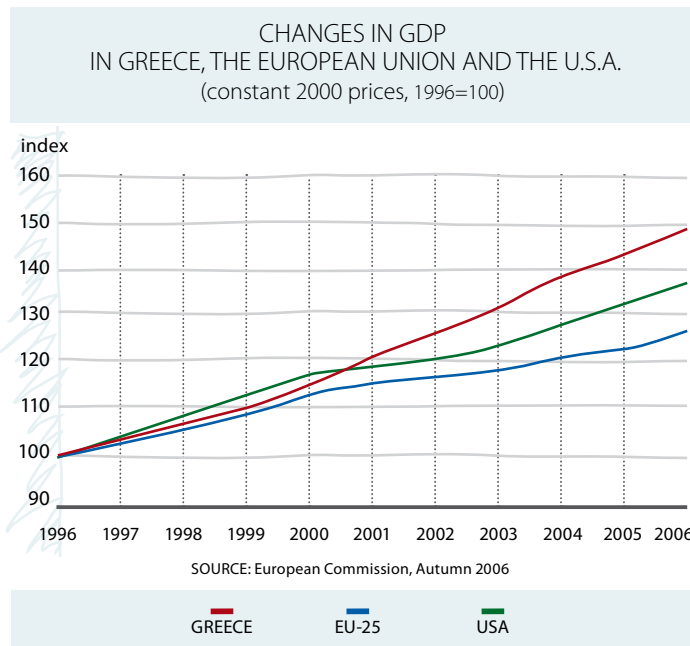
### Favorable economic conditions in 2006

With growth rates well above the EU-25 average, the Greek economy has maintained rapid growth for over a decade. The Greek economy remained robust in 2006 on the back of a rebound in investment activity. Real GDP growth reached 4% and Gross Fixed Capital Formation increased by 9.1%.

Despite strong economic growth, unemployment remained relatively high at 9.2%, compared with an average 8% unemployment in the EU. Although oil prices increased, inflation rates dropped slightly to 3.2%. Due to strong domestic

demand in a flourishing economy, there was no significant price deceleration. The average inflation rate in the EU-25 was lower by nearly 1%.

Public Investment Program disbursements accelerated at a modest nominal rate of 8.9% in 2006, compared to the average growth rate of 15.8% that prevailed in 1996-2003, prior to the Athens 2004 Olympic Games.



### Intense construction activity

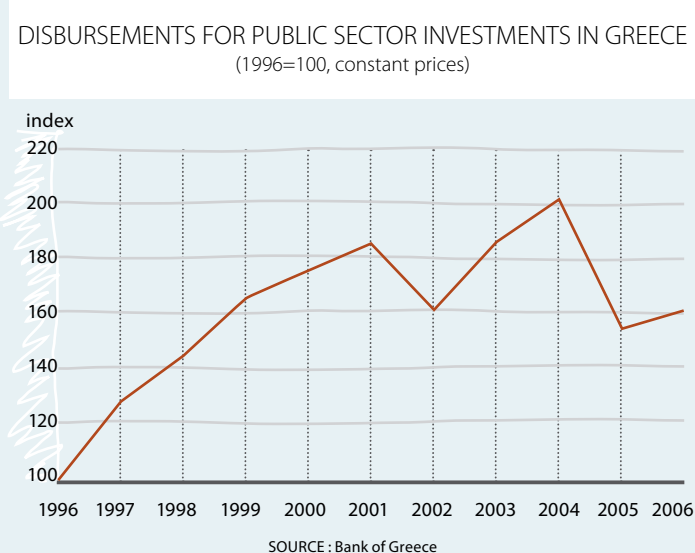
In 2006, cement consumption in Greece reached record levels, with an estimated 15% increase compared to 2005.

The main contributors to investment growth were residential investment and other building works, which increased by 18% and 10% respectively in 2006. The implementation of VAT on new housing from January 1, 2006 induced a significant increase in the issue of construction permits towards the end of 2005, which in turn had a positive effect on construction activity in 2006.

The Greek mortgage market continued to expand in 2006, albeit at a slower pace: a 25.8% rise in housing loans, compared to 33.4% the previous year. The increase of the European Central Bank base interest rate from 2.25% in December 2005 to 3.5% in December 2006 might have contributed to this decrease. Mortgages in Greece increased in nominal terms at a much higher rate than nominal GDP growth. At 29.3%, the average household debt in Greece is still lower as a percentage of GDP than the equivalent average of 43.6% (Nov. 2006) in the Euro Area.

In spite of favorable developments in the construction sector in 2006, during the last quarter there was growing cautiousness about future expectations. Companies engaged in the construction of private sector works were more optimistic about future prospects than those whose core business is the construction of public works. Expectations were dampened by delays in the award and execution of public works. However, in all probability the modest growth rate posted in public sector investment will not last indefinitely.

For 2007 GDP in Greece is likely to grow at approximately the same rate as in the previous year. It is expected that the contributors to last year's growth rate will continue to positively affect economic developments, at least for the short term.







# Greece and Western Europe

## Operational Overview

### Considerable rise in cement demand in Greece

#### Cement

The surge in demand for building materials brought cement consumption to record levels, driven by particularly intensive private construction, mainly for residential purposes. Public works remained at low levels of activity.

The extensive investment program we implemented at our Greek plants in recent years, in conjunction with good kiln and mill operational performance, have led to historically high production levels for both clinker and cement.

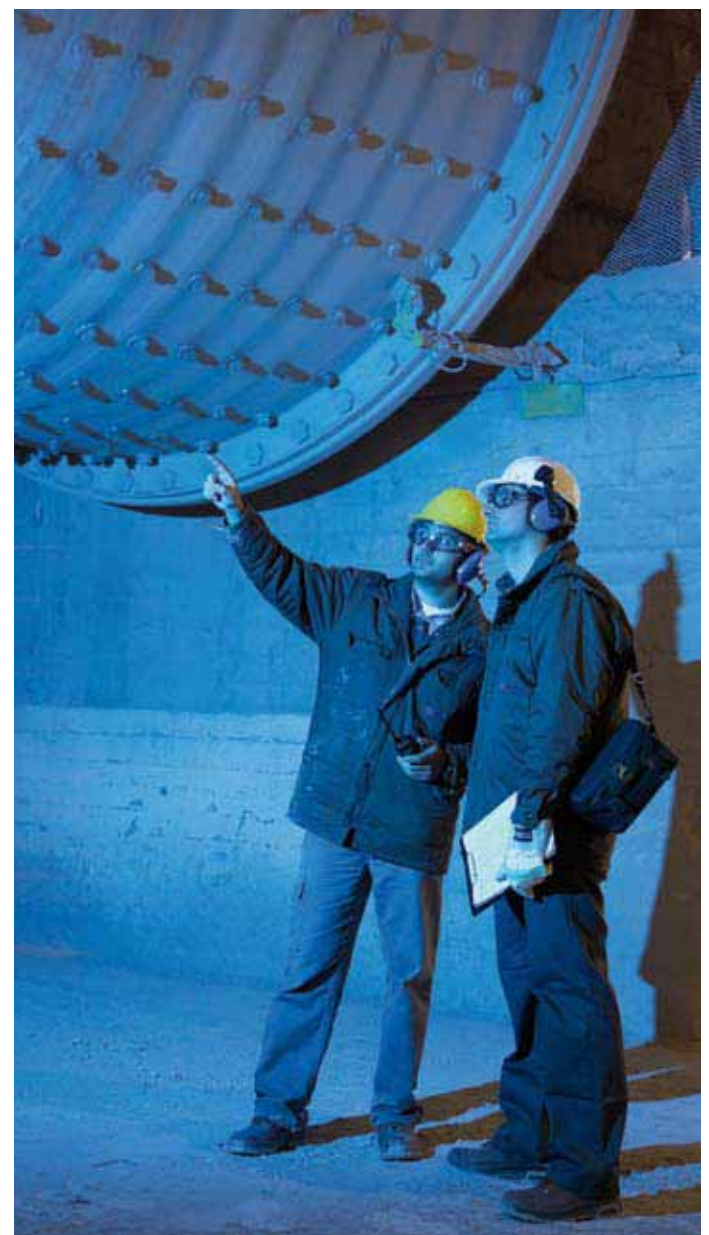
Higher cement demand was covered by more efficient production, as well as a scale back of export volumes. Cement sales in the domestic market rose significantly, limiting the volume of cement available for exports.

During 2006 fuel costs showed a sharp increase with an adverse impact on our production costs which was partially offset by our adherence to policies aimed at controlling expenses and improving efficiency.

The CO<sub>2</sub> emission rights we were allocated according to the 2005-2007 National Allocation Plan (NAP), fully cover our production needs. We continued our efforts to reduce emissions of CO<sub>2</sub> per ton of cement produced even though the advanced technologies implemented at our facilities through recent investments leave little room for further improvement. For the period 2008-2012 Greece's proposed NAP was not accepted by the European Commission, which asked for total emissions cuts of about 8%. The government's revision of its emission targets is currently underway.

Last year, our investment program focused mainly on environmental protection (installation of new state-of-the-art filters) and electrical power savings.

In 2007, we expect the demand for building materials to remain strong, driven by a less pronounced increase in the mortgage market, as well as a long awaited upturn in public works.



GREECE		
	2006 *	2005
GDP (real growth rate)	4.0%	3.7%
Population (millions)	11.1	11.1
Cement Production (million tons)	16.0	15.4
Cement Consumption (million tons)	11.6	10.1

\* Estimates

SOURCES : Company Estimates, National Statistical Service of Greece, Bank of Greece

### Cement Exports

The significant increase in domestic demand for cement, together with the slowdown of the US market in the second half of the year, resulted in a reduction of export volumes by about 16% compared to 2005.

The majority of exports were absorbed by the Group's cement importation terminals located in the USA (New Jersey, Tampa) and Europe (UK, France, Italy, Albania). To meet the demand of a growing, capacity constrained, market, a new cement importation terminal was installed in Vlore, Albania in September 2006.

### Increased demand for construction materials

#### Ready – mix Concrete

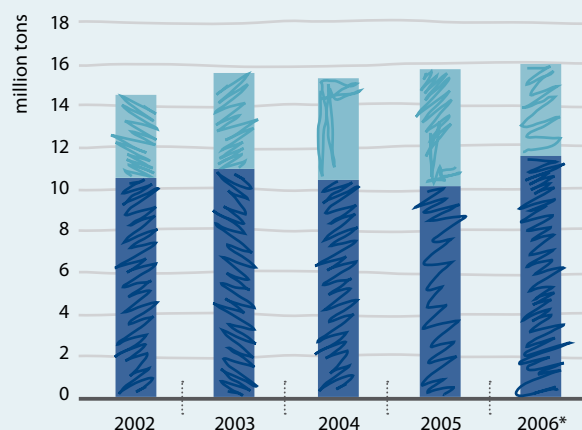
Intensified construction activity in 2006 led to a marked growth in demand for ready-mix concrete that significantly increased sales volumes.

Production costs were affected to a large extent by higher fuel and aggregate prices, but were mitigated by the gradual recovery of ready-mix concrete prices. As a result, profitability of ready-mix concrete improved significantly compared to 2005.

In 2006, our investments were geared to expanding our activities, upgrading equipment, improving safety conditions and environmental performance. In line with Titan's objective of sustainable development, our efforts focused on recycling water used by the ready-mix concrete production units. By year-end, 90% of our concrete plants had water recycling systems in place.

In October 2006, we acquired a concrete producing plant in Malakasa, Attica.

DOMESTIC CEMENT CONSUMPTION AND GREEK CEMENT EXPORTS



SOURCE: Hellenic Cement Industry Association  
\* Company estimates

DOMESTIC CONSUMPTION EXPORTS

### Aggregates

Against a background of vigorous construction activity aggregate sales soared to historically high levels.

Sharp rises in energy costs were counter-balanced by the satisfactory rebound of aggregate prices, leading to significant increases of profitability.

Our quarries in Volos, Crete (Rethymno-Herakleion) and Malakasa (Attica) were all certified for quality assurance by ELOT according to ISO 9001, and their products acquired the CE quality certification.

Last year, we completed our investment project at the Tagarades-Thessaloniki quarry with very positive results. In addition, we expanded our activities in the Dodecanese through the acquisition of a quarry in Leros.

In the context of the Group's safety and environmental policies, we continued to invest in further improving safety conditions for our personnel and rehabilitating depleted quarries by conventional planting and hydro-seeding. Progress at previously reclaimed quarries and reforested public areas was closely monitored.



# Greece and Western Europe

## Dry Mortars

Our strategy of expanding the dry mortars network in 2006, combined with an emphasis placed on marketing, began to bear fruit.

Quality improvement and higher brand awareness for our products with the INTERMIX trademark contributed to significant price increases, which, in combination with measures to contain costs, considerably improved profitability.

In 2006, our dry mortars plant was certified for quality assurance by ELOT according to ISO 9001 and our INTERMIX products received the CE quality certification.

## Porcelain

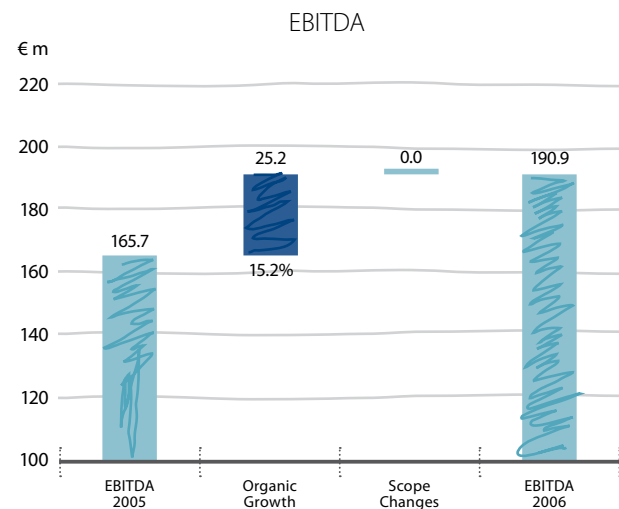
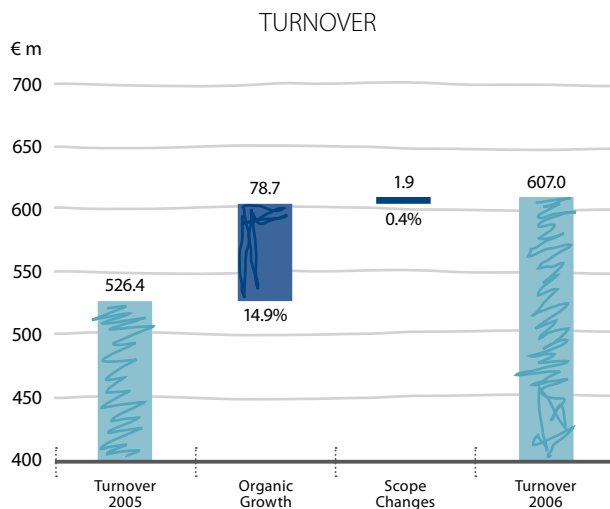
Ionia, our porcelain division, continued its strategy of commercial expansion. We posted marked growth in the hotel and restaurant sector, thanks partly to the representation of new foreign design houses. Gross sales increased by 13% compared to 2005.

## Financials

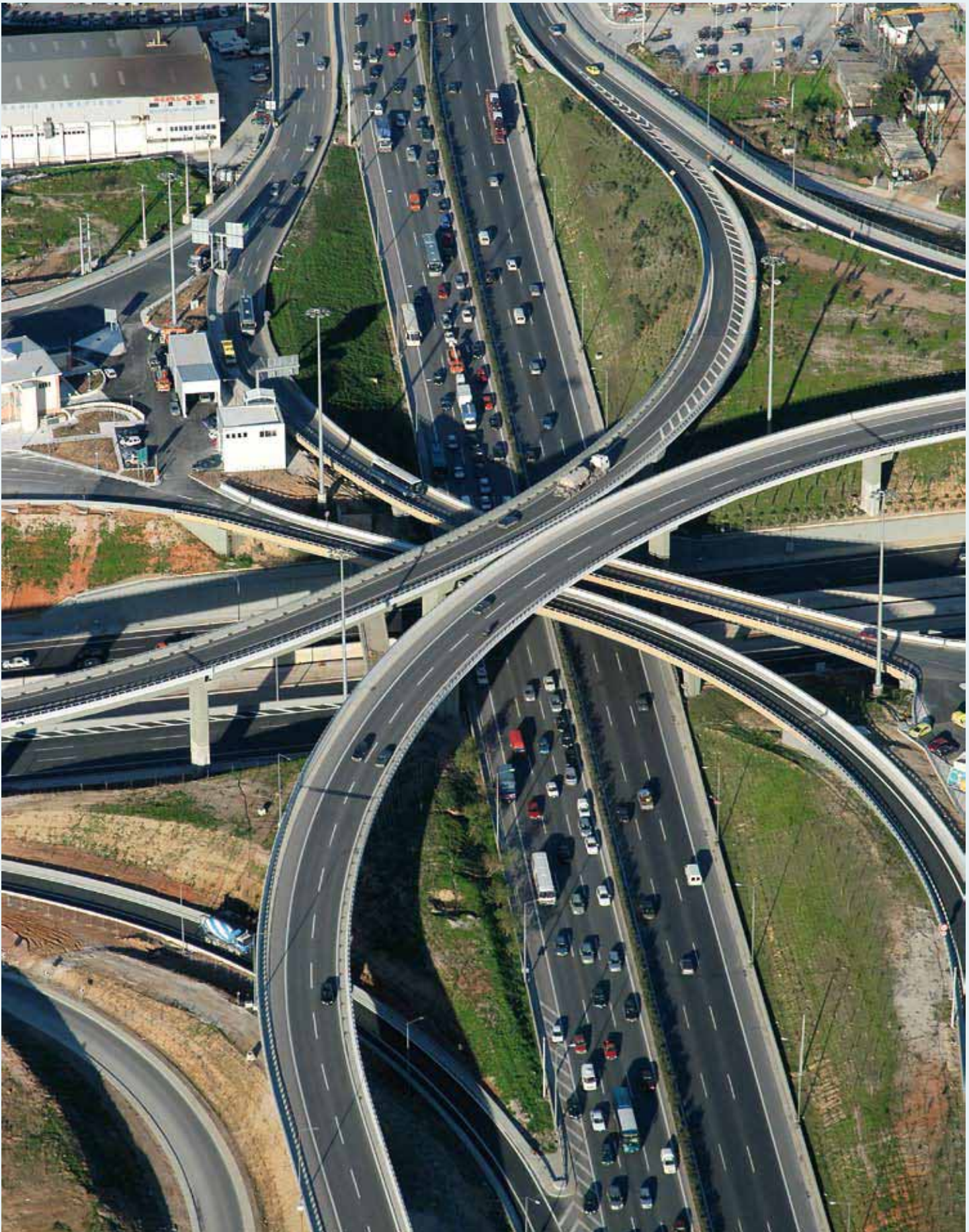
Turnover in Greece and Western Europe increased by 15% to €607 million. EBITDA increased by 15% to €191 million on the back of strong demand for building materials, benefiting the Group's activities in all areas.



2006 FINANCIAL RESULTS - GREECE AND WESTERN EUROPE











# United States of America

## Macro-Economic Environment

### Robust US Economy

In terms of real GDP growth, the US economy expanded at a rate of 3.4% in 2006, versus 3.2% in 2005. This economic resilience was driven by personal consumption, business fixed investments, and government spending in the face of declining residential construction. Inflation for the year measured 3.2%, versus 3.4% in 2005. Employment improved in 2006, with an average 187,000 new jobs created per month in 2006 and a year-end unemployment rate of just 4.5%. Following 17 consecutive 25 basis point increases to the federal funds target rate which began in June 2004, the Federal Reserve Board paused in June 2006; the target rate has remained steady at 5.25% since that date.

