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## Financial Results





Titan Group Headquarters

Titan's governing objective is to be a multi-regional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

The key priorities of the Group are to:

- Expand the core business through organic growth and acquisitions
- Vertically integrate in related building materials
- Continuously improve cost and competitiveness
- Develop our human resources

The Titan Group of companies' production facilities are located in four main geographical areas:

- Greece and the European Union
- United States of America
- Southeastern Europe
- Southern Mediterranean

Our core activity and competency is cement production and trade.

We build on this with a wide range of products that include building materials and transport.

Titan has the longest listing of all industrial companies on the Athens Stock Exchange, listed since 1912.



## Key Financials

**€ 1,036 million**

Consolidated turnover

**€ 125 million**

Net profit after taxes and minority interests

**€ 222 million**

Net investments in fixed assets

Sales Volumes

**13.4 million**

Tons of Cement\*

**20 million**

Tons of Aggregates

**4.9 million**

Cubic meters of Ready-Mix Concrete

**51 million**

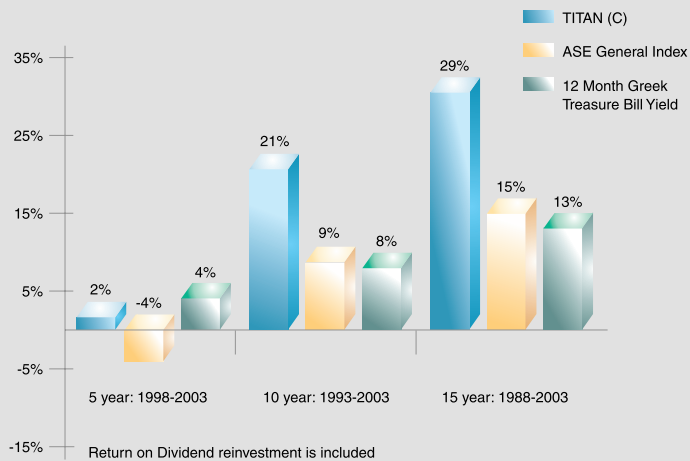
8-inch Concrete Blocks

\*includes Joint Ventures



Kamari plant, Viotia - Greece

## AVERAGE ANNUAL COMPOUND RETURN ON TITAN COMMON SHARES



In 2003 we focussed on the integration of the new acquisitions: the Kosjeric plant in Serbia, the Alexandria Portland Cement Co. in Egypt and Separation Technologies in the USA. Our intention now is to maximise return on economies of scale and to increase the efficiency of all operations.

One of our most important investment projects, the modernisation of our Thessaloniki plant, was completed in August. The new clinker production line is now in operation, replacing the three old lines dating from the 60's and 70's. The new line is much more environment-friendly and will also significantly reduce production costs.

Our second major investment is the modernisation and expansion of our Pennsuco facility in Florida. Work is progressing smoothly and we look forward to seeing the new installations up and running by the beginning of the summer. Once the new production line is operational, replacing the old wet-process lines, there will be a substantial fall in production costs.

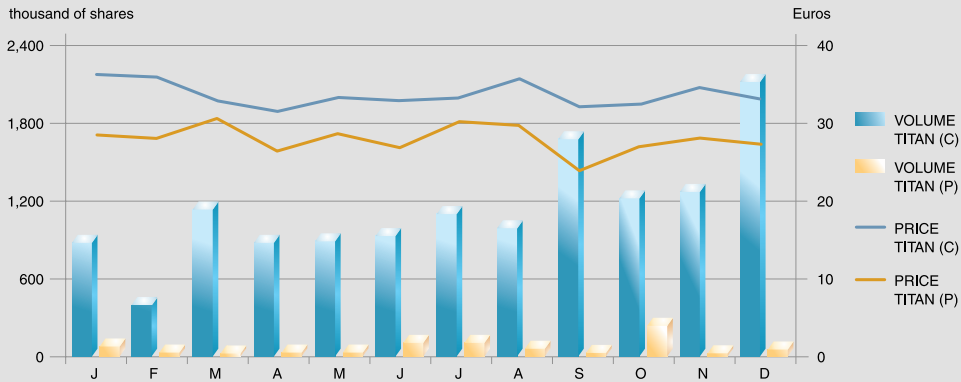
In December 2003, we took an important step forward in pursuit of our strategy of international expansion in the cement sector by signing agreements to acquire a 99.9% stake in Zlatna Panega A.D. in Bulgaria from the Heidelberg Group of Germany, and the transfer of our holding in the Plevenski plant to Holcim of Switzerland. Both deals were approved in April 2004 by the Bulgarian Monopolies and Mergers Commission. We also acquired from Holcim a further 46.5% of shares in the Usje A.D. company in the Former Yugoslav Republic of Macedonia, bringing our overall holding in the company to 94.8%.

The Zlatna facility, located close to Sofia, the Bulgarian capital, has an annual production capacity of 1 million tons of cement. The same company also owns 3 ready-mix concrete facilities.

The restructuring of our presence in south-eastern Europe, together with the expansion of the Pennsuco plant, will increase the Group's overall cement production capacity to some 16m tons per annum.

In 2003, the Group achieved sales of 20m tons of aggregates, 4