State and local government budgets improved dramatically over the past year, benefiting from higher tax collections driven by increases in personal and corporate income tax payments and significantly higher property tax assessments. The improved state balance sheets provide the funds required for infrastructure improvements which were largely deferred during the early part of the decade.

As we enter 2007, the housing sector continues to pose the greatest risk for a downturn in the US economy, but inflation is largely considered less of a threat than it was in 2006.



U.S.A.		
	2006 *	2005
GDP (real growth rate)	3.4%	3.2%
Population (millions)	299.4	296.5
Cement Production (million tons)	99.8	99.3
Cement Consumption (million tons)	127.4	126.8

\* Estimates

SOURCES : U.S. Bureau of Economic Analysis, U.S. Census Bureau, U.S. Geological Survey, PCA Economic Research Dept.

## Construction activity and the cement industry

### A tale of two halves

The full year figures for the USA in 2006 mask a tale of two halves. Following robust growth in the first half of the year, demand trends reversed sharply in the second half. This trend was particularly pronounced in previously booming areas, such as South Florida.

Despite the significant slowdown of the housing market in the second half of 2006, other sectors of the construction industry saw improvement. Total construction spending increased by almost 5% compared to 2005, with improvements in lodging, office, commercial, street and highway construction more than offsetting the decline in residential construction. Housing construction is expected to remain slow until excess inventories are absorbed.

Cement consumption in the USA rose by an estimated 0.5% reaching a record high of about 127.4 million tons in 2006 (provisional data published by the Portland Cement Association - PCA). Imports continue to represent a significant portion of overall consumption in the USA, totaling an estimated 32.0 million tons (25% of demand) in 2006. Selling prices of cement across the USA continued their upward trend and increased a further 8% on average in the year. The value of total cement production was approximately \$9.8 billion and the value of total sales (including imported cement) was around \$12.6 billion.



Laboratory at the Pennsuco Plant, Florida, USA



# United States of America

## Operational Overview

### Solid results and confidence in the market dynamics

Titan America delivered record results in 2006 with Turnover and EBITDA growing by almost 18% and 32% respectively compared to 2005. The 2006 results were driven primarily by higher selling prices across all regions and products. These results were achieved despite a second half slowdown in residential construction and continuing input cost increases, particularly in the areas of fuel and raw materials. During the period our imports to the US were significantly reduced.

The completion of the modernized New Jersey cement import terminal and the acquisition of three ready-mix concrete companies on Florida's west coast during 2006, position the company well for future growth in those markets. In addition, the construction of two new ash processing plants in Pennsylvania and Florida, both set to commence operations in 2007, provides Separation Technologies with the flexibility and scale to support its growing customers' requirements for environmentally sustainable solutions.

The United States represents the biggest challenge to the Group for 2007, as a result of the uncertainty of the depth and duration of the slow-down in residential construction activity seen in the second half of 2006. However, the prevailing trends in key factors for construction activity, such as population growth, disposable income and the evolution of building codes etc. give us confidence in the market's dynamics as a whole in the medium term, which, coupled with our continued investments help us to limit the downside risk.

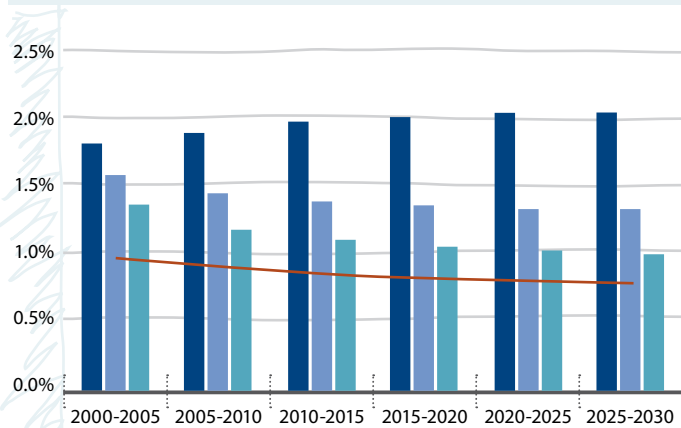
### Florida

Our Florida business experienced increased demand for construction materials through the first half of 2006, but the second half saw volumes decline as a result of a significant slowdown in the residential construction market. While residential construction was down, other construction segments experienced improved conditions and pricing across all products strengthened to record levels, finishing strongly ahead of 2005 in the cement, ready-mix, and construction aggregates businesses.

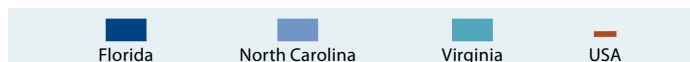
In March and April 2006, the Company acquired three independent concrete producers on Florida's west coast. Together, these companies operated nine ready-mix concrete plants and one concrete block plant. The acquisitions position our Florida business for continued growth in the region and provide a platform for expansion in the west and central regions of Florida.

In March 2006, a United States District Court Judge in Florida ruled that the mining permit issued for our quarry, as well as permits issued to our competitors in the Lake Belt region, had been improperly issued by the Army Corps of Engineers. To date, mining in the Lake Belt – the single largest source of construction aggregate supply for the State of Florida - has been unaffected pending the outcome of the Court's hearing on potential remedies.

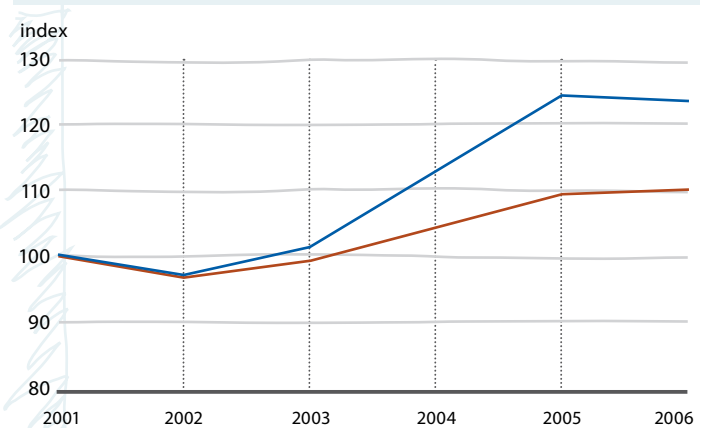
POPULATION GROWTH PROJECTIONS  
U.S.A. vs TITAN AMERICA AREAS OF OPERATION



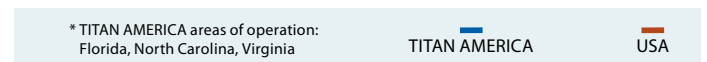
SOURCE: U.S. Census Bureau



PER CAPITA CEMENT CONSUMPTION GROWTH  
U.S.A. vs TITAN AMERICA AREAS OF OPERATION\*  
(2001=100)



SOURCES: U.S. Geological Surveys, U.S. Census Bureau



## Mid-Atlantic

Virginia and North Carolina both experienced pricing strength in 2006. The Roanoke cement plant rebounded from 2005's difficult production year with record production. The ready-mix activity improved its performance with better pricing and volumes. In 2006, two new ready-mix concrete plants were placed into service positioning the company for future growth in the Virginia markets. In addition, the Company announced its intent to grow its concrete presence into coastal North Carolina, a market expected to see significant population and construction growth over the next 20 years.

## New York / New Jersey

2006 saw the completion of the Essex cement import terminal modernization project and an increase in the throughput capacity and efficiency of the operation at Port Newark, New Jersey. The market in Metro New York was particularly strong in the first six months of 2006, but decelerated in the second half of the year. For the full year, pricing and volumes improved significantly.

## Fly Ash

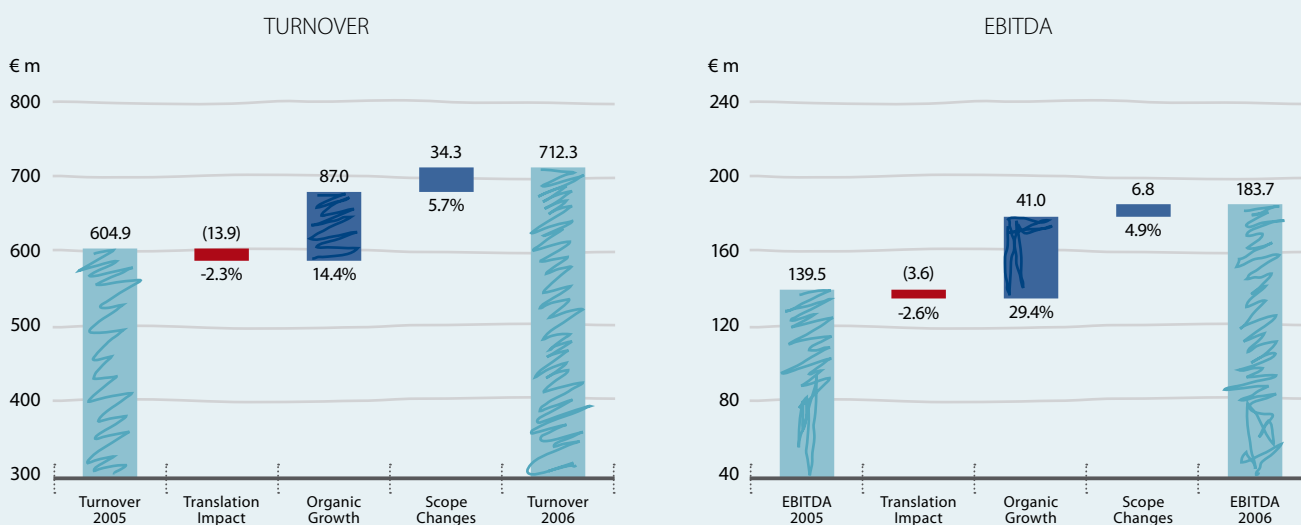
Separation Technologies is the developer and owner of the leading patented fly-ash beneficiation process. That is the company has developed a process that utilises a waste product turning it into two usable materials. Processed ash is traded under the brand name "ProAsh". This together with unprocessed ash forms the bulk of the sales of the company.

Sales of processed and unprocessed ash increased significantly year on year, although from a small base. Like other areas and activities, pricing was also strong and improved year on year by more than 12%. During 2006, the Company also successfully negotiated agreements with two additional utilities in Pennsylvania and Florida which will lead to the installation of four new separator units on the utilities' sites. These additional sites are expected to process in excess of 0.4 million tons of additional ash when fully operational. Finally, our UK licensee ordered a separator to be delivered in 2007, which will bring to three the total number of units operating in the UK.

## Financials

Turnover in the USA increased by 18% to €712.3 million. EBITDA increased by 32% and reached €183.7 million, mainly due to a favorable pricing environment and increase of sales volumes, despite the slow-down in demand in the second half of the year.

### 2006 FINANCIAL RESULTS - USA







# South Eastern Europe

## Operational Overview

Operations in South Eastern Europe showed growth in all markets, mainly due to higher sales volumes and a positive price environment. Bulgaria posted the highest performance increase, due to the prospects of the country's accession to the European Union. In Bulgaria, demand for cement and building materials was robust and prices reached higher levels compared to last year. Our expansion of the Zlatna plant was completed on schedule and the new line was operational in December 2006.

Operations in FYROM showed enhanced performance due to volume and price growth. In Serbia, after several years of stagnation, operations also showed an increase of profitability.

In 2006, we announced plans for a new cement production plant in Albania, which is currently in the permits procedure stage.

In 2007, we expect the positive trends for the construction sector to continue in South Eastern Europe, especially Bulgaria.

## Bulgaria

The Bulgarian economy continued to expand strongly in 2006, growing by 6% while inflation remained slightly above 6%. Bulgaria joined the European Union on January 1, 2007, which marks a new era for the country's prospects for prosperity.

The improved economic situation fuelled strong growth in the construction sector and subsequently in demand for cement with lasting effects. The cement market posted an impressive volume growth of nearly 18% compared to 2005, coupled with higher pricing levels.

Sales from our Zlatna plant increased significantly compared to last year. Demand was satisfied through imports from neighboring countries in anticipation of our plant expansion.

By the end of the year we completed the rehabilitation of the second clinker production line, which is already in operation, expanding the plant's cement capacity to 1.5 million tons. The completion of the expansion will enable Titan to address the increase in market demand with locally produced cement, at higher margins than the volumes imported in previous years. Installation of new de-dusting systems will improve overall environmental performance of the operational facilities, while a new vertical cement mill and a cement packing and palletizing installation are currently under construction.

Complementing and strengthening the Group's position in the promising Bulgarian market, we expanded our ready-mix concrete operations with the addition of two new operational units while we entered the aggregates market by acquiring an equity interest in two quarries in the area of Sofia and Plovdiv.

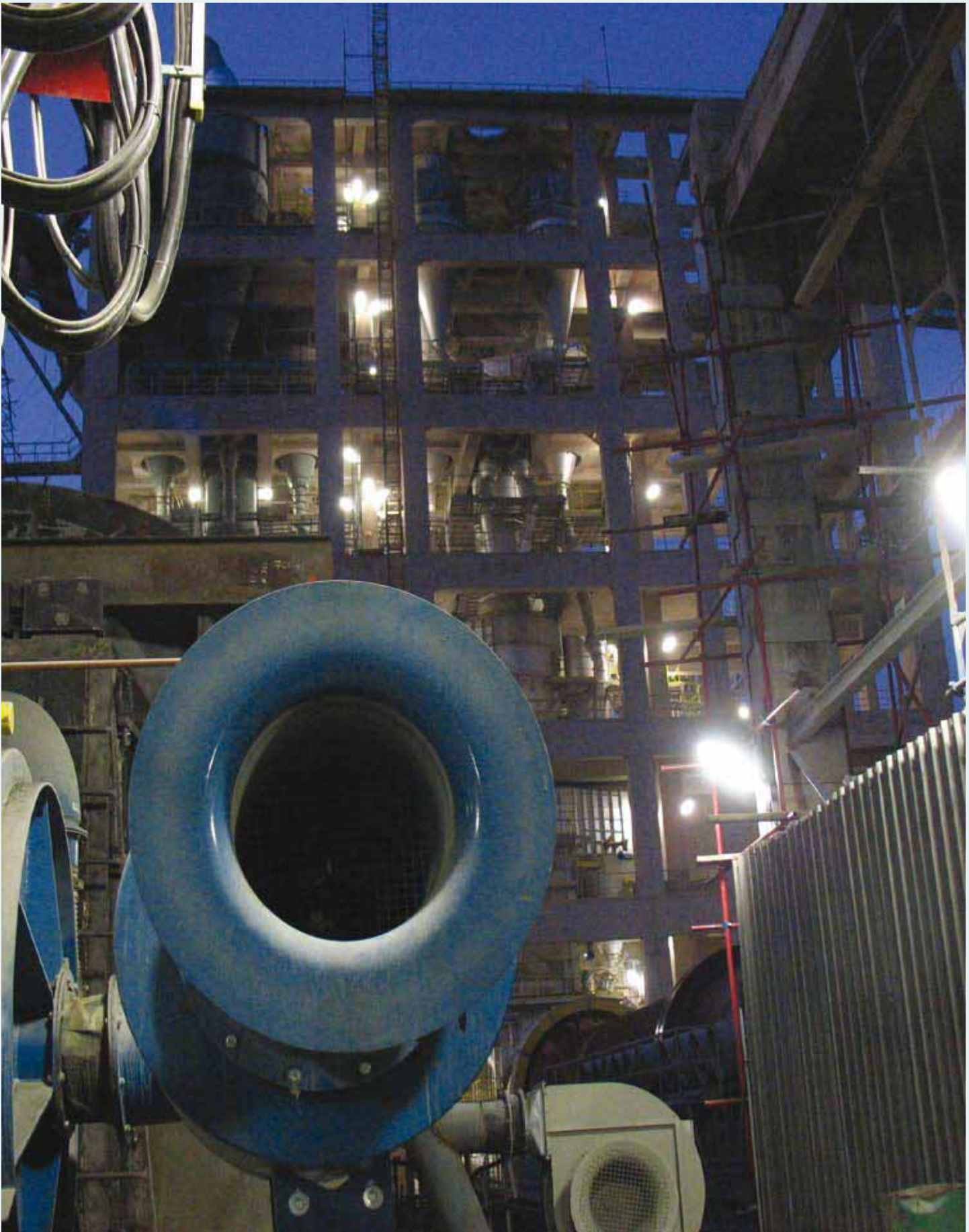
It is expected that in 2007 improved business and consumer sentiment will sustain economic growth benefiting from increased trade and extensive investment activity for infrastructure projects.

BULGARIA		
	2006*	2005
GDP (real growth rate)	6.0%	5.5%
Population (millions)	7.7	7.7
Cement Production (million tons)	4.0	3.9
Cement Consumption (million tons)	3.7	3.1

\* Estimates

SOURCES : Company Estimates, European Commission, Autumn 2006.





Zlatna Plant, Bulgaria





# South Eastern Europe

## Former Yugoslav Republic of Macedonia

FYROM managed to maintain macroeconomic stability despite protracted political campaigns in the run-up to the general elections of July 2006. GDP grew by 4%, while inflation peaked at 3.2%.

Cement consumption grew by 3.7% compared to 2005, driven mainly by strong private housing activity. Domestic sales reached a new record for the second consecutive year. Cement exports were almost at par with 2005, despite the intensifying competition in Kosovo, while we also exported clinker to Bulgaria to support the Group's operations in the neighbouring country.

In line with its socially responsible profile, our plant organized its second technical training program for the young unemployed which was well attended, offered scholarships for post-graduate business studies, and is engaged in an ongoing dialogue with local communities on the use of alternative fuels, such as car tyres.

In recognition of its environmental performance, Usje received the ISO 14001 certification of quality in July 2006.

Domestic demand supported by continued credit expansion will be crucial for the growth outlook for 2007. Government investment is expected to increase as it will seek to implement necessary structural reforms and provide a stable framework for the economy.

## Serbia

The redrawing of Serbia's national borders led to a radical overhaul of state infrastructure and organisation in 2006. Following a public referendum, Montenegro declared its independence in June 2006, while the final status of Kosovo is expected to be defined in 2007.

The economy continued on the strong growth path of recent years, with GDP increasing by 5.8% and positive growth prospects overall. Inflation was sustained at 6.6%, a significant decrease compared to 15.6% in the previous year.

During 2006, the government initiated the National Investment Plan, worth €1.7 billion in the first, two-year phase. The plan covers infrastructure projects, as well as other investments that target the country's development, and is expected to be financed mainly with income from various privatization projects.

After several years of minimal growth, cement consumption is estimated to have risen by more than 12% in 2006, exceeding all expectations. Cement and clinker sales from our plant in Kosjeric increased marginally. Profitability rebounded due to the plant's improved operational efficiency and higher prices, which offset sharp increases in energy and raw materials costs following completion of our investment program.

GDP growth is expected to ease in 2007. Keeping inflation contained will require a tighter monetary and fiscal policy stance which in turn may dampen domestic demand.

## Financials

Turnover in South Eastern Europe increased by 18% to €186.8 million. EBITDA increased by 30% and reached €73 million on the back of volume growth and better pricing in all markets of operation, with a particularly strong performance in Bulgaria.

F.Y. REPUBLIC OF MACEDONIA		
	2006*	2005
GDP (real growth rate)	4.0%	4.0%
Population (millions)	2.0	2.0
Cement Production (million tons)	0.9	0.9
Cement Consumption (million tons)	0.8	0.7

\* Estimates

SOURCES : Company Estimates, IMF World Economic Outlook.

SERBIA		
	2006*	2005
GDP (real growth rate)	5.8%	6.3%
Population (millions)	8.4	8.4
Cement Production (million tons)	2.4	2.2
Cement Consumption (million tons)	2.4	2.2

\* Estimates

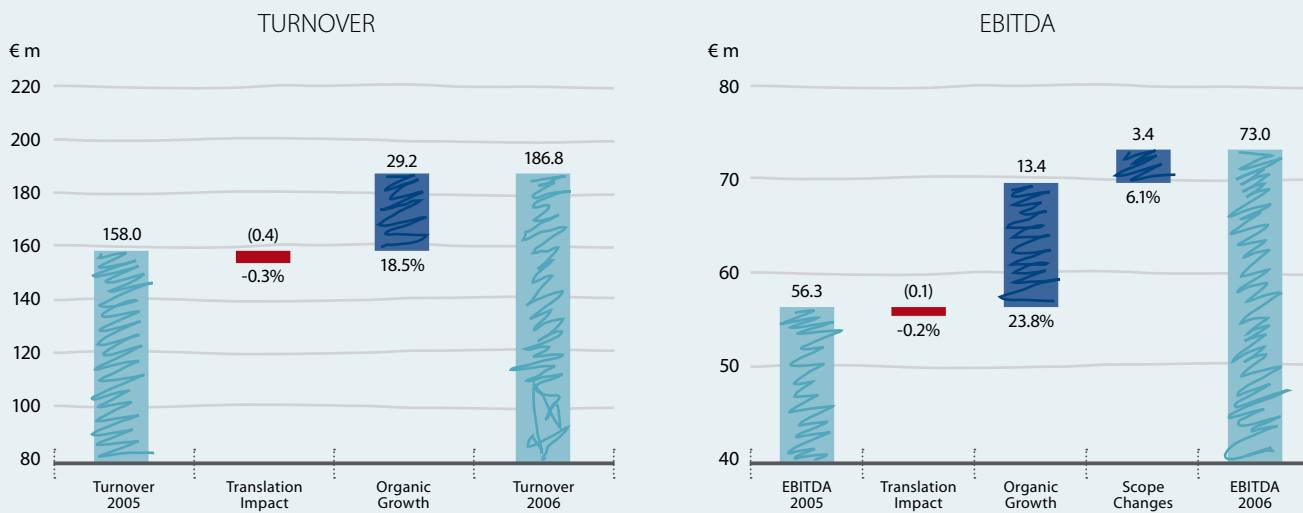
SOURCES : Company Estimates, IMF World Economic Outlook.





Kosjeric Plant, Serbia

2006 FINANCIAL RESULTS - SOUTH EASTERN EUROPE





# Eastern Mediterranean

## Operational Overview - Egypt

Egypt's economic outlook is positive, with real GDP growth for 2006 estimated at 6.9%, compared to 4.9% in 2005. Inflation at year-end was estimated at 7.3%. The economy is improving thanks to increased foreign direct investments, particularly from the Gulf States, and the repatriation of Egyptian migrants funds, buoyed by a stable currency and renewed confidence in the EGP.

Higher construction activity in Egypt led to greater demand for cement in 2006. Total cement production in the country reached 38 million tons, an increase of 2.7% compared to 2005. Domestic cement consumption reached 30 million tons, an increase of almost 7% on the previous year.

In 2006, Titan's cement sales from both the Alexandria and Beni Suef plants increased compared to 2005, on the back of strong local demand. However, operating costs increased sharply, due to a reduction of subsidies on gas prices and an increase in energy prices. Moreover, the Ministry of Industry restricted cement price increases in August 2006.

In line with the Group's corporate social responsibility policy, several contributions were made to the local community during 2006, including sponsoring health campaigns, youth computer literacy programs, safety awareness campaigns for schools, and various environmental programs run by the Ministry of Environment.

In 2007, we expect construction activity in Egypt to continue its positive trend, bringing cement consumption to higher levels, boosted by the favorable economic climate and positive conditions for the building materials market.

## Financials

Profitability was enhanced for the year overall, but margins declined in the second half of the year.

Turnover in the Eastern Mediterranean increased by 18% to €62 million. EBITDA increased by 19% and reached €33.1 million due to strong local demand. The above figures are reported on a proportional basis of Titan's interests in the region.



Alexandria Plant, Egypt

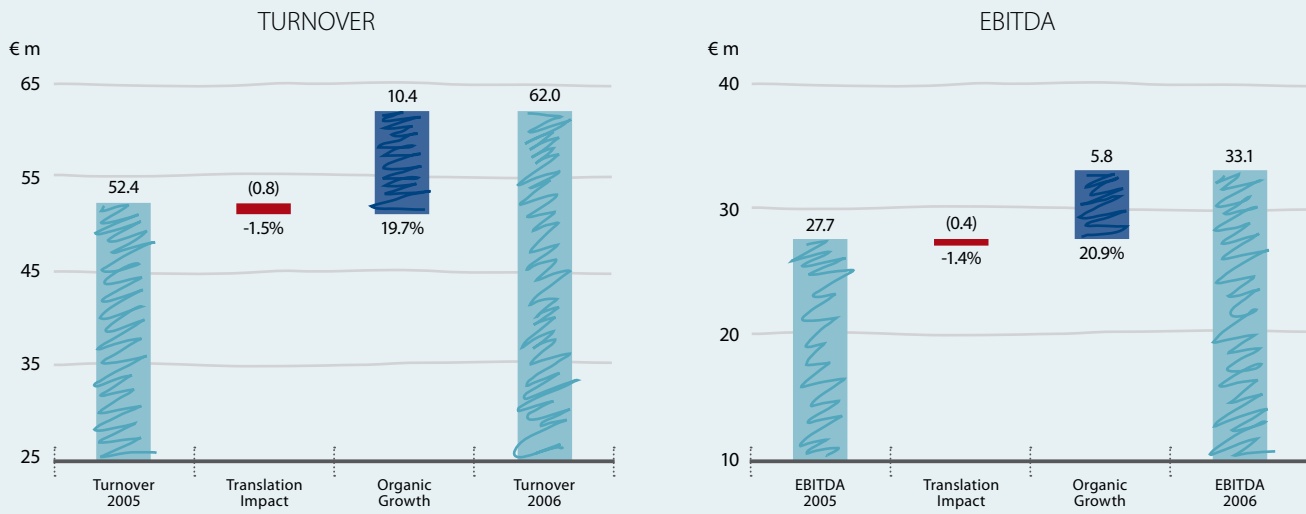
EGYPT		
	2006*	2005
GDP (real growth rate)	6.9%	4.9%
Population (millions)	75.4	74.0
Cement Production (million tons)	38.0	37.0
Cement Consumption (million tons)	30.1	28.2

\* Estimates

SOURCES : Company Estimates, The Economist Intelligence Unit.



### 2006 FINANCIAL RESULTS - EASTERN MEDITERRANEAN



Eastern Mediterranean operations are consolidated on a proportionate basis and reflect Titan's share only



Beni Suef Plant, Egypt





# Board of Directors and Board Committees





# Board of Directors and Board Committees

## Board of Directors

The current Board of Directors was elected by the Annual General Meeting of Shareholders on 24.5.2004 to serve for a three-year term, expiring at this year's Annual General Meeting. Its composition, in accordance with its decisions of 24.5.2004 and 22.2.2006, is as follows:

### Chairman

ANDREAS CANELLOPOULOS

*born 1940*

Non-executive member of the Board

Executive member of the Board from 10.6.1971 to 28.2.2006

Member of the Board of Directors of the Foundation for Economic and Industrial Research

Deputy Chairman of the Board of Directors of Alpha Bank until 27.7.2006

### Deputy Chairman

DIMITRIOS KRONTIRAS

*born 1936*

Independent, non-executive member of the Board since 4.6.1998.

Chairman of the Board of Directors of Frigoglass S.A. until 3.11.2006

Member of the Board of Directors of Commercial Bank of Greece until 24.8.2006

### Managing Director

DIMITRIOS PAPALEXOPOULOS

*born 1962*

Executive member of the Board since 24.6.1992.

Electrical Engineer, graduate of the Swiss Federal Institute of Technology and Harvard Business School (MBA)

Member of the Board of the Federation of Greek Industries

Member of the Board of Directors of Lamda Development S.A.

Member of the Board of Directors of the Foundation for Economic and Industrial Research

Member of the Board of Directors of the Hellenic American Educational Foundation until 20.11.2006

### Executive Director

ELIAS PANIARAS

*born 1937*

Executive member of the Board since 23.6.1995.

General Manager, Greece and Western Europe Region

Chemical Engineer, graduate of National Technical University of Athens and New York University

Member of the Board of the Hellenic Cement Industry Association until 1.8.2006

## Directors

NIKOLAOS ANALYTIS

*born 1930*

Non-executive member of the Board since 1.7.2002

Executive member from 28.6.1989 to 1.7.2002

President of the Hellenic Network for Corporate Social Responsibility

Chairman of the Economic and Social Council of Greece until 21.3.2007

NELLOS CANELLOPOULOS

*born 1964*

Executive member of the Board since 24.6.1992

Group External Relations Director

Member of the Board of Directors of the Hellenic Cement Industry Association

Member of the General Council of the Federation of Greek Industries

GEORGE DAVID

*born 1937*

Independent, non-executive member of the Board since 19.6.2001

Chairman of the Board of Directors of Coca-Cola Hellenic Bottling Company S.A.

Member of the Board of Directors of Petros Petropoulos S.A.

Member of the Board of Directors of Bank of Cyprus until 28.7.2006

KONSTANTINOS KARYOTIS

*born 1934*

Non-executive member of the Board since 24.5.2004

Legal Counsel

Member of the Board of Directors of Philodassiki Society of Athens

KONSTANTINOS KERAMEUS

*born 1937*

Independent, non-executive member of the Board since 28.6.1988

Professor Emeritus at the University of Athens, School of Law

President of the International Association of Legal Studies (Paris)

Director of the Hellenic Institute of International and Foreign Law

Legal Counsel to the National Bank of Greece

Member of the National Council for Research and Technology

Member of the Board of Directors of Astir Pallas Vouliagmeni until 30.10.2006

PANAGIOTIS MARINOPOULOS

*born 1951*

Independent, non-executive member of the Board since 24.3.2004

Chairman of the Board of Directors of Sephora-Marinopoulos S.A.

Deputy Chairman of the Board of Directors of Famar S.A.

Member of the General Council of the Federation of Greek Industries

Member of the Board of Directors of the Foundation for Economic and Industrial Research



# Board of Directors and Board Committees

ALEXANDRA PAPALEXOPOULOU - BENOPOULOU

*born 1966*

Executive member of the Board since 23.6.1995

Group Strategic Planning Director

Graduate of Swarthmore College and INSEAD

Member of the Board of Directors of Frigoglass S.A.

MICHAEL SIGALAS

*born 1949*

Executive member of the Board since 28.7.1998

Director, S.E. Europe and Eastern Mediterranean Regions

Mechanical Engineer, graduate of Concordia University,  
Canada

APOSTOLOS TAMVAKAKIS

*born 1957*

Independent, non-executive member of the Board since  
24.5.2004

Executive Chairman of Lamda Development S.A.

Member of the Board of Directors of Vivartia S.A.

Member of the General Council of the Federation of Greek  
Industries

Member of the Board of Directors of the Foundation for  
Economic and Industrial Research

SPYRIDON THEODOROPOULOS

*born 1958*

Independent, non-executive member of the Board since  
19.6.2001

Managing Director of Vivartia S.A.

Member of the Board of Directors of Lamda Development  
S.A.

Chairman of the Board of Directors of Eurohellenic Invest-  
ments Company S.A.

Member of the Board of Directors of Dodoni Ice Creams S.A.

Member of the Board of Directors of the Public Power  
Corporation until 8.1.2007

Member of the Board of Directors of the Association of  
Companies Listed on the Athens Stock Exchange

EFTHYMIOS VIDALIS

*born 1954*

Independent, non-executive member of the Board since  
24.5.2004

Managing Director of S&B Industrial Minerals S.A.

Member of the Board of Directors of Raycap S.A.

Member of the General Council of the Federation of Greek  
Industries

Deputy Chairman of the Federation of Mineral Industries

## **Secretary to the Board**

ELENI PAPAPANOU

*Senior Counsel*



## Board Committees

### Audit Committee

DIMITRIOS KRONTIRAS

Independent, non-executive member of the Board

EFTHIMIOS VIDALIS

Independent, non-executive member of the Board

PANAGIOTIS MARINOPOULOS

Independent, non-executive member of the Board

### Remuneration Committee

SPYRIDON THEODOROPOULOS

Independent, non-executive member of the Board

NIKOLAOS ANALYTIS

Non-executive member of the Board

GEORGE DAVID

Independent, non-executive member of the Board

### Nomination and Corporate Governance Committee

KONSTANTINOS KERAMEUS

Independent, non-executive member of the Board

KONSTANTINOS KARYOTIS

Non-executive member of the Board

APOSTOLOS TAMVAKAKIS

Independent, non-executive member of the Board

## Corporate Social Responsibility Committee

THEODOROS PAPAEXOPOULOS

Former member and Deputy Chairman of the Board

NIKOLAOS ANALYTIS

Non-executive member of the Board

NELLOS CANELLOPOULOS

Executive member of the Board

## Executive Committee

DIMITRIOS PAPAEXOPOULOS

Managing Director

ELIAS PANIARAS

Executive Director – General Manager, Greece and Western Europe Region

SOCRATES BALTZIS

Director of Cement Sector, Greece

NELLOS CANELLOPOULOS

Group External Relations Director

ARIS PAPADOPOULOS

Director, USA Region

ALEXANDRA PAPAEXOPOULOU-BENOPOULOU

Group Strategic Planning Director

HOWARD PRINCE-WRIGHT

Group Finance Director

MICHAEL SIGALAS

Director, S.E. Europe and Eastern Mediterranean Regions

## Group General Counsel

IOANNIS GEORGAKAKIS



# Corporate Governance





# Corporate Governance

## Board of Directors: Membership and Procedures

The Board of Directors is elected by the Annual General Meeting of Shareholders and serves a three-year term.

Of the fifteen members of the current Board, ten are non-executive directors and seven of these are fully independent – in the sense that they do not hold shares in the Company amounting to more than 0.5% of the total share capital and have no relationship of dependence on the Company or any persons associated with it.

The non-executive members of the Board, nominated by the Board for election by the General Meeting of Shareholders, are selected on the basis of their professional and scientific status in areas which may be of value in framing Company policy and expanding its business activities.

The five executive members come from the core Shareholders and senior executives of the Company.

The Chairman is a non-executive member of the Board and the Deputy Chairman an independent, non-executive member.

The Board of Directors has its own Secretariat, the Head of which does not report to any other department of the Company in this capacity.

The membership and procedures of the Board of Directors, at the recommendation of the Nomination and Corporate Governance Committee, are governed by the following principles:

- a. From the date of election of the new Board of Directors by this year's Annual General Meeting, the members nominated by the Board for election by the General Meeting must not be older than 75.
- b. The majority of members to be nominated by the Board for election by the General Meeting must be independent, non-executive members and may not be nominated for election for more than four terms.
- c. The Chairman and Deputy Chairman of the Board of Directors must be chosen from the non-executive members, and at least one of them must be an independent, non-executive member. In addition to the above, the annual evaluation of the work of the Board and the Board Committees, the separate meeting of the non-executive members of the Board and the right of the Committees to have access to expert technical, financial, legal and other consultants when discussing specialist issues, have all been established.

Net remuneration paid to the fifteen members of the Board for their participation in the Board during the financial year 2006 amounted to a total of €180,000. An additional total amount of €42,000 was paid to the 9 non-executive members of the Board for their participation in the Audit, Remuneration and Nomination and Corporate Governance Committees.

Salaries and gross remuneration of all kinds paid to the eight members of the Board who provided their services to the Group by virtue of employment or mandate contracts, during the same financial year, amounted to €1,628,697. Seven of the above members also received additional payment as performance bonuses due to accomplishment of objectives during 2005, amounting to a total of €567,000, as well as a total of €185,327 from participation in the 2005 profit distribution.

## Board Committees: Competencies and Composition

The Board of Directors is assisted in its work by the following committees:

### Audit Committee

The Audit Committee consists exclusively of independent members of the Board. It has a wide range of auditing powers, including the exercise of control over the Group Internal Audit Department, which reports directly to it, the auditing of financial statements before their submission for approval to the Board, and the recommendation of external auditors to be proposed by the Board to the General Meeting of Shareholders.

### Remuneration Committee

The Remuneration Committee is made up of three non-executive Board members, at least two of whom are independent, and is primarily entrusted with studying and submitting proposals on the remuneration of all kinds and the fees of the Board members who provide their services under employment or mandate agreements, as well as of the senior executives of the Company.



### Nomination and Corporate Governance Committee

The Committee is made up of three non-executive Board members, at least two of whom are independent. It is the responsibility of the Committee to recommend qualified persons to serve as members of the Board and to plan succession and continuity in the Company's senior management. It also makes recommendations on the proper implementation of the Principles of Corporate Governance, in line with the legislation in force and the best international practices.

### Corporate Social Responsibility Committee

The Committee is made up of three current or former Board members and its main duty is to advise and support the Company's management in respect of strategic planning and coordinating activities in the area of corporate social responsibility.

### Executive Committee

The Company's Articles of Association provide for an Executive Committee, currently made up of five executive members of the Board and three senior executives, to oversee the work of the various departments of the Company and to coordinate their activities. The meetings of the Committee are also attended by the Group General Counsel.

### Internal Audit

Internal audit is carried out by the Group Internal Audit Department, which is an independent function reporting to the Board's Audit Committee.

The Group Internal Audit Department consists of:

- a. The Department of Internal Audit of Greek Operations, whose duties include management auditing and ensuring that standard operating procedures are followed by the Company and its subsidiaries operating in Greece. It is also charged with ensuring compliance with all obligations required by law and specifically by the legislation regulating the Athens Exchange.
- b. The Department of Internal Audit of South-Eastern Europe, the Eastern Mediterranean and IT, whose duties include management auditing and ensuring that standard operating procedures are followed by the Group's companies in these regions. It is also responsible for audit of the IT systems used by Group companies in Greece and South Eastern Europe.
- c. The Department of Internal Audit of U.S. Operations, responsible for auditing Group activities in the U.S.A.

Internal audit is currently conducted by 13 qualified staff members in Greece and abroad, all possessing the necessary training and experience to work to the highest standards.





# Corporate Governance

## Rights of Shareholders

### Shares

The Share Capital of the Company is divided into 84,485,204 shares, with a nominal value of €2 each, out of which 76,916,244 are ordinary shares and 7,568,960 are non-voting preference shares.

The shares are registered shares and each incorporates all the rights and obligations laid down in law and in the Company's Articles of Association. Ownership of a share automatically entails acceptance by the owner of the Articles of Association, the legal decisions of the General Meetings of Shareholders and in general of the competent bodies of the Company.

Shares are indivisible and the Company recognizes only one owner of each share. Therefore, joint owners of a share, those enjoying common rights or usufruct in a share and bare owners of a share must jointly appoint one person to represent them in their dealings with the Company otherwise the share is not represented.

Each ordinary share entitles the owner to one vote. Preference shares do not provide voting rights.

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

- a. Receipt of a first dividend on the profits of the financial year, i.e. of the minimum mandatory dividend distributed annually pursuant to the law and the Company's Articles of Association, before dividend is paid on ordinary shares. In the event of non-distribution of a dividend or distribution of a dividend lower than the first dividend, in one or more financial years, they shall be entitled to preferential payment of this first dividend cumulatively and for the financial years in question from the profits of subsequent years. Holders of non-voting preference shares are also entitled, on the same terms as holders of ordinary shares, to receipt of any additional dividend paid in any form.
- b. Preferential return of capital paid up by holders of non-voting preference shares from the product of the liquidation of corporate assets in the event of the Company being wound up. Holders of non-voting preference shares are entitled, on equal terms with the holders of ordinary shares, to a proportionally greater share in the product of liquidation of assets, if this product is greater than the total paid-up share capital.



### Priority rights

On any occasion of share capital increase, when that increase is not realized by contribution in kind, or of issue of bonds with right of conversion into shares, priority rights in all the new capital or the bonds are granted to Shareholders of the Company at the date of issue, proportionate to their holding in the existing share capital, as stipulated in article 13 para. 5 of Law 2190/1920. Pursuant to article 13 para. 6 of Law 2190/1920, the priority rights may be limited or abolished, by decision of the General Meeting of Shareholders, requiring a special increased quorum and majority, pursuant to the provisions of articles 29 para. 3 and 4 and 31 para. 2 of Law 2190/1920.

### Right to participate in the General Meetings of Shareholders

Shareholders may attend the General Meetings either in person or through one or more representatives, Shareholders or not.

Pursuant to current Greek legislation, to participate in an Annual or Extraordinary General Meeting a Shareholder must lodge his shares with the Central Securities Depository (now Hellenic Exchanges Holding S.A) at least five (5) days before the date appointed for the General Meeting. By the same deadline the certification stating that the shares have been so lodged must be deposited with the Company, as well as any documentation empowering representatives. Shareholders or their representatives who have failed to comply with these conditions may participate in the General Meeting only after permission of that Meeting.

Any Shareholder may request, ten (10) days before the Annual General Meeting, the annual financial statements of the Company and the reports of the Board and Auditors.

### Minority rights:

Shareholders representing at least 5% of the paid-up share capital may:

- Require the calling of an Extraordinary General Meeting of Shareholders, which the Board shall be obliged to convene within a period of thirty days from the date of serving of this request to the Chairman of the Board. This application must contain the agenda for the meeting requested.
- Require, by application to the Chairman of the General Meeting, the once-only deferment of the taking of a decision of any kind by the General Meeting, and the appointment of another date for the taking of that decision, not later than thirty (30) days from the date of the deferment.
- Require, at least five (5) full days before the Annual General Meeting, that the Board inform the Meeting of all payments and benefits granted by the Company to members of the Board, its directors or employees, and any contracts entered into by the Company with the same persons, in the preceding two years.
- Require that the Board supply specific information on Company affairs insofar as such information is of use in consideration of the items on the agenda of the General Meeting.
- Require the taking of a decision on any item on the agenda of the General Meeting by process of open ballot by individual.
- Require the conducting of an inquiry by the competent courts in the area where the Company is registered in cases where these Shareholders assert that there have been breaches of the law, the Articles of Association or the decisions of the General Meetings in the compilation of the annual financial statements and in the financial management and operation of the Company, provided that the actions cited were committed at a time not more than two years from the date of approval of the financial statements for the year in which they are said to have been committed.





# Corporate Governance

## Shareholders representing 1/3 of the paid-up share capital may:

- Require the Board, provided that they are not represented therein, and by application to be submitted five (5) full days before the Annual General Meeting, to provide them, either at the General Meeting or to their representative before the General Meeting, with information on the course of corporate affairs and the state of the Company's assets.
- Submit an application to the competent court requesting an inquiry into the Company's affairs if from the overall course of those affairs it may be concluded that the Company is not being administered in accordance with the principles of sound and prudent management, provided that those submitting the application are not themselves represented in the Board.

## Dividend rights

The first dividend, i.e. the minimum mandatory dividend paid annually pursuant to the law and the Company's Articles of Association, may not be lower either than 35% of the net profits of the Company, after deduction of the regular reserve, which amounts to between 5% and 10% of the net profits, or than 6% of the paid-up Company capital, whichever is more.

The dividend is paid within two months of the date of the Annual General Meeting which has approved the Annual Financial Statements.

The place and manner in which the dividend is paid is announced in the press.

Dividends not claimed within a period of five years from the date on which they became payable are forfeited to the State.

## Rights in product of liquidation

On completion of the liquidation, the liquidators return the contributions of the Shareholders and distribute to them the balance from the liquidation of the Company's assets in proportion to their share in the paid-up capital of the Company.

## Shareholders' liability

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

## Exclusive Competence of the courts – Applicable law

Each Shareholder, whatever his or her place of residence, shall – in dealings with the Company – be deemed to have the location of the registered offices of the Company as his or her place of residence, and be subject to Greek legislation. Any dispute between the Company on the one hand and the Shareholders or any third party on the other shall be resolved by recourse to the competent courts; legal actions may be brought against the Company only in the courts of Athens.

## Shareholder Information and Services

The provision of information and services to Shareholders has been assigned to the following departments:

### Investor Relations Department

Responsibility for this Department has been assigned to a senior Company executive, whose duties include the provision of information to institutional investors and financial analysts in Greece and abroad, and the oversight of the two departments described below, set up and operating in accordance with Decision 5/204/2000 of the Capital Market Commission.

The Investor Relations Officer is Mr. Takis Canellopoulos, 22a Halkidos St., 111 43 Athens, Greece, tel. 210-2591163, fax. 210-2591106, e-mail. ir@titan.gr.

### Shareholder Services Department

The role of this Department is to provide Shareholders with immediate and equal access to information, and to assist them in exercising their rights.

More specifically, the Department is also responsible for providing information on the payment of dividends, the issuance of new shares, the time and manner in which related rights are exercised, General Meetings and their decisions, as well as distributing the Annual Report to Shareholders attending the Meetings, dispatching corporate literature, keeping and updating the Company's register of shares and communicating with the Central Shares Depository (now Hellenic Exchanges Holding S.A.).

Responsible for the Shareholder's Service Department is Mrs. Nitsa Kalesi, 22a Halkidos St., 111 43 Athens, tel. 210-2591257, fax. 210-2591238, e-mail. kalesin@titan.gr.





Thessaloniki Plant, Greece



# Corporate Governance

## Company Announcements Department

The responsibility of this Department is to ensure Company compliance with the obligations set out in article 6 of Decision 5/204/2000 of the Capital Market Commission, as amended by Decision 3/347/12.7.2005, including the publication of privileged information and notification of transactions covered by articles 10 and 13 of Law 3340/2005, as well as submission to the Capital Market Commission and the Athens Exchange of corporate literature (Annual Report, quarterly and annual financial statements, management reports by the Board and certified auditors, etc.)

Responsible for the Company Announcements Department is Mrs. Nitsa Kalesi, 22a Halkidos St., 111 43 Athens, tel. 210-2591257, fax. 210-2591238, e-mail. kalesin@titan.gr.

The Company's website is: [www.titan-cement.com](http://www.titan-cement.com), the Reuters code: TTNr.AT, TTNm.AT and the Bloomberg code: TITK GA, TITP GA

## Stock Option Plan for senior Company and Group executives

In the year 2000 TITAN Cement Company S.A. introduced a stock option plan as a way of encouraging senior executives to identify their own long-term personal aspirations with the interests of the Company and its Shareholders.

The initial program (Program 2000) was approved by the Annual General Meeting of Shareholders on 5.7.2000. During the financial years 2001, 2002 and 2003 options were offered to Company senior executives to purchase up to 400,000 ordinary voting shares at a price of €29.35 per share. Three members of the Board, offering their services under employment contract, were included in the Programme 2000.

By decision of the AGM of 19.6.2002, the initial Program 2000 was extended, in accordance with the provisions of Law 2919/2001, to senior Group executives.

The options granted by virtue of Program 2000 had a vesting period of three years. The options could be exercised either in installments of up to one third in the year of issue and the two following years, or in full by the end of the option period, i.e. within 24 months of each vesting period. The distribution of options was decided by the Board of Directors on the basis of the position, responsibilities, performance and prospects of each executive- beneficiary.

During the financial years 2001, 2002 and 2003, options were granted to a total of 55 individuals for 369,900 shares. By 2003, mature rights had been exercised for 119,200 shares, while rights remained unexercised, for 240,000 shares.

Following a decision of the AGM of 24.5.2004, the number of Company shares was doubled, due to an increase in its share capital through capitalization of reserves and reduction in the nominal value of the share (share split). Every Shareholder received one free new share for each share held.

Owing to the doubling in the number of shares, the AGM of 8.6.2004 decided to double the number of shares available in the stock option plan from 240,000 to 480,000 and to reduce the price of each share from €29.35 to €14.68.

In 2004, rights were exercised by 45 individuals for 196,400 shares, in 2005 by 41 individuals for 200,900 shares and in 2006 by 12 individuals for 46,600 shares. The remaining rights, to purchase 36,100 shares, will expire if not exercised by November 2007.

The AGM of 8.6.2004 approved a new stock option plan (Program 2004) for members of the Board, excluding the Chairman, offering their services to the Company under employment contract and for executives of the Company and its affiliated companies, on the basis of the existing program of evaluation and the hierarchy of Company personnel.

Program 2004 envisages the distribution over the years 2004, 2005 and 2006 of options in up to 400,000 shares. The right to purchase can be exercised in the years 2006, 2007 and 2008, with expiration in 2007, 2008 and 2009 respectively. The exercise price was set at the nominal value of the Company share.

At the time of maturity, rights can be exercised unconditionally for 1/3 of the shares available under the option plan. The ability of the beneficiaries to exercise their rights, wholly or partly, for the other 2/3 is decided by the Board of Directors, depending – in respect of half the shares – on the performance of the Company's ordinary shares in comparison with the average performance of the Athens Exchange FTSE 20, FTSE 40 and Industrial Indices (the latter, having been abolished on 31.12.2005, was replaced on 1.1.2006 by the General Index, pursuant to the Board Decision of 26.7.2006). The decision concerning the other half of the shares is dependent on the performance of the Company share in comparison with the average performance of the shares of selected leading companies in the international construction materials sector.



Program 2004 envisages various levels of performance for the Company stock:

- 1) Strong over-performance, i.e. a difference in performance of more than 20% over the period in question between the Company share and the corresponding average performances of the above Athens Exchange indices and selected shares, specified above; when performance is at this level, the whole one-third of the shares is available.
- 2) Simple over-performance, i.e. a difference in performance of more than 5% but less than 20%, in which case 2/3 of the 1/3 of the total share option is available.
- 3) Performance in line with the general market performance, i.e. a difference of + or -5% from the average, in which case only 1/3 of the 1/3 of the share option is available and finally
- 4) Under-performance i.e. performance poorer than the general market performance, or more than 5% lower than the average, in which case no rights are available in this 1/3 of the shares.

In the years 2004, 2005 and 2006 option rights were granted in 111,480 and 133,110 and 142,440 shares respectively, to be exercised, under the conditions described above, from the years 2006, 2007 and 2008.

By December 2006, after confirmation by the Board that over the period October 2003-October 2006 the Company's shares had outperformed the benchmarks described above by more than 20%, 54 executives of the Company and its affiliated companies had exercised their rights in all 108,480 shares granted in 2004.

The rights in the 3,000 shares remaining unexercised were not taken up because the employees in question had resigned from the Company and forfeited their rights.

#### 2007 CALENDAR OF ANNOUNCEMENTS

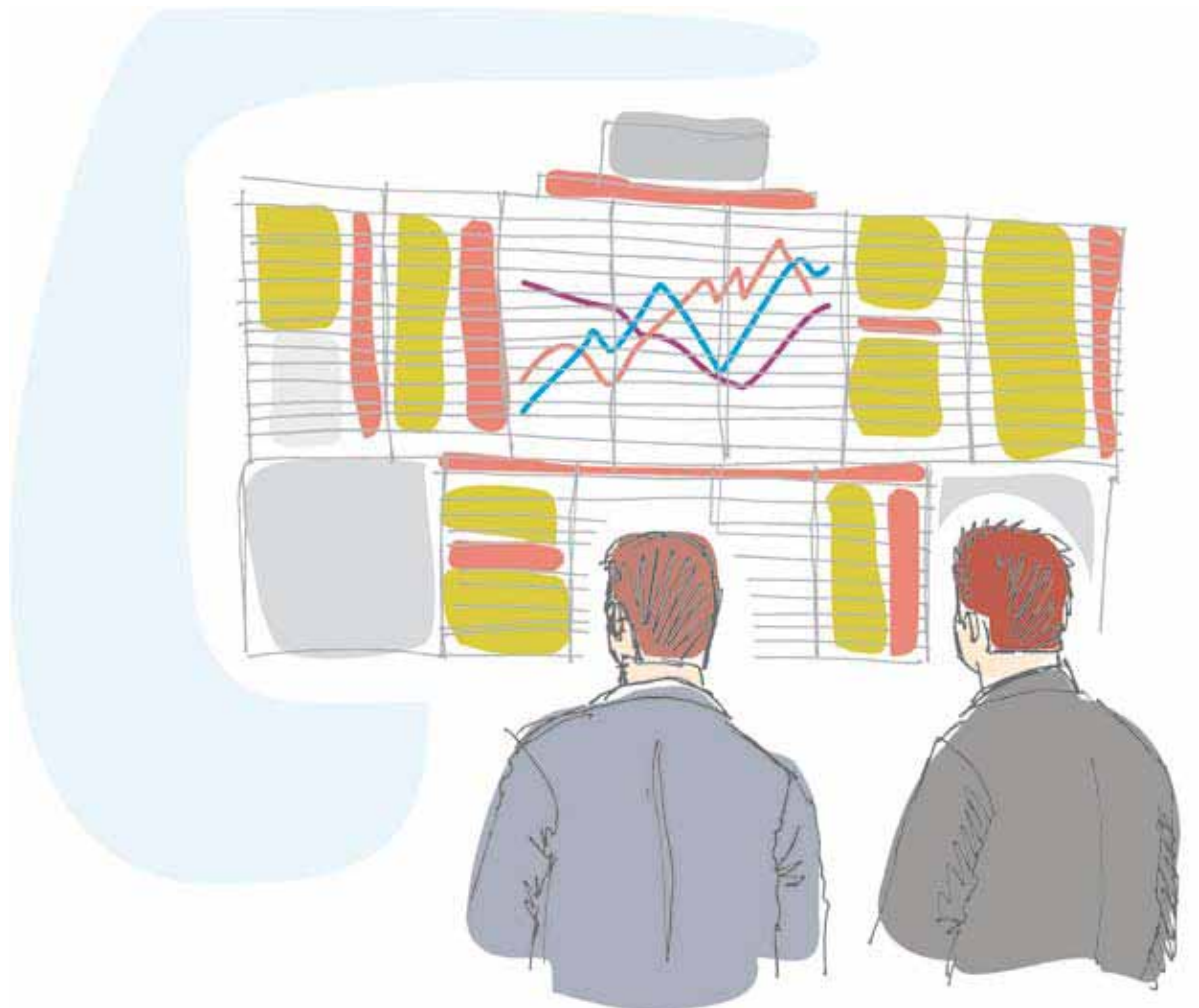
Wednesday 21 February 2007	Full Year Results 2006
Wednesday 21 March 2007	Annual Briefing for the Association of Institutional Investors
Thursday 3 May 2007	3 Months Results 2007
Thursday 10 May 2007	Annual General Meeting of Shareholders
Monday 14 May 2007	Ex-dividend date
Tuesday 22 May 2007	Dividend payment
Thursday 26 July 2007	Half Year Results 2007
Wednesday 31 October 2007	9 Months Results 2007
Tuesday 26 February 2008	Full Year Results 2007







# Risk Management





# Risk Management

## Business Risk Management

Business risk management is a Group-wide system that enables management to identify and determine the significance of risks, which can be both opportunities and threats.

Risks are categorized as Strategic, Operational and Financial. Strategic risks identified assist the management of the Group in its decision-making process. Operational and financial risks affect the everyday operations and financial transactions of each of our businesses. We review these and take appropriate steps to minimize risks identified.

To date, the risks are reviewed both at sector and at corporate level. We are in the process of improving and refining our risk management plan.

## 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 program focuses on the unpredictability of financial markets and seeks to minimize 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 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 cooperation with the various entities within the Group. The Corporate Treasury Department does not undertake any transactions of a speculative nature or transactions 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.

## Internal audit

Internal audit is an independent monitoring Department which reports to the Audit Committee of the Board of Directors. Internal audit provides an analysis and evaluation of the effectiveness and efficiency of internal steering and control systems and the quality with which each task is carried out within the business as a whole, including the reliability and completeness of:

- Financial and operational information systems
- The control systems related to compliance with internal and external directives such as programs, procedures, laws, ordinances and standards etc
- Security of the Group's assets.

## 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.

## Foreign exchange risk

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

Exposures are managed through the use of natural hedges as well as forward exchange contracts. It is the policy of the Group to use as natural hedges any material foreign currency loans against underlying investments in foreign subsidiaries whose net assets are exposed to currency translation risk, when possible. Hence currency exposure to the net assets of the Group's subsidiaries in the United States of America is managed primarily through borrowings denominated in US Dollars. In other markets where the Group operates, such as Egypt and certain South Eastern Europe 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 swapped to US Dollars through forward exchange contracts.





# Risk Management

## 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 aforementioned 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 with the ability to avoid significant fluctuation in interest rate movements.

## 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.

## Recognition and measurement of financial instruments

Gains and losses on subsequent measurement are recognised as follows:

- Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in the net profit or loss for the period in which they arise.

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

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss is recognised immediately in the income statement. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. Gain or loss relating to the ineffective portion is recognised immediately in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in equity.

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.

## Fair value estimation

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

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

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

## 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.





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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

**TITAN CEMENT COMPANY S.A.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of TITAN CEMENT COMPANY S.A. (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

### **Opinion**

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of TITAN CEMENT COMPANY S.A. and the Group as of 31 December 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

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

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

Athens, 21 February 2007

THE CERTIFIED AUDITOR ACCOUNTANT

CHRISTOS GLAVANIS

S.O.E.L. R.N. 10371

ERNST & YOUNG (HELLAS)

 **ERNST & YOUNG**

**CERTIFIED AUDITORS ACCOUNTANTS S.A.**



## Balance Sheet

(all amounts in Euro thousands)

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

## Income Statement

(all amounts in Euro thousands)

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



## Statement of Changes in Shareholders' Equity

### Group

(all amounts in Euro thousands)

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

## Statement of Changes in Shareholders' Equity

<b>Company</b> <i>(all amounts in Euro thousands)</i>	<b>Notes</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>Year ended 31 December 2005</b>									
<b>Balance at 1 January 2005 as previously reported</b>		<b>153,121</b>	-	<b>19,585</b>	<b>15,138</b>	-	<b>392,667</b>	<b>20,445</b>	<b>600,956</b>
Dividend declared for fiscal year 2004		-	-	-	-	-	-	43,747	43,747
Balance at 1 January 2005 - as adjusted according to I.A.S. 10		153,121	-	19,585	15,138	-	392,667	64,192	644,703
Net gain on hedge of net investment	22	-	-	-	-	-	10,694	-	10,694
Dividends paid	7	-	-	-	-	-	-	-43,747	-43,747
Profit for the year		-	-	-	-	-	-	105,810	105,810
Share Capital increase due to share options exercised	24	401	-	2,548	-	-	-	-	2,949
Provision for share options (IFRS 2)		-	-	-	-	731	-	-	731
Transfer to reserves	25	-	-	-	-	-	55,212	-55,212	-
<b>Balance at 31 December 2005- adjusted</b>		<b>153,522</b>	-	<b>22,133</b>	<b>15,138</b>	<b>731</b>	<b>458,573</b>	<b>71,043</b>	<b>721,140</b>
<b>Year ended 31 December 2006</b>									
<b>Balance at 1 January 2006 as previously reported</b>		<b>153,522</b>	-	<b>22,133</b>	<b>15,138</b>	<b>731</b>	<b>458,573</b>	<b>20,445</b>	<b>670,542</b>
Dividend declared for fiscal year 2005		-	-	-	-	-	-	50,598	50,598
Balance at 1 January 2006 - as adjusted according to I.A.S. 10		153,522	-	22,133	15,138	731	458,573	71,043	721,140
Net gain on hedge of net investment	22	-	-	-	-	-	3,028	-	3,028
Dividends paid	7	-	-	-	-	-	-	-50,598	-50,598
Profit for the year		-	-	-	-	-	-	105,118	105,118
Treasury shares purchased		-	-502	-	-	-	-	-	-502
Share Capital increase due to share options exercised	24	310	-	591	-	-	-	-	901
Provision for share options (IFRS 2)		-	-	-	-	2,788	-	-	2,788
Transfer to reserves	25	-	-	-	-	-	41,765	-41,765	-
<b>Balance at 31 December 2006</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>

## Cash Flow Statement

(all amounts in Euro thousands)

Notes	Group		Company		
	for the year ended 31 December		for the year ended 31 December		
	2006	2005	2006	2005	
<b>Cash flows from operating activities</b>					
	26	458,221	318,874	168,596	101,293
		3,781	3,752	150	145
		-105,036	-28,818	-40,106	-22,631
		<u>356,966</u>	<u>293,808</u>	<u>128,640</u>	<u>78,807</u>
<b>Cash flows from investing activities</b>					
	8, 9	-160,135	-145,646	-21,552	-26,795
	26	1,748	2,266	696	481
		153	1,008	11,520	14,173
	30	-75,783	-1,708	-143	-
		-2,025	-	-	-
		7,279	10,119	965	-
		-3,248	-1,175	-82	-16
		-477	-5,096	-	-
		<u>-232,488</u>	<u>-140,232</u>	<u>-8,596</u>	<u>-12,157</u>
		<b>124,478</b>	<b>153,576</b>	<b>120,044</b>	<b>66,650</b>
<b>Cash flows from financing activities</b>					
	24	901	2,949	901	2,949
		-502	-	-502	-
		-	1,584	-	1,584
		-31,828	-32,723	-5,996	-6,990
		-51,041	-44,718	-50,750	-43,707
		350,129	126,126	95,809	21,982
		-347,005	-194,616	-159,495	-42,472
		<u>-79,346</u>	<u>-141,398</u>	<u>-120,033</u>	<u>-66,654</u>
		45,132	12,178	11	-4
	16	95,142	78,408	17	21
		-2,247	4,556	-	-
	16	<u><b>138,027</b></u>	<u><b>95,142</b></u>	<u><b>28</b></u>	<u><b>17</b></u>



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

### General information

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

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

These financial statements have been approved for issue by the Board of Directors on 21 February, 2007 and are expected to be ratified at the Annual General Meeting.

### Summary of significant accounting policies

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

#### A. Basis of preparation

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

All IFRS issued by the IASB, which apply to the preparation of these financial statements have been accepted by the European Council following an approval process undertaken by European Commission ("EC"), except for IAS 39 "Financial Instruments: Recognition and Measurement". Following this process and as a result of representations made by the Accounting Regulatory Committee of the European Council, the latter issued the Directives 2086/2004 and 1864/2005 that require the application of IAS 39 by all listed companies with effect from the 1st January 2005, except for specific sections that relate to hedging of deposit portfolios.

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

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

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Significant accounting estimates and judgments on page 86.

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

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

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

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

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

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

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

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

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

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

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

IFRIC 8 clarifies that IFRS 2 Share-based payment will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given.

IFRIC 8 is not relevant to the Group's operations.

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

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

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

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

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

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

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

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

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

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

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

## B. Consolidation

### (1) Subsidiaries

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquired plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured

initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Note F outlines the accounting policy on goodwill.

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

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

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

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

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

### (2) Joint ventures (Jointly controlled entities)

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

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

serves. The cumulative post-acquisition movements in balance sheet assets and liabilities are adjusted against the carrying amount of the investment.

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

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

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

## C. Foreign currency translation

### (1) Functional and presentation currency

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

### (2) Transactions and balances

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

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

### (3) Group companies

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

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

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

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

## D. Property, plant and equipment

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

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

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

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

\* (incl. computer equipment and software)

Land on which quarries are located is depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit-of-production method. Other land is not depreciated.

Where an item of plant and machinery comprises major components with different useful lives, the components are accounted for as separate items of plant and machinery.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. (Refer to note G – Impairment of assets)

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

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

## E. Investment properties

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

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

## F. Intangible assets

### (1) Goodwill

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

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

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

### (2) Computer software

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

### (3) Other intangible assets

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

## G. Impairment of assets

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

## H. Leases – where a Group entity is the lessee

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

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The correspond-

ing 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.

## I. Inventories

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

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

## J. Trade receivables

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

## K. Cash and cash equivalents

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

## L. Share capital

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



they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

## M. Borrowings

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

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

## N. Current and Deferred income taxes

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

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

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

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

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

## O. Employee benefits

### (1) Pension and other retirement obligations

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

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

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans, which exceed 10% of the estimated benefit liability at the beginning of every period, are recognized over the remaining time of active duty and are included in net pension cost for the year, are charged or credited to income over the average remaining service lives of the related employees.

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

### (2) Termination benefits

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

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

### (3) Profit sharing and bonus plans

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

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

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



#### (4) Equity compensation benefits

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

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

#### P. Government grants relating to purchase of property, plant and equipment

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

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

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

#### Q. Provisions

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

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

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

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

#### R. Environmental restoration costs

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

In the USA, costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred and are recognised as a separate asset, within property, plant and equipment, and a corresponding liability. The capitalised cost is depreciated over the useful life of the asset and any change in the net present value of the expected liability is included in finance costs, unless they arise from changes in accounting estimates of valuation. In Greece, costs associated with the rehabilitation of quarries and mines are expensed on an annual basis with relevant effect in income statement.

#### S. Revenue recognition

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

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

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

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

#### T. Dividends

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

#### U. Segment reporting

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

## V. 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.

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.

#### (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 en-

tered into. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS.

#### *Gains and losses on subsequent measurement*

Gains and losses on subsequent measurement are recognised as follows:

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

Gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency denominated transactions, are recognised immediately in net profit or loss.

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

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss is recognised immediately in the income statement. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. Gain or loss relating to the ineffective portion is recognised immediately in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in equity.

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

#### *Offset*

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

## **C. Fair value estimation**

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

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

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

### 3. Significant accounting estimates and judgements

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

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

#### A. Estimated impairment of goodwill

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

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

#### 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.

#### D. Reclassification

Certain prior year amounts have been reclassified for presentation purposes.

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## 1. Segment information

### Primary geographical segments

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

The composition of these geographical areas is as follows: North America includes the United States of America as well as Canada, South East Europe includes the Balkan countries except Greece and Eastern Mediterranean includes Egypt.

Eastern Mediterranean area consists exclusively of the Group's joint ventures.

Greece is the home country of the Parent Company which is also the main operating company. The Group's business segments are principally cement, ready mix and aggregates, blocks and porcelain activities.

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

### For the year ended 31 December 2006

(all amounts in Euro thousands)

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

### For the year ended 31 December 2005

(all amounts in Euro thousands)

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

## 1. Segment information (continued)

For the year ended 31 December 2006

### Primary Geographical segments

(all amounts in Euro thousands)

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

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Total
Capital expenditure	36,061	88,052	32,530	3,070	159,713
Impairment of property, plant and equipment	1,700	-	-	-	1,700
Impairment of goodwill	2,211	-	-	-	2,211
Provision for doubtful debtors	-2,022	92	-138	-5	-2,073

Impairment charges are included in "other expenses".

### Secondary business segments

	Cement	Ready mix, aggregates and blocks	Other	Total
Revenue	897,296	652,152	18,661	1,568,109
Profit before interest, taxes and depreciation	436,144	117,537	-73,010	480,671
Profit before interest and taxes	384,814	90,254	-75,128	399,940
Total assets	1,553,617	403,229	19,766	1,976,612
Capital expenditure	144,579	14,826	308	159,713

The cement activity includes cement and cementitious materials.

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

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

**1. Segment information (continued)**  
**For the year ended 31 December 2005**  
**Primary Geographical segments**

(all amounts in Euro thousands)

	<b>Greece and Western Europe</b>	<b>North America</b>	<b>South Eastern Europe</b>	<b>Eastern Mediterra- nean</b>	<b>Total</b>
Gross revenue	546,077	605,127	157,996	52,448	1,361,648
Inter-segment revenue	-19,672	-200	-49	-	-19,921
<b>Revenue</b>	<b>526,405</b>	<b>604,927</b>	<b>157,947</b>	<b>52,448</b>	<b>1,341,727</b>
<b>Profit before interest, taxes and depreciation</b>	<b>165,715</b>	<b>139,477</b>	<b>56,311</b>	<b>27,670</b>	<b>389,173</b>
Depreciation & amortization	-13,770	-40,806	-8,708	-8,731	-72,015
<b>Profit before interest and taxes</b>	<b>151,945</b>	<b>98,671</b>	<b>47,603</b>	<b>18,939</b>	<b>317,158</b>
Income from participations	-	-	1,866	7,139	9,005
Finance costs - net	-14,573	-17,622	-286	-614	-33,095
<b>Profit before taxes</b>	<b>137,372</b>	<b>81,049</b>	<b>49,183</b>	<b>25,464</b>	<b>293,068</b>
Less: income tax expense	-44,409	-30,216	-5,871	478	-80,018
<b>Profit after taxes</b>	<b>92,963</b>	<b>50,833</b>	<b>43,312</b>	<b>25,942</b>	<b>213,050</b>
<b>Attributable to:</b>					
Titan Cement S.A. shareholders	92,958	50,833	40,418	25,919	210,128
Minority interests	5	-	2,894	23	2,922
	<b>92,963</b>	<b>50,833</b>	<b>43,312</b>	<b>25,942</b>	<b>213,050</b>

	<b>Greece and Western Europe</b>	<b>North America</b>	<b>South Eastern Europe</b>	<b>Eastern Mediterra- nean</b>	<b>Total</b>
Capital expenditure	39,473	89,941	14,118	2,203	145,735
Impairment/write off of Goodwill	3,928	-	4,000	-	7,928
Provision for doubtful debtors	1,728	294	-32	-36	1,954

**Secondary business segments**

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

## 2. Profit before interest and taxes

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

(all amounts in Euro thousands)

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

## 3. Finance costs - net

(all amounts in Euro thousands)

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

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

#### 4. Staff costs

(all amounts in Euro thousands)

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

The employees in the Group are employed on a full-time basis and analysed as follows:

	Group		Company	
	2006	2005	2006	2005
Greece	1,844	1,834	1,121	1,135
Overseas	4,047	3,847	-	-
	<b>5,891</b>	<b>5,681</b>	<b>1,121</b>	<b>1,135</b>

#### 5. Income tax expense

(all amounts in Euro thousands)

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

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

(all amounts in Euro thousands)

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

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



## 6. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to shareholders by the weighted average number of ordinary and preference shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (see Note 24).

(all amounts in Euro thousands unless otherwise stated)

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

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

(all amounts in Euro thousands unless otherwise stated)

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

## 7. Dividend per share

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

## 8. Property, plant and equipment

### Group

(all amounts in Euro thousands)

	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under construction	Total
<b>Year ended 31 December 2005</b>								
<b>Opening balance</b>	<b>91,280</b>	<b>81,786</b>	<b>136,423</b>	<b>528,677</b>	<b>60,343</b>	<b>12,605</b>	<b>53,508</b>	<b>964,622</b>
Additions	450	1,187	7,576	18,323	4,350	2,243	111,606	145,735
Disposals (NBV)	-	-11	-79	-417	-684	21	-83	-1,253
Reclassification of assets to other categories	166	4,466	8,462	24,411	17,384	1,189	-56,078	-
Transfers to inventories (Note 14)	-	-	-	-341	-	-	-	-341
Revaluations	152	82	1,741	1,018	66	10	150	3,219
Interest capitalized (note 3)	-	-	-	-	-	-	538	538
Write-offs	-275	-26	-91	-182	-23	-39	-	-636
Depreciation charge (Note 2, 26)	-2,542	-844	-8,111	-43,693	-12,341	-1,789	-	-69,320
Exchange differences	12,814	10,567	10,645	59,466	5,615	-3,522	3,255	98,840
<b>Ending balance</b>	<b>102,045</b>	<b>97,207</b>	<b>156,566</b>	<b>587,262</b>	<b>74,710</b>	<b>10,718</b>	<b>112,896</b>	<b>1,141,404</b>
<b>Leased assets under finance leases</b>								
<b>Opening balance</b>	-	-	-	<b>6,753</b>	-	-	-	<b>6,753</b>
Exchange differences	-	-	-	1,028	-	-	-	1,028
Depreciation charge (Note 2, 26)	-	-	-	-340	-	-	-	-340
<b>Ending balance</b>	-	-	-	<b>7,441</b>	-	-	-	<b>7,441</b>
<b>At 31 December 2005</b>								
Cost	116,696	101,207	266,483	928,277	151,016	29,358	112,896	1,705,933
Accumulated depreciation	-14,651	-4,000	-109,917	-332,574	-76,306	-18,640	-	-556,088
Provision for impairment of PPE	-	-	-	-1,000	-	-	-	-1,000
<b>Net book value</b>	<b>102,045</b>	<b>97,207</b>	<b>156,566</b>	<b>594,703</b>	<b>74,710</b>	<b>10,718</b>	<b>112,896</b>	<b>1,148,845</b>
<b>Year ended 31 December 2006</b>								
<b>Opening balance</b>	<b>102,045</b>	<b>97,207</b>	<b>156,566</b>	<b>587,262</b>	<b>74,710</b>	<b>10,718</b>	<b>112,896</b>	<b>1,141,404</b>
Additions	1,743	4,969	4,802	17,621	5,597	4,293	120,688	159,713
Disposals (NBV)	-	-457	-149	-366	-757	-60	-2	-1,791
Additions due to acquisitions	-	6,909	627	3,696	7,118	243	2,215	20,808
Reclassification of assets to other categories	-	8,373	4,582	61,119	28,853	1,349	-104,276	-
Transfers from inventories (Note 14)	-	8	44	746	114	77	-	989
Revaluations	-	-	181	91	-	14	-	286
Interest capitalized (note 3)	-	-	-	-	-	-	609	609
Write-offs	-	-	-249	-3,075	-39	-16	-9	-3,388
Depreciation charge (Note 2, 26)	-2,799	-1,327	-8,704	-45,114	-15,409	-2,628	-	-75,981
Impairment of PPE	-	-	-	-1,700	-	-	-	-1,700
Exchange differences	-9,684	-8,376	-5,540	-35,939	-5,488	-247	-7,480	-72,754
<b>Ending balance</b>	<b>91,305</b>	<b>107,306</b>	<b>152,160</b>	<b>584,341</b>	<b>94,699</b>	<b>13,743</b>	<b>124,641</b>	<b>1,168,195</b>
<b>Leased assets under finance leases</b>								
<b>Opening balance</b>	-	-	-	<b>7,441</b>	-	-	-	<b>7,441</b>
Exchange differences	-	-	-	-762	-	-	-	-762
Depreciation charge (Note 2, 26)	-	-	-	-333	-	-	-	-333
<b>Ending balance</b>	-	-	-	<b>6,346</b>	-	-	-	<b>6,346</b>
<b>At 31 December 2006</b>								
Cost	107,315	112,194	268,359	955,579	177,700	36,310	124,641	1,782,098
Accumulated depreciation	-16,010	-4,888	-116,199	-362,192	-83,001	-22,567	-	-604,857
Provision for impairment of PPE	-	-	-	-2,700	-	-	-	-2,700
<b>Net book value</b>	<b>91,305</b>	<b>107,306</b>	<b>152,160</b>	<b>590,687</b>	<b>94,699</b>	<b>13,743</b>	<b>124,641</b>	<b>1,174,541</b>

The Group has no assets that are pledged.  
Impairment charges are included in "other expenses".

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

### Company

(all amounts in Euro thousands)

	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under construction	Total
<b>Year ended 31 December 2005</b>								
<b>Opening balance</b>	<b>870</b>	<b>5,204</b>	<b>50,060</b>	<b>155,783</b>	<b>1,244</b>	<b>8,529</b>	<b>10,781</b>	<b>232,471</b>
Additions	265	394	3,052	12,366	114	1,417	9,187	26,795
Disposals (NBV)	-274	-26	-92	-5	-103	-51	-	-551
Reclassification of assets to other categories	-	-	-49	-	-	-16	-	-65
Transfers to inventories (Note 14)	-	-	-	-341	-	-	-	-341
Depreciation charge (Note 2, 26)	-46	-	-1,598	-8,002	-283	-1,087	-	-11,016
<b>Ending balance</b>	<b>815</b>	<b>5,572</b>	<b>51,373</b>	<b>159,801</b>	<b>972</b>	<b>8,792</b>	<b>19,968</b>	<b>247,293</b>
<b>At 31 December 2005</b>								
Cost	1,087	5,572	82,115	252,982	5,989	19,880	19,968	387,593
Accumulated depreciation	-272	-	-30,742	-92,181	-5,017	-11,088	-	-139,300
Provision for impairment of PPE	-	-	-	-1,000	-	-	-	-1,000
<b>Net book value</b>	<b>815</b>	<b>5,572</b>	<b>51,373</b>	<b>159,801</b>	<b>972</b>	<b>8,792</b>	<b>19,968</b>	<b>247,293</b>
<b>Year ended 31 December 2006</b>								
<b>Opening balance</b>	<b>815</b>	<b>5,572</b>	<b>51,373</b>	<b>159,801</b>	<b>972</b>	<b>8,792</b>	<b>19,968</b>	<b>247,293</b>
Additions	71	193	3,503	11,384	210	3,620	2,571	21,552
Disposals (NBV)	-	-	-	-165	-51	-338	-	-554
Reclassification of assets to other categories	-	-	-22	-	-	-	-	-22
Transfers from inventories (Note 14)	-	-	-	989	-	-	-	989
Depreciation charge (Note 2, 26)	-49	-	-1,501	-8,100	-188	-1,159	-	-10,997
Provision for impairment of PPE	-	-	-	-1,700	-	-	-	-1,700
<b>Ending balance</b>	<b>837</b>	<b>5,765</b>	<b>53,353</b>	<b>162,209</b>	<b>943</b>	<b>10,915</b>	<b>22,539</b>	<b>256,561</b>
<b>At 31 December 2006</b>								
Cost	1,158	5,765	85,589	264,533	5,391	22,576	22,539	407,551
Accumulated depreciation	-321	-	-32,236	-99,624	-4,448	-11,661	-	-148,290
Provision for impairment of PPE	-	-	-	-2,700	-	-	-	-2,700
<b>Net book value</b>	<b>837</b>	<b>5,765</b>	<b>53,353</b>	<b>162,209</b>	<b>943</b>	<b>10,915</b>	<b>22,539</b>	<b>256,561</b>

## 9. Intangible assets

### Group

(all amounts in Euro thousands)

	Initial goodwill	Goodwill impairment	Total goodwill	Other intangible assets	Total
<b>Year ended 31 December 2005</b>					
<b>Opening balance</b>	<b>102,035</b>	<b>-5,000</b>	<b>97,035</b>	<b>5,178</b>	<b>102,213</b>
Additions	-	-	-	89	89
Subsidiaries acquired - increase of investment	2,180	-	2,180	-	2,180
Write-offs	-	-3,928	-3,928	-223	-4,151
Goodwill impairment	-	-4,000	-4,000	-	-4,000
Reclassifications	-3,074	-	-3,074	3,074	-
Amortization charge (Note 2,26)	-	-	-	-1,438	-1,438
Exchange differences	-1,115	-	-1,115	1,212	97
<b>Ending balance</b>	<b>100,026</b>	<b>-12,928</b>	<b>87,098</b>	<b>7,892</b>	<b>94,990</b>
<b>Year ended 31 December 2006</b>					
<b>Opening balance</b>	<b>100,026</b>	<b>-12,928</b>	<b>87,098</b>	<b>7,892</b>	<b>94,990</b>
Additions	-	-	-	422	422
Subsidiaries acquired (note 30)	39,314	-	39,314	18,884	58,198
Write-offs	-	-2,211	-2,211	-	-2,211
Impairment of intangibles assets	-	-	-	-880	-880
Amortization charge (Note 2,26)	-	-	-	-3,560	-3,560
Exchange differences	-1,836	-	-1,836	58	-1,778
<b>Ending balance</b>	<b>137,504</b>	<b>-15,139</b>	<b>122,365</b>	<b>22,816</b>	<b>145,181</b>

Impairment charges are included in "other expenses".

### Impairment testing of goodwill

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

Carrying amount of goodwill (by geographical segment):

	2006	2005
Greece and Western Europe	6,889	6,889
North America	48,634	13,118
South Eastern Europe	55,242	54,273
Eastern Mediterranean	11,600	12,818
	<b>122,365</b>	<b>87,098</b>

Carrying amount of goodwill (by business segment):

Cement	112,349	77,082
Blocks, ready mix and aggregates	9,012	9,012
Porcelain, shipping and transport activities	1,004	1,004
	<b>122,365</b>	<b>87,098</b>

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

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

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

Key assumptions used for value in use calculations:

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

## 10. Investment properties

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

### Company

(all amounts in Euro thousands)

	<u>2006</u>	<u>2005</u>
<b>Opening balance</b>	<b>7,226</b>	<b>7,161</b>
Reclassification of assets from other categories	22	65
<b>Ending balance</b>	<b><u>7,248</u></b>	<b><u>7,226</u></b>

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

## 11. Available-for-sale financial assets

(all amounts in Euro thousands)

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

Analysis of available-for-sale financial assets:

Non-current portion	1,607	4,277	107	107
Current portion	2,011	2,346	61	942
	<b><u>3,618</u></b>	<b><u>6,623</u></b>	<b><u>168</u></b>	<b><u>1,049</u></b>

Available-for-sale financial assets include the following:

Listed securities	1,701	4,120	-	-
Non listed securities	1,917	2,503	168	1,049
	<b><u>3,618</u></b>	<b><u>6,623</u></b>	<b><u>168</u></b>	<b><u>1,049</u></b>

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



## 12. Other-non current liabilities

(all amounts in Euro thousands)

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

### Analysis of Government grants:

(all amounts in Euro thousands)

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

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

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

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

## 13. Other non-current receivables

(all amounts in Euro thousands)

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

## 14. Inventories

(all amounts in Euro thousands)

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

The Group has not pledged its inventories as collateral.

## 15. Receivables and prepayments

(all amounts in Euro thousands)

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

### Analysis of provisions for doubtful debtors

	Group		Company	
	2006	2005	2006	2005
<b>Balance at 1 January</b>	<b>10,739</b>	<b>9,800</b>	<b>5,751</b>	<b>6,545</b>
Additions	974	2,294	69	-
Unused amount reversed	-3,047	-340	-2,796	-612
Utilized	-1,589	-1,247	-	-182
Additions due to acquisitions	245	-	-	-
Exchange differences	-162	232	-	-
<b>Balance at 31 December</b>	<b><u>7,160</u></b>	<b><u>10,739</u></b>	<b><u>2,849</u></b>	<b><u>5,751</u></b>

### Analysis of provisions for other doubtful receivables

	Group	
	2006	2005
<b>Balance at 1 January</b>	<b>7,643</b>	<b>8,716</b>
Additions	113	-
Unused amount reversed	-4,080	-
Utilized	-	-1,073
Exchange differences	436	-
<b>Balance at 31 December</b>	<b><u>4,112</u></b>	<b><u>7,643</u></b>

## 16. Cash and cash equivalents

(all amounts in Euro thousands)

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

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

## 17. Trade and other payables

(all amounts in Euro thousands)

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

Other payables comprise mainly of insurance and employee benefit payables.

## 18. Borrowings

(all amounts in Euro thousands)

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

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

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

(all amounts in Euro thousands)

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

## 18. Borrowings (continued)

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

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

### Bank borrowings in foreign currencies:

(all amounts in local currency thousands)

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

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

(all amounts in Euro thousands)

	Group	
	2006	2005
Finance lease liabilities - minimum lease payments		
Not later than 1 year	795	887
Later than 1 year and not later than 5 years	3,179	3,549
Later than 5 years	1,682	2,765
	5,656	7,201
Future finance charges on finance leases	-928	-1,324
<b>Present value of finance lease liabilities</b>	<b>4,728</b>	<b>5,877</b>

Present value of finance lease liabilities is as follows:

Not later than 1 year	565	724
Later than 1 year and not later than 5 years	2,260	2,896
Later than 5 years	1,903	2,257
	<b>4,728</b>	<b>5,877</b>

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

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

## 19. Deferred income taxes

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

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

(all amounts in Euro thousands)

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

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

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

(all amounts in Euro thousands)

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

### Analysis of deferred tax assets

(all amounts in Euro thousands)

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



## 19. Deferred income taxes (continued)

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

<b>Group</b> <i>(all amounts in Euro thousands)</i>	<b>1 January 2006</b>	<b>Debit/ (Credited) charged to net profit</b>	<b>Debit/ (Credited) charged to equity</b>	<b>Exchange differences</b>	<b>Additions due to acquisitions</b>	<b>31 December 2006</b>
<b>Deferred tax liabilities</b>						
Property, plant and equipment	159,383	449	-	-13,786	3,732	149,778
Provisions	3,253	2,600	-	97	-	5,950
Receivables and prepayments	913	618	-	-110	-	1,421
Currency translation differences on derivative hedged position	2,902	-	-2,902	-	-	-
	<b>166,451</b>	<b>3,667</b>	<b>-2,902</b>	<b>-13,799</b>	<b>3,732</b>	<b>157,149</b>
<b>Deferred tax assets</b>						
Intangible assets	-1,445	-1,025	-	264	-	-2,206
Tax losses	-2,637	21	-	-43	-	-2,659
Inventories	-812	-71	-	84	-	-799
Post-employment and termination benefits	-1,885	310	-	195	-	-1,380
Receivables and prepayments	-2,919	596	-	109	-	-2,214
Other	-18	-	-	3	-	-15
Government grants	-2,667	-165	-	124	-	-2,708
Provisions	-5,866	-2,018	-	563	-	-7,321
Trade and other payables	-4,780	-761	-	498	-	-5,043
Currency translation differences on derivative hedged position	-659	-	659	-	-	-
	<b>-23,688</b>	<b>-3,113</b>	<b>659</b>	<b>1,797</b>	<b>-</b>	<b>-24,345</b>
<b>Net deferred tax liability</b>	<b>142,763</b>	<b>554</b>	<b>-2,243</b>	<b>-12,002</b>	<b>3,732</b>	<b>132,804</b>
<b>Company</b> <i>(all amounts in Euro thousands)</i>						
	<b>1 January 2006</b>	<b>Debit/ (Credited) charged to net profit</b>	<b>Debit/ (Credited) charged to equity</b>	<b>Exchange differences</b>		<b>31 December 2006</b>
<b>Deferred tax liabilities</b>						
Property, plant and equipment	27,967	-65	-	-	27,902	
Provisions	3,350	1,393	-	-	4,743	
Currency translation differences on derivative hedged position	2,902	-	-2,902	-	-	
	<b>34,219</b>	<b>1,328</b>	<b>-2,902</b>	<b>-</b>	<b>32,645</b>	
<b>Deferred tax assets</b>						
Receivables and prepayments	-1,376	509	-	-	-867	
Government grants	-1,422	91	-	-	-1,331	
Provisions	-304	-267	-	-	-571	
Currency translation differences on derivative hedged position	-659	-	659	-	-	
	<b>-3,761</b>	<b>333</b>	<b>659</b>	<b>-</b>	<b>-2,769</b>	
<b>Net deferred tax liability</b>	<b>30,458</b>	<b>1,661</b>	<b>-2,243</b>	<b>-</b>	<b>29,876</b>	

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

## 19. Deferred income taxes (continued)

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

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

## 20. Retirement and termination benefit obligations

### Greece

Greek labor legislation requires that the payment of retirement and termination indemnities be based on the number of years of service to the Company by the employees and taking into consideration their final remuneration. The Group grants retirement indemnities which exceed the legal requirements. These retirement indemnities are unfunded and the liabilities arising from such obligations are actuarially valued by an independent firm of actuaries. The last actuarial valuation was undertaken in December 2006. The principal actuarial assumptions used were a discount rate of 4.5%, future salary increases of between 5% and 6% and future pension increases of 3% per annum.

### USA

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

#### Multi-employer plan

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

#### Excess benefit plan

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

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

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

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

## 21. Provisions

### Group

(all amounts in Euro thousands)

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

(all amounts in Euro thousands)

	2006	2005
Non current provisions	37,977	13,136
Current provisions	7,313	4,477
	<b>45,290</b>	<b>17,613</b>

### Company

(all amounts in Euro thousands)

		1 January			31 December	
		2006	Additions	Utilized	Exchange differences	2006
Provisions for restoration of quarries	a	-	2,778	-	-	2,778
Tax provision for reserve L.3220/2004 (note 5)	d	-	14,400	-	-	14,400
Other provisions	e	2,418	4,400	-2,418	-	4,400
		<b>2,418</b>	<b>21,578</b>	<b>-2,418</b>	<b>-</b>	<b>21,578</b>

(all amounts in Euro thousands)

	2006	2005
Non current provisions	17,178	2,418
Current provisions	4,400	-
	<b>21,578</b>	<b>2,418</b>

- a. This provision represents the present value of the estimated costs to reclaim quarry sites and other similar post-closure obligations. It is expected that this amount will be used over the next 2 to 50 years.
- b. This provision relates to future obligations that may result from tax audits. It is expected that this amount will be fully utilized in the next five years.
- c. This provision has been established with respect to claims made against certain companies in the Group by third parties. It is expected that this amount will be utilized in the next two years.
- d. This provision relates to future tax obligation in respect of Tax exempt reserves L3220/2004.
- e. Comprises other provisions relating to other risks none of which are individually material to the Group. It is expected that this amount will be used over the next 2 to 50 years.

## 22. Financial instruments

### Derivative financial instruments

(all amounts in Euro thousands)

#### Liabilities

	Group		Company	
	2006	2005	2006	2005
Forward foreign exchange contracts at fair value (Note 17)	989	3,722	-	-

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

### Commitments to buy and sell foreign currencies:

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

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

### Hedging of net investment in foreign subsidiary

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

## 23. Contingencies and Commitments

### Contingent liabilities

(all amounts in Euro thousands)

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

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

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

As part of the Kyoto Protocol, the European Union has committed itself to reduce greenhouse gas emissions. Within this context a Community Directive was issued that foresees the commercialisation of 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 Company has not been tax audited for the years 2002 to 2006. In addition, the Group's subsidiaries have not been audited for the financial years mentioned in note 33, therefore their tax obligations have not been finalized. In potential future tax audit, the tax authorities may reject certain expenses, increasing in this way the Company's and the Group's subsidiaries taxable income, by imposing additional taxes, fines and accessions. At the present time it is not possible to define with accuracy the level of the additional taxes and fines which may possibly be imposed, as it depends to the findings of the tax audit.

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

### Contingent assets

(all amounts in Euro thousands)

	Group		Company	
	2006	2005	2006	2005
Bank guarantee letters	11,355	12,037	11,355	12,037
	<b>11,355</b>	<b>12,037</b>	<b>11,355</b>	<b>12,037</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 € 2,663,375.40 plus interest. The ruling was overturned in the Court of Appeal and will be heard by a higher court.

### Commitments

#### Capital commitments

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

(all amounts in Euro thousands)

	Group		Company	
	2006	2005	2006	2005
Property, plant and equipment	19,751	29,503	13,605	18,101
Total	<b>19,751</b>	<b>29,503</b>	<b>13,605</b>	<b>18,101</b>

#### Purchase commitments

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

Operating lease commitments - where a Group Company is the lessee

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

(all amounts in Euro thousands)

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



## 24. Share capital

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

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

The total number of the authorised ordinary shares is:

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

All issued shares are fully paid.

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

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

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

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

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

### Old scheme

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

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

As a result of the decision taken at the Annual General Meeting on May 24, 2004 to reduce the nominal value per share (share split), it was decided at the Shareholders' General Meeting held on June 8, 2004 to modify this share option scheme by doubling the number of shares to 480,000 new shares instead of 240,000 old ones and to reduce the exercise price from € 29.35 to € 14.68 per share. During the year 12 executives (2005: 41) exercised options for 46,600 (2005: 200,900) shares. The remaining options for 6,600 (2005: 82,700) shares have not yet been exercised. During the 2006 financial year, no members of the board exercised their rights (2005: 30,800 shares).

### New scheme

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

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

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

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

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

## 25. Fair value and other reserves

### Group

(all amounts in Euro thousands)

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

### Company

(all amounts in Euro thousands)

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

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

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

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

## 26. Cash generated from operations

(all amounts in Euro thousands)

	Group		Company	
	2006	2005	2006	2005
Net Profit for the year as per income statement	262,310	213,050	105,118	105,810
Adjustments for:				
Tax (Note 5)	118,513	80,018	62,195	39,207
Depreciation (Note 8)	76,314	69,660	10,997	11,016
Amortization of intangibles (Note 9)	3,560	1,438	-	-
Amortization of government grants received (note 12)	-513	-430	-387	-344
Stripping amortization	1,370	1,347	-	-
Provision for impairment of goodwill - write offs	7,600	8,152	-	-
Loss / (profit) on sale of property, plant and equipment	622	-376	-142	69
Provision for impairment of debtors charged to income statement (Note 15)	-6,040	1,954	-2,727	-612
Provision for inventory obsolescence	525	-429	564	-
Provision for restoration of quarries	4,582	-	2,778	-
Provision for litigation	1,655	-	-	-
Other provisions	7,954	3,570	4,451	-2
Provision for retirement and termination benefit obligations	6,819	7,069	4,659	3,850
Interest income and net foreign exchange transaction gains	-12,028	-22,675	-5,900	-200
Dividend income	-4,543	-9,005	-5,598	-29,175
Interest expense and net foreign exchange transaction losses	36,417	47,233	7,316	16,730
Loss on financial instruments	554	9,528	6	240
Interest capitalized to fixed assets	-609	-538	-	-
Tax discount due to one off payment	-674	-453	-614	-370
Share stock options	2,787	731	1,893	516
Share in profit of associates	-2,817	-	-	-
<i>Changes in working capital:</i>				
Increase in inventories	-37,739	-39,310	-5,271	-6,752
Increase in trade and other receivables	-11,434	-41,625	-4,126	-30,679
(Increase)/decrease in operating long-term receivables	-3,397	987	-1,412	817
Increase / (decrease) / in trade and other payables	6,433	-11,022	-5,204	-8,828
<b>Cash generated from operations</b>	<b>458,221</b>	<b>318,874</b>	<b>168,596</b>	<b>101,293</b>
In the consolidated cash flow statement, proceeds from the sale of property, plant and equipment comprise:				
Net book amount (Note 8)	2,370	1,890	554	550
(Loss)/Profit on sale of property, plant and equipment	-622	376	142	-69
Proceeds from the sale of property, plant and equipment	<b>1,748</b>	<b>2,266</b>	<b>696</b>	<b>481</b>

## 27. Related party transactions

The Group is controlled by Titan Cement S.A. ("The Company") which owns 100% of the Group's ordinary shares. Group directors own 17.3% (2005: 17.3%) of the Company's shares.

Various transactions are entered into by the Company and its subsidiaries during the year with related parties. Outstanding balances at year-end are unsecured and settlement occurs in cash. For the years ended 31 December 2006 and 31 December 2005, the Group has not raised any provision for doubtful debtors relating to amounts owed by related parties as the payment history has been excellent. Intra-group transactions are eliminated on consolidation. Related party transactions exclusively reflect transactions between the companies of the Group.

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

*(all amounts in Euro thousands)*

### i) Sales of goods and services

	Company	
	2006	2005
Sale of goods to subsidiaries	127,470	97,721
Sale of services to subsidiaries and joint ventures	909	981
Rental income	120	52
	<u>128,499</u>	<u>98,754</u>

### ii) Purchases of goods and services

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

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

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

### iv) Key management compensation

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

### v) Directors

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

### vi) Contingencies and commitments (see Note 23)

## 28. Principal subsidiaries and joint ventures

### Shareholding in subsidiaries and joint ventures

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

## 29. Minority interests

(all amounts in Euro thousands)

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

## 30. Acquisition and disposal of subsidiaries

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

At 1.4.2005 the Group acquired 86.32% of Pavlides Bros. Ready Mix S.A. and at 28.12.2005 the balance of the minorities of 13.68% and the company was subsequently merged with Interbeton Construction Materials S.A.. The balance sheets of the company at the successive acquisition dates are presented below.

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

(all amounts in Euro thousands)

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

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

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



### 31. Interest in joint ventures

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

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

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

### 32. Investment in associates

At 2006, the Group acquired the 48.8% of Karierni Materiali A.D. as well as the 48.7% of Karieri A.D. (consolidated since 1.8.2006), companies located in Bulgaria, specializing in quarrying. Also the Group acquired the 50.00% of Mechanicsville Concrete Inc. (consolidated since 27.7.2006), a company located in U.S.A., specializing in the production and distribution of ready mix (note 28). The above mentioned companies are not listed.

*(all amounts in Euro thousands)*

Share of the associates' balance sheet	<b>2006</b>
Property, plant and equipment	4,930
Intangibles and long-term receivables	110
Current assets	1,363
<b>Total assets</b>	<b>6,403</b>
Non-current interest bearing borrowings	1,066
Other long-term liabilities	1,457
<b>Total liabilities</b>	<b>2,523</b>
<b>Net assets</b>	<b>3,880</b>
<b>Revenues</b>	<b>3,304</b>
<b>Profit after tax</b>	<b>1,397</b>

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

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

(a) Under special tax status

### 34. Reclassifications

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

### 35. Post balance sheet events

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

# TITAN CEMENT COMPANY S.A.

## SUMMARY FINANCIAL RESULTS for the year ended 31 December 2006

(in terms of article 135 of Law 2190, for companies publishing annual financial statements in accordance with IAS/IFRS)

The figures illustrated below provide summary information about the financial position of Titan Cement S.A. and its subsidiaries. We advise the reader who seeks a complete picture of the financial position to visit the Company's web site, where the full year financial statements according to International Financial Reporting Standards together with the auditor's report, are presented.

### COMPANY'S STATUTORY INFORMATION

Head Office and Registered Address:	22A Halkidos Street - 111 43 Athens
Company's Number in the Register of Societes Anonymes:	6013/06/B/86/90
Supervising Authority:	Ministry of Development (Department for limited companies)
Board of Directors:	Chairman: Andreas Canellopoulos Executive Directors: Dimitrios Papalexopoulos - Managing Director, Elias Paniaras, Nellos Canellopoulos, Alexandra Papalexopoulou-Benopoulou, Michael Sigalas. Non-executive: Nikolaos Analytis, Konstantinos Karyotis. Independent: Dimitrios Krontiras - Deputy Chairman, Efthimios Vidalis, George David, Spyridon Theodoropoulos, Konstantinos Kerameus, Panagiotis Marinopoulos, Apostolos Tamvakakis.
<b>Date of approval of the Financial Statements :</b>	21 February 2007
<b>Auditing firm:</b>	ERNST & YOUNG
<b>Name of the auditor:</b>	Christos Glavanis
<b>Report of the Auditors:</b>	Without qualification
<b>Company's web address:</b>	<a href="http://www.titan-cement.com">www.titan-cement.com</a>

### GROUP STRUCTURE

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

		Full consolidation method				Full consolidation method	
		Percentage %	F.Y.U.**			Percentage %	F.Y.U.**
TITAN CEMENT COMPANY S.A., Athens	Parent	100.00%	2002-2006	FINTITAN SRL, Venice Italy	100.00%	(a)	
AEOLIAN MARITIME COMPANY, Athens		100.00%	2000-2006	SEPARATION TECHNOLOGIES UK LTD, Hull U.K.	100.00% *	(a)	
ALBACEM S.A., Athens		100.00%	2003-2006	TITAN CEMENT U.K. LTD, Hull U.K.	100.00%	(a)	
ACHAIKI MARITIME COMPANY, Athens		100.00%	2000-2006	CENTRAL CONCRETE SUPERMIX Inc, Florida U.S.A.	100.00% *	2006	
INTERBETON CONSTRUCTIONS MATERIALS S.A., Athens		100.00%	2002-2006	ESSEX CEMENT CO LLC, Delaware U.S.A.	100.00% *	2003-2006	
INTERCEMENT S.A., Athens		100.00%	2003-2006	MARKFIELD AMERICA LLC, Virginia U.S.A.	100.00% *	2003-2006	
INTERTITAN TRADING INTERNATIONAL S.A., Athens		100.00%	2000-2006	METRO REDI-MIX LLC, Florida U.S.A.	100.00% *	2006	
IONIA S.A., Athens		100.00%	2006	MIAMI VALLEY READY MIX OF FLORIDA LLC, Florida U.S.A.	100.00% *	2006	
LAKMOS S.A., Athens		100.00%	2003-2006	PENNSUCO CEMENT CO. LLC, Delaware U.S.A.	100.00% *	2003-2006	
QUARRIES OF TAGARADON COMMUNITY, Thessaloniki		79.93% *	2003-2006	ROANOKE CEMENT CO. LLC, Virginia U.S.A.	100.00% *	2003-2006	
QUARRIES GOURNON S.A., Heraklion Crete		100.00% *	2000-2006	SEPARATION TECHNOLOGIES LLC, Delaware U.S.A.	100.00% *	2003-2006	
QUARRIES KORINTHIAS S.A., Korinthos		100.00% *	2005-2006	STANDARD CONCRETE LLC, Florida U.S.A.	100.00% *	2003-2006	
DODEKANESOS QUARRIES S.A., Leros		100.00% *	2006	SUMMIT READY-MIX LLC, Florida U.S.A.	100.00% *	2006	
LEROS QUARRIES S.A., Leros		100.00% *	2006	TARMAC AMERICA LLC, Delaware U.S.A.	100.00% *	2003-2006	
LEECEM S.A., Athens		100.00% *	2003-2006	TITAN AMERICA LLC, Delaware U.S.A.	100.00% *	2003-2006	
LOYKAS TSOOGAS BETA S.A., Athens		100.00% *	2006	TITAN VIRGINIA READY MIX LLC, Delaware U.S.A.	100.00% *	2003-2006	
NAFTITAN S.A., Athens		100.00%	2003-2006	SEPARATION TECHNOL. CAN. LTD, Fredericton NB Canada.	100.00% *	2004-2006	
POLIKOS MARITIME COMPANY, Athens		100.00%	2001-2006	CEMENTARA KOSJERIC AD, Kosjeric Serbia	74.28% *	2001-2006	
TITAN CEMENT INTERNATIONAL TRADING S.A., Athens		100.00%	2001-2006	GRANITOID AD, Batanovtsi Bulgaria	99.67% *	2005-2006	
TITAN CEMENT ATLANTIC S.A., Athens		100.00%	2001-2006	GRAVEL & SAND PIT AD, Zlatna Bulgaria	99.99% *	2002-2006	
AEMOS CEMENT LTD, Nicosia Cyprus		100.00%	2002-2006	ZLATNA PANEGA BETON EOOD, Zlatna Bulgaria	99.99% *	2002-2006	
ALVACIM LTD, Nicosia Cyprus		100.00%	2006	ZLATNA PANEGA CEMENT AD, Zlatna Bulgaria	99.99% *	2005-2006	
BALKCEM LTD, Nicosia Cyprus		100.00% *	2002-2006	CEMENT PLUS LTD, Skopje FYROM	61.64% *	2006	
IAPETOS LTD, Nicosia Cyprus		100.00%	2002-2006	USJE CEMENTARNICA AD, Skopje FYROM	94.84% *	2006	
REA CEMENT LTD, Nicosia Cyprus		100.00% *	2004-2006	TITAN CEMENT NETHERLANDS BV, Amsterdam Netherlands	100.00% *	2006	
THEMIS HOLDINGS LTD, Nicosia Cyprus		51.01% *	2004-2006	ANTEA CEMENT SHA, Tirana Albania	100.00% *	2006	
TITHYS LTD, Nicosia Cyprus		100.00% *	2003-2006				
<b>Proportionate consolidation method</b>							
		Percentage %	F.Y.U.**			Percentage %	F.Y.U.**
BALKAN CEMENT ENTERPRISES LTD, Nicosia Cyprus		51.01% *	2003-2006	MISRIEEN TITAN TRAD. & DISTR., Cairo Egypt	49.47% *	2005-2006	
EAST CEMENT TRADE LTD, Nicosia Cyprus		50.00% *	2003-2006	BENI SUEF CEMENT CO. SAE, Cairo Egypt	49.93% *	2004-2006	
LAFARGE TITAN EGYPTIAN INV.LTD, Channel Islands U.K.		50.00% *	(a)	ALEXANDRIA PORTLAND CEM.CO SAE, Alexandria Egypt	48.64% *	2004-2006	
ALEXANDRIA DEVEL.LTD, Channel Islands U.K.		50.00% *	(a)	BLUE CIRCLE CEMENT EGYPT SAE, Alexandria Egypt	48.49% *	(a)	
FOUR M TITAN SILO COMPANY LLC, Cairo Egypt		49.32% *	2001-2006				
<b>Equity method</b>							
		Percentage %	F.Y.U.**			Percentage %	F.Y.U.**
KARIERNI MATERIALI AD, Sofia Bulgaria		48.76% *	-	MECHANICSVILLE CONCRETE Inc, Virginia U.S.A.	25.00% *	-	
KARIERI AD, Plovdiv Bulgaria		48.71% *	-				

\* Companies held indirectly

\*\* F.Y.U.: Fiscal Years Unaudited by the Tax Authorities

(a) Subject to special tax regime

## CONDENSED BALANCE SHEET at 31 December 2006

(Amounts in € thousand)



	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>ASSETS</b>				
Property, plant, and equipment	1,174,541	1,148,845	263,809	254,519
Intangible assets	145,181	94,990	-	-
Investments and long-term receivables	20,290	13,169	516,006	514,325
<b>Total Non-Current Assets</b>	<b>1,340,012</b>	<b>1,257,004</b>	<b>779,815</b>	<b>768,844</b>
Inventories	203,137	175,954	68,404	64,685
Trade receivables	253,507	240,322	122,743	115,816
Other assets	41,929	34,442	9,078	16,601
Cash and cash equivalents	138,027	95,142	28	17
<b>Total Current Assets</b>	<b>636,600</b>	<b>545,860</b>	<b>200,253</b>	<b>197,119</b>
<b>TOTAL ASSETS</b>	<b>1,976,612</b>	<b>1,802,864</b>	<b>980,068</b>	<b>965,963</b>
<b>LIABILITIES</b>				
Long-term borrowings	326,040	425,025	16,320	62,203
Other long-term liabilities	222,277	205,183	76,865	63,619
<b>Total Non-Current Liabilities</b>	<b>548,317</b>	<b>630,208</b>	<b>93,185</b>	<b>125,822</b>
Short-term bank liabilities	139,045	64,538	25,340	48,996
Trade payables	86,572	78,084	24,764	26,005
Income taxes payable	29,301	27,600	23,200	17,786
Other short-term liabilities	73,018	63,066	31,704	26,214
<b>Total Current Liabilities</b>	<b>327,936</b>	<b>233,288</b>	<b>105,008</b>	<b>119,001</b>
<b>Total Liabilities (a)</b>	<b>876,253</b>	<b>863,496</b>	<b>198,193</b>	<b>244,823</b>
Share Capital (shares 84,485,204 x € 2.00)	168,970	168,660	168,970	168,660
Treasury Shares	-502	-	-502	-
Share Premium	22,724	22,133	22,724	22,133
Share stock options	3,519	731	3,519	731
Retained earnings and other reserves	194,711	191,524	194,711	191,524
<b>Equity attributable to shareholders (b)</b>	<b>1,080,189</b>	<b>922,988</b>	<b>781,875</b>	<b>721,140</b>
Minority interests (c)	20,170	16,380	-	-
<b>Total Equity (d)=(b)+(c)</b>	<b>1,100,359</b>	<b>939,368</b>	<b>781,875</b>	<b>721,140</b>
<b>TOTAL EQUITY AND LIABILITIES (e)=(a)+(d)</b>	<b>1,976,612</b>	<b>1,802,864</b>	<b>980,068</b>	<b>965,963</b>

## CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the year ended 31 December 2006

(Amounts in € thousand)

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
<b>Equity balance at beginning of the year as adjusted (1/1/2006 and 1/1/2005 respectively)</b>	<b>939,368</b>	<b>719,733</b>	<b>721,140</b>	<b>644,703</b>
Profit for the year	259,185	210,128	105,118	105,810
Profit attributable to minority interest	3,125	2,922	-	-
Share Capital increase due to share options	3,689	3,680	3,689	3,680
Net gains/(losses) on available for sale financial assets	-3,300	3,873	-	-
Subsidiary's equity reduction portion to minority interest	-	-9,799	-	-
Additional consideration for subsidiary acquisition	-1,070	-	-	-
Dividends paid	-50,598	-43,747	-50,598	-43,747
Dividends paid to minority	-315	-1,011	-	-
Foreign currency translation	-52,359	42,895	-	-
Minority interests from newly established companies	108	-	-	-
Treasury shares purchased	-502	-	-502	-
Net gain on hedge of net investment	3,028	10,694	3,028	10,694
<b>Equity balance at year end (31/12/2006 and 31/12/2005 respectively)</b>	<b>1,100,359</b>	<b>939,368</b>	<b>781,875</b>	<b>721,140</b>

## CONDENSED INCOME STATEMENT for the year ended 31 December 2006

(Amounts in € thousand)

	GROUP		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
<b>Revenue</b>	<b>1,568,109</b>	<b>1,341,727</b>	<b>519,847</b>	<b>439,713</b>
Cost of sales	-957,252	-852,579	-300,484	-265,067
<b>Gross profit before depreciation and amortization</b>	<b>610,857</b>	<b>489,148</b>	<b>219,363</b>	<b>174,646</b>
Other operating income/(expense)	-9,375	-591	-3,857	4,516
Administrative expenses	-98,525	-79,974	-38,521	-32,378
Selling and marketing expenses	-22,286	-19,410	-3,852	-3,870
<b>Profit before interest, taxes and depreciation and amortization</b>	<b>480,671</b>	<b>389,173</b>	<b>173,133</b>	<b>142,914</b>
Depreciation & amortization	-80,731	-72,015	-10,610	-10,672
<b>Profit before interest and taxes</b>	<b>399,940</b>	<b>317,158</b>	<b>162,523</b>	<b>132,242</b>
Income from participations & investments	4,543	9,005	5,598	29,175
Finance costs - net	-23,660	-33,095	-808	-16,400
<b>Profit before taxes</b>	<b>380,823</b>	<b>293,068</b>	<b>167,313</b>	<b>145,017</b>
Less: Income tax expense	-118,513	-80,018	-62,195	-39,207
<b>Profit after taxes</b>	<b>262,310</b>	<b>213,050</b>	<b>105,118</b>	<b>105,810</b>
<b>Attributable to:</b>				
Shareholders	259,185	210,128	105,118	105,810
Minority interests	3,125	2,922	-	-
Basic earnings per issued share (in €)	3.07	2.50	1.25	1.26
Diluted earnings per issued share (in €)	3.06	2.49	1.24	1.25

## CASH FLOW STATEMENT for the year ended 31 December 2006

(Amounts in € thousand)

	GROUP		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
<b>Cash flows from operating activities</b>				
Profits before taxes	380,823	293,068	167,313	145,017
<i>Adjustments for:</i>				
Depreciation	80,731	72,015	10,610	10,672
Provisions	15,493	12,164	9,725	3,054
Exchange differences	-3,662	-5,096	-4,430	9,686
Income from participations & investments	-4,543	-9,005	-5,598	-29,175
Interest expense	27,438	28,408	5,846	6,845
Other non cash items	8,078	18,288	1,143	452
Operating profit before changes in working capital	504,358	409,842	184,609	146,551
Increase in inventories	-37,739	-39,308	-5,271	-6,752
Increase in trade and other receivables	-11,434	-41,625	-4,126	-30,495
(Decrease)/increase in operating long-term receivables	-3,397	987	-1,412	817
Increase/(decrease) in trade payables (excluding banks)	6,433	-11,022	-5,204	-8,828
Cash generated from operations	458,221	318,874	168,596	101,293
Interest received	3,781	3,752	150	145
Taxation paid	-105,036	-28,818	-40,106	-22,631
<b>Net cash flows from operating activities (a)</b>	<b>356,966</b>	<b>293,808</b>	<b>128,640</b>	<b>78,807</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible and intangible assets	-160,135	-145,646	-21,552	-26,795
Proceeds from the sale of property, plant and equipment	1,748	2,266	696	481
Proceeds from dividends	153	1,008	11,520	14,173
Acquisition of subsidiaries, net of cash	-77,808	-1,708	-143	-
Proceeds from sale of available-for-sale financial assets	7,279	10,119	965	-
Purchase of available-for-sale financial assets	-3,248	-1,175	-82	-16
Increase in long-term assets	-477	-5,096	-	-
<b>Net cash flows used in investing activities (b)</b>	<b>-232,488</b>	<b>-140,232</b>	<b>-8,596</b>	<b>-12,157</b>
<b>Net cash flows after investing activities (a)+(b)</b>	<b>124,478</b>	<b>153,576</b>	<b>120,044</b>	<b>66,650</b>
<b>Cash flows from financing activities</b>				
Share capital increase	901	2,949	901	2,949
Treasury shares purchased	-502	-	-502	-
Proceeds from government grants	-	1,584	-	1,584
Interest paid	-31,828	-32,723	-5,996	-6,990
Dividends paid	-51,041	-44,718	-50,750	-43,707
Proceeds from borrowings	350,129	126,126	95,809	21,982
Payments of borrowings	-347,005	-194,616	-159,495	-42,472
<b>Net cash flows used in financing activities (c)</b>	<b>-79,346</b>	<b>-141,398</b>	<b>-120,033</b>	<b>-66,654</b>
<b>Net increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>45,132</b>	<b>12,178</b>	<b>11</b>	<b>-4</b>
Cash and cash equivalents at beginning of the year	95,142	78,408	17	21
Effects of exchange rate changes	-2,247	4,556	-	-
<b>Cash and cash equivalents at end of the year</b>	<b>138,027</b>	<b>95,142</b>	<b>28</b>	<b>17</b>

## OTHER IMPORTANT DATA AND INFORMATION

1. According to the Board of Directors resolution of Dec. 19 2006 and the implementation of the resolution of the shareholders meetings of July 5, 2000, amended with the decisions of shareholders meetings of June 19 2002 and of June 8 2004 the share capital was increased by €310.160,00 with cash payments and issuance of 155,080 new registered voting shares, nominal value of €2.00 each. Share price was €2.00 for 108.480 shares and €14.68 for 46.600 shares, relating to the right of top executives to purchase stock in the company. The share premium account includes the difference that arose from 46.600 shares of €12.68 per share issued or €590.888,00 in total. (Release of the Greek Ministry of Development K2-18038/20.12.2006).
2. There are no pledges on the Company's assets.
3. Number of employees at the end of the reporting period : Group: 5,891 (2005: 5,681), Parent Company: 1,121 (2005: 1,135).
4. Capital expenditure for the year 2006 amounted to: Group € 160.1m (2005: € 145.7 m), Parent Company € 21.6m (2005: € 26.8 m).
5. Earnings per share have been calculated based on the average number of shares during the year (i.e. ordinary and preferred).
6. Certain prior year amounts have been reclassified for presentation purposes.
7. A Court in Florida has issued a decision ordering the review of all mining permits issued in the Lake Belt region, this includes the mining permit for the quarry of our Company's affiliate in Florida.
8. The Board of Directors will propose for the 2006 fiscal year a dividend of € 0.75, per share (2005: € 0.60).
9. Intercompany transactions for the fiscal year 2006 and intercompany balances as of 31 December 2006, according to I.A.S. 24 are as follows:

<i>Amounts in € thousand</i>	<b>Group</b>	<b>Company</b>
a) Sales of goods and services	-	128,499
b) Purchases of goods and services	896	27,387
c) Receivables from related parties	-	34,539
d) Payables to related parties	127	4,662
e) Key management compensations	6,550	6,173
f) Receivables from key management	6	6
g) Payables to key management included in above	377	377

10. The following companies have been consolidated in the Group financial statements as follows: a) acquired and fully consolidated, Metro Redi-Mix Co LLC (1.4.2006), Summit Ready Mix LLC (1.4.2006), Miami Valley Ready Mix of Florida LLC (28.4.2006), Leros Quarries (28.6.2006), Dodekanesos Quarries (28.6.2006), Central Concrete Supermix Inc. (28.7.2006), Loukas Tsogas SA (26.10.2006), Titan Cement Netherlands BV (15.12.2006), b) acquired and accounted for using the equity method, Karierni Materiali A.D. (1.8.2006), Karierni A.D. (1.8.2006), Mechanicsville Concrete Inc. (27.7.2006), and c) established in 2006 and fully consolidated, Alvacim Ltd, Antea Cement SHA and Cement Plus Ltd.

Athens, 21 February 2007

**Chairman of the Board of Directors**  
ANDREAS L. CANELLOPOULOS  
I.D.No AB500997

**Chief Financial Officer**  
HOWARD PRINCE-WRIGHT  
PASS No P60090793

**Managing Director**  
DIMITRIOS TH. PAPALEXOPOULOS  
I.D.No Ε163588

**Chief Accountant**  
EMM. CH. MAVRODIMITRAKIS  
I.D.No N237613

**Executive Director - General Manager**  
ELIAS I. PANIARAS  
I.D.No Ο297060

**Financial Consolidation Manager**  
ATHANASIOS S. DANAS  
I.D.No AB006812



**REPORT OF THE BOARD OF DIRECTORS OF TITAN CEMENT  
COMPANY S.A. ON THE CONSOLIDATED AND PARENT  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR  
1/1 – 31/12/2006**

All markets of the Titan Group posted strong growth versus the prior year. The pricing environment in all geographical areas of operation and business activity remained broadly positive helping to counterbalance high input costs of fuel and other raw materials.

In Greece, cement and ready mix volumes recorded a historic high, as the demand for building materials continued to exceed expectations, while in the USA a strong start to the first half of the year was hit in the second, by the sharp decline in the housing market leading to a slow down of momentum in construction activity. In South East Europe, Bulgaria, continued to grow strongly, while the other markets in the region also posted positive returns. In Egypt volumes continued to grow based on higher cement demand and despite higher costs profits were significantly ahead of the previous year.

In 2006 the Group increased its investments in the USA with an expansion of its ready-mix and block activities on the west coast of Florida. This provides a solid foundation for growth in a market not previously served by the Group. The emissions of the modernized Pennsuco plant, despite the significant increase in production volumes, are lower than those of the old installations. This allows for a further increase of the plant's capacity, which can be achieved without any major additional investments. The project relating to the expansion of our cement capacity in Bulgaria to meet the ever increasing demand was completed late in the year and will allow the Group to benefit from locally produced cement replacing imported product. In Greece we continued to expand our ready-mix and aggregates presence through new acquisitions.

During the year we reported, with great sadness a fatal accident which occurred at the port facilities of Elefsina. During scheduled work carried out by a contractor on one of the ship loading machines, part of the machinery became detached and fell to the ground. As a result of this accident two workers lost their lives. All Titan people were devastated by the tragic incident.

In Greece the National Allocation Plan of CO<sub>2</sub> emissions rights completed its second year. The company's emissions of CO<sub>2</sub> did not exceed its allocation for the first two years of operation and we do not expect a short fall in the coming year. However, the rights allocated for the period 2008 through 2012, will not allow us to fully exploit our production capacity.

In Greece, the surge in demand for building materials continued. Cement, Aggregates and Ready-Mix sales posted strong growth in the domestic market fuelled by tax changes, relating to the introduction of VAT on new housing and the mortgage market that continues to grow. Furthermore, better conditions in our export markets allowed us to achieve satisfactory price increases that further enhanced profitability.

In the USA, Turnover and Operating EBITDA continued to increase in comparison with 2005 despite the sharp decline of the residential sector in the second half of the year. Prices held and are significantly higher compared to the same period last year. In addition, cement sales volumes exceeded the levels of 2005 on the back of our continued investments in the regions we operate. Florida, building material sales softened due to a decline of the housing market, the extent of which varies by territory. This is partially mitigated by increases in public works. The long anticipated adjustment of the housing market after several record-breaking years, introduces uncertainties for the future. Our continuing expansion and vertical integration in the West

coast of Florida contributed positively to the Group's results and strengthens our position in the region. In the Mid-Atlantic market the up-turn in profitability is continuing, riding the crest of stronger market pricing. Although from a small base, Separation Technologies, the owner of our patented Fly Ash beneficiation process, continued to perform strongly with volumes 20% ahead of last year, mainly as a result of new facilities coming on stream.

In South East Europe operating performance increased by 30% compared to 2005. Strong volume growth was driven mostly by Bulgaria. This, however, was not fully realized in operating performance, due to capacity constraints, as we continued to import clinker to meet market demand. The radical change in the economic situation of Bulgaria due to its accession to the European Union has fuelled strong growth in the construction sector and subsequently in cement demand with lasting effects. As noted previously we completed our upgrade capacity expansion program in Bulgaria late in the year and this will replace imported product to meet market demand.

Our Skopje plant posted an increase of profitability, mostly due to higher cement sales and in Serbia, selling prices improved, and offset higher fuel costs to allow for a small improvement of profitability.

In Egypt, domestic volumes have posted high single digit growth for the combined Alexandria and Beni Suef operations year on year, reflecting an increase in local demand.

Volumes of cement grew by nearly 5% to over 16 million tons and aggregates grew by 10% to over 22 million tons. Ready mix volumes of 6 million cubic meters were up 8%.

## Group Financial Results

Group turnover reached nearly € 1.6 billion an increase of 17% versus the prior year. Both EBITDA at € 481 million and Net Profit after Taxes at € 259 million were up strongly at 24% and 23% respectively. Since 2000 the compounded annual growth rate of Turnover, EBITDA and Net Profit after Taxes is 17%, 16% and 18% respectively.

The impact of foreign currency translation on the Group's net profit was not material, despite the 12% devaluation of the US dollar and the 11% devaluation of the Egyptian Pound versus the Euro and the appreciation of the Serbian Dinar versus the Euro of 8% at the Balance sheet dates.

Earnings per share were € 3.07 and represent an increase of 23% versus the previous year. Based on the results of the year the Board of Directors will recommend to the General Assembly a dividend of € 0.75 per share, up 25% versus 2005.

The contribution to the Group's EBITDA from our international markets increased from 57% in 2005 to 60% in 2006.

Net Shareholders Equity increased by €157 million to €1,080 million, representing the increase in retained earnings of the Group.

Net Debt as of 31st December 2006 was €327 million versus € 394 million in the previous year. A reduction of € 67 million year on year, including an unrealised exchange rate gain mainly on our dollar debt of €49 million. This debt reduction was achieved despite capital expenditure and acquisitions of €237 million.

Leverage and Return on Invested Capital improved significantly over the previous year. Leverage as measured by Net Debt over EBITDA was 0.68 versus 1.01 in 2005 and Return on Invested Capital calculated on the basis of Net Profit after Taxes over Average Invested Capital was almost 20% versus 18% previously.

The year ahead remains more challenging as a result of the depth and duration of the slow down of construction activity in the USA and the pending ruling as to the remedy relating to the validity of the mining permits issued in the Lake Belt Region of Florida. However, Greece, South East Europe and Egypt are expected to remain strong in 2007.

## Parent Company Financial Results

The parent company, Titan Cement Company S.A. realized Turnover of € 520 million up 18% versus the previous year. EBITDA for the year was up 21% versus 2005 and reached € 173 million, supported by the strong demand for building materials in the Greek domestic market. Net Profit before taxes was up 15% to € 167 million and Net Profit after Taxes at € 105 million marginally down versus 2005 as a result of a € 16.3 million foreseen tax increase due to non acceptance by the E.U. Commission of untaxed incentive reserves established in Greece during 2003-4, pursuant to art. 2 Law 3220/2004.

## EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

### Regarding the items of article 11a para. 1 of Law 3371/2005

This explanatory report of the Board of Directors addressed to the Annual General Meeting of Shareholders, contains information regarding the items of article 11a paragraph 1 of Law 3371/2005.

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

The Company's share capital amounts to 168,970,408 Euro, divided among 84,485,204 shares with a nominal value of 2 Euro each, of which 76,916,244 are ordinary shares representing 91% of the total share capital and 7,568,960 are preference shares, without voting rights, representing 9% of the total share capital.

All the shares are registered and listed for trading in the Securities Market of the Athens Exchange (under "Large Cap" classification). Each ordinary share entitles the owner to one vote. The preference shares provide no voting rights.

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

- A. Receipt of a first dividend on the profits of the financial year, i.e. of the minimum mandatory dividend distributed annually in accordance with the law and the Articles of Association of the Company, before any distribution on ordinary shares. In the event of non distribution of dividend or of distribution of a dividend lower than the first dividend, in one or more financial years, holders of preference shares are entitled to a preferential payment of this first dividend, cumulatively and for the financial years in question, from the profits of subsequent years. Holders of preference non-voting shares are entitled, on equal terms with holders of ordinary shares, to receive any additional dividend which may be distributed in any form.
- B. They are also entitled to preferential return of the capital paid up by holders of preference non-voting shares from the product of the liquidation of Company assets in the event of the Company being wound up. Holders of preference non-voting shares have equal rights with holders of ordinary shares to a further share, proportionally, in the product of liquidation, if the product in question is higher than the total paid-up share capital.

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

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

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

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

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

On 31.12.2006 the following shareholders held more than 5% of the total voting rights of the Company: Andreas L. Canellopoulos, 12.79%, Alexandra P. Canellopoulou, 9.12%.

#### 4. Shares conferring special control rights

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

#### 5. Limitations on voting rights

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

#### 6. Agreements among Company shareholders

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

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

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors and the amendment of the provisions of the Articles of Association do not differ from those envisaged in Codified Law 2190/20.

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

According to the provisions of article 13 para. 9 of Codified Law 2190/20, by virtue of a decision of the General Meeting – taken with an increased quorum and majority in accordance with the provisions of articles 29 paras. 3 and 4 and 31 para. 2 of Codified Law 2190/20 – a stock option plan may be introduced in favor of members of the Board and staff of the Company, and of affiliated companies, in the form of the option to purchase shares on the special terms of this decision, a summary of which is subject to the requirements of publication set out in article 7b of Codified Law 2190/20. The decision of the General Meeting especially specifies the maximum number of shares which may be issued, which may not exceed 10% of the existing shares, the price and the terms of distribution of the shares to the beneficiaries. The Board of Directors decides on any other relevant details not otherwise determined by the General Meeting, issues the stock option certificates and, in December of each year, issues the shares to the beneficiaries who have exercised their option, making a corresponding increase in the capital of the Company. Furthermore, the Board certifies the payment of the increase in capital in accordance with article 11 of Codified Law 2190/20.

Pursuant to the above provisions, and following the exercise in December 2006, in implementation of the relevant decisions of the General Meetings of Shareholders of 5.7.2000, 19.6.2002 and 8.6.2004, of options to purchase 155,080 shares by members of the Board and executives of the Company and its affiliated companies, for which a total of 901,048 Euro was paid, the Board decided, on 19.12.2006, to increase the share capital of the Company by 310,160 Euro, corresponding to the nominal value of the new shares, to form a reserve from the issuance of shares over par for the balance paid up of 590,888

Euro, and to issue 155,080 new ordinary registered shares, granted to the beneficiaries who exercised the option in question. Pursuant to the provision of article 13 para. 9 of Codified Law 2190/20, the above share capital increase does not constitute an amendment of the Articles of Association. The payment of the above share capital increase was certified by the Board at a special meeting on 19.12.2006.

Moreover, pursuant to the provisions of paragraphs 5 to 13 of article 16 of Codified Law 2190/20, companies listed on the Athens Stock Exchange may, by decision of the General Meeting of their Shareholders, acquire own shares through the Athens Stock Exchange in an amount of up to 10% of their total shares. In implementation of the above provisions of article 16 of Codified Law 2190/20, the Annual General Meeting of Shareholders of the Company, on 23.5.2006, decided on the purchase by the Company of own shares, ordinary and preference, through the Athens Stock Exchange, of up to 10% of the total value of the Company's shares, within one year of the date of the said decision, i.e. until 22.5.2007. The General Meeting also set as maximum purchase price 50 Euro per share, and as minimum purchase price the nominal value of the share, i.e. 2 Euro per share, and instructed the Board of Directors to implement this decision in cases where it deemed it necessary. At its meeting of 29.6.2006 the Board, executing the above decision of the General Meeting, decided that the Company may proceed, within the period specified ( until 22.5.2007), to the purchase of up to 10% of its own shares, ordinary and preference, at a maximum purchase price of 50 Euro per share and at a minimum purchase price of 2 Euro per share, insofar as the price of the share is at reasonable levels for the purpose.

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

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

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

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

## REPORT

Regarding Company transactions with affiliated companies, in accordance to article 2, par.4 of Codified Law 3016/2002, for 2006.

During 2006, Company's transactions with the previously mentioned companies are as listed below:

<b>I. INFLOWS</b>	<u><b>2006</b></u>
<b>A. Sales</b>	
<b>1. Cement sales</b>	
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro 50,977,390.81
ESSEX CEMENT CO. LLC	19,529,709.06
FINTITAN SRL	12,833,658.00
TARMAC AMERICA LLC	10,263,005.55
TITAN CEMENT U.K. LTD	7,705,103.92
TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	7,060,591.07
INTERTITAN S.A.	5,347,680.00
ALBACEM S.A.	419,412.91
ZLATNA PANEGA CEM. A.D.	369,424.89
CEMENTARNICA USJE AD	359,516.86
LOUKAS TSOVKAS BETA S.A.	168,333.06
CEMENTARA KOSJERIC AD	22,610.00
	<u>115,056,436.13</u>
<b>2. Aggregates sales</b>	
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro 2,567,699.25
	<u>2,567,699.25</u>
<b>3. Solid Fuels sales</b>	
CEMENTARNICA USJE AD	value in Euro 8,157,863.51
	<u>8,157,863.51</u>
<b>4. Fixed assets sales</b>	
ALBACEM S.A.	value in Euro 285,741.00
CEMENTARNICA USJE AD	29,000.00
INTERBETON CONSTRUCTION MATERIALS S.A.	2,639.00
IONIA S.A.	1,963.00
QUARRIES GOURNON S.A.	324.00
QUARRIES LEROU S.A.	10.00
	<u>319,677.00</u>
<b>5. Porcelain products sales</b>	
IONIA S.A.	value in Euro 1,368,661.87
QUARRIES GOURNON S.A.	105.08
	<u>1,368,766.95</u>
<b>B. Services</b>	
<b>1. Provision of computerization and IT services</b>	
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro 175,950.00
NAFTITAN S.A.	19,319.00
TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	4,645.00
TITAN ATLANTIC CEMENT S.A.	1,372.00
LEECEM S.A.	390.00
INTERTITAN S.A.	327.00
	<u>202,003.00</u>
<b>2. Other income from services</b>	
BENI SUEF CEMENT CO.	value in Euro 421,386.00
TITAN AMERICA LLC	275,672.75
ZLATNA PANEGA CEM. A.D.	9,719.85
	<u>706,778.60</u>
<b>C. Rents and leases</b>	
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro 77,580.33
IONIA S.A.	42,335.28
	<u>119,915.61</u>
<b>Total of inflows</b>	<u><b>128,499,140.05</b></u>

<b>II. OUTFLOWS</b>		<b>2006</b>
<b>A. Purchases</b>		
<b>1. Aggregates purchases</b>		
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	7,908,350.16
		<u>7,908,350.16</u>
<b>2. Ready-mix concrete purchases</b>		
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	303,336.10
		<u>303,336.10</u>
<b>3. Fixed assets purchases</b>		
INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	335.00
		<u>335.00</u>
<b>B. Services</b>		
<b>1. Freight and transportation costs</b>		
ACHAIKI M.C.	value in Euro	5,893,347.16
POLIKOS M.C.		4,564,049.34
AEOLIAN M.C.		2,258,654.17
		<u>12,716,050.67</u>
<b>2. Services for the production of porcelain</b>		
IONIA S.A.	value in Euro	4,930,918.96
		<u>4,930,918.96</u>
<b>3. Various payments from services</b>		
NAFTITAN S.A.	value in Euro	632,015.36
		<u>632,015.36</u>
		<u><b>26,491,006.25</b></u>

**Total of outflows**

### III. BALANCES

The balances at 31.12.2006 are as follows:

	<b>2006</b>	
	<b>DEBIT BALANCE</b>	<b>CREDIT BALANCE</b>
INTERBETON CONSTRUCTION MATERIALS S.A.	17,050,310.67	
FINTITAN SRL	6,532,155.10	
TITAN CEMENT U.K. LTD	3,315,848.10	
TITAN ATLANTIC CEMENT S.A.	3,147,647.05	
TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	1,318,956.63	
IONIA S.A.	1,311,125.72	
CEMENTARNICA USJE AD	779,489.68	
ALBACEM S.A.	315,068.41	
INTERTITAN S.A.	275,000.00	
BENI SUEF CEMENT CO.	177,094.31	
LOUKAS TSOVKAS BETA S.A.	162,787.69	
QUARRIES GOURNON S.A.	117,494.07	
ZLATNA PANEGA CEM. A.D.	36,419.85	
TITAN AMERICA LLC		269,439.11
AEOLIAN M.C.		804,184.93
ACHAIKI M.C.		2,184,331.99
NAFTITAN S.A.		281,183.96
POLIKOS M.C.		995,978.39
	<u><b>34,539,397.28</b></u>	<u><b>4,535,118.38</b></u>

Note :

All the transactions involving sales, purchases and provision of services were made at the current value on the date of their realization.

True Copy from the Book of Minutes of the Board of Directors  
Athens,  
TITAN CEMENT S.A.



## INFORMATION ACCORDING TO ARTICLE 10 OF LAW 3401/2005

The following Announcements/Notifications have been sent to the Daily Official List Announcements and are posted to the Athens Exchange website as well as to our Company's website [www.titan-cement.com](http://www.titan-cement.com)

2/1/2006	Transaction Notification
4/1/2006	Transaction Notification
4/1/2006	Transaction Notification
9/1/2006	Transaction Notification
9/1/2006	Transaction Notification
10/1/2006	Transaction Notification
10/1/2006	Transaction Notification
11/1/2006	Transaction Notification
16/1/2006	Schedule of intended corporate actions
18/1/2006	Transaction Notification
20/1/2006	Transaction Notification
26/1/2006	Transaction Notification
26/1/2006	Transaction Notification
27/1/2006	Transaction Notification
30/1/2006	Transaction Notification
31/1/2006	Transaction Notification
1/2/2006	Transaction Notification
1/2/2006	Transaction Notification
2/2/2006	Transaction Notification
3/2/2006	Transaction Notification
6/2/2006	Transaction Notification
13/2/2006	Transaction Notification
14/2/2006	Transaction Notification
15/2/2006	Transaction Notification
17/2/2006	Schedule of intended corporate actions
21/2/2006	Announcement regarding the change of Internal Audit Department officer
23/2/2006	Announcement of the annual financial results
24/2/2006	Transaction Notification
24/2/2006	Transaction Notification
27/2/2006	Transaction Notification
1/3/2006	Transaction Notification
1/3/2006	Transaction Notification
2/3/2006	Transaction Notification
3/3/2006	Transaction Notification
3/3/2006	Transaction Notification
3/3/2006	Transaction Notification
3/3/2006	Transaction Notification
7/3/2006	Transaction Notification
14/3/2006	Transaction Notification
15/3/2006	Transaction Notification
16/3/2006	Transaction Notification
17/3/2006	Annual Presentation to the Association of Greek Institutional Investors
17/3/2006	Announcement of the full year 2005 financial results
20/3/2006	Transaction Notification
20/3/2006	Transaction Notification
20/3/2006	Announcement of the full year 2005 consolidated financial results
21/3/2006	Transaction Notification
21/3/2006	Transaction Notification
22/3/2006	Transaction Notification
22/3/2006	Transaction Notification
24/3/2006	Transaction Notification
24/3/2006	Transaction Notification
24/3/2006	Transaction Notification
29/3/2006	Transaction Notification
5/4/2006	Ανακοίνωση εξαγοράς από την TITAN AMERICA LLC της Metro Redi-Mix Co και της Elbrecht Concrete Inc.
5/4/2006	Transaction Notification
7/4/2006	Transaction Notification
11/4/2006	Transaction Notification
26/4/2006	Transaction Notification
27/4/2006	Announcement of the Annual General Meeting of Shareholders

3/5/2006 Transaction Notification  
 5/5/2006 Transaction Notification  
 5/5/2006 Transaction Notification  
 10/5/2006 Transaction Notification  
 10/5/2006 Press release regarding the Q1 2006 financial results  
 10/5/2006 Parent Company financial and other information for 1st quarter 2006 in accordance with IFRS  
 10/5/2006 Group financial and other information for 1st quarter 2006 in accordance with IFRS  
 11/5/2006 Transaction Notification  
 12/5/2006 Transaction Notification  
 22/5/2006 Transaction Notification  
 23/5/2006 Ex-dividend date  
 24/5/2006 Annual General Meeting of Shareholders Resolutions  
 25/5/2006 Transaction Notification  
 29/5/2006 Confirmation-Clarification on published articles  
 20/6/2006 Announcement-Invitation for dematerialization of shares  
 21/6/2006 Announcement-Invitation for dematerialization of shares  
 21/6/2006 Notification of decision for buy back shares  
 5/7/2006 Transaction Notification  
 5/7/2006 Transaction Notification  
 17/7/2006 Transaction Notification  
 25/7/2006 Percentage change of shareholder  
 26/7/2006 Press release regarding the 1st half 2006 financial results  
 26/7/2006 Parent Company financial and other information for 1st half 2006 in accordance with IFRS  
 26/7/2006 Group financial and other information for 1st half 2006 in accordance with IFRS  
 4/9/2006 Transaction Notification  
 5/9/2006 Transaction Notification  
 6/9/2006 Transaction Notification  
 18/9/2006 Transaction Notification  
 26/9/2006 Transaction Notification  
 27/9/2006 Transaction Notification  
 29/9/2006 Transaction Notification  
 6/10/2006 Announcement for Business development in the Company  
 11/10/2006 Transaction Notification  
 12/10/2006 Transaction Notification  
 12/10/2006 Announcement for Business development in the Company  
 23/10/2006 Transaction Notification  
 25/10/2006 Transaction Notification  
 25/10/2006 Transaction Notification  
 26/10/2006 Transaction Notification  
 30/10/2006 Transaction Notification  
 31/10/2006 Transaction Notification  
 31/10/2006 Press release regarding the 9 months 2006 financial results  
 31/10/2006 Parent Company financial and other information for 9 months 2006 in accordance with IFRS  
 31/10/2006 Group financial and other information for 9 months 2006 in accordance with IFRS  
 17/11/2006 Transaction Notification  
 17/11/2006 Transaction Notification  
 20/11/2006 Transaction Notification  
 28/11/2006 Document providing information under law 3401/2005 (article 4 para 1e)  
 4/12/2006 Announcement for Business development in the Company  
 5/12/2006 Transaction Notification  
 6/12/2006 Transaction Notification  
 6/12/2006 Announcement for Business development in the Company  
 11/12/2006 Transaction Notification  
 19/12/2006 Transaction Notification  
 19/12/2006 Issuance of new shares from the share capital increase due to the exercise of the stock option plan  
 27/12/2006 Document providing information under law 3401/2005 (article 4 para 2f)

**The annual financial statements, the auditors reports and the Board of Directors reports of the companies included in the consolidated financial statements are available on the Company's website [titan-cement.com](http://titan-cement.com)**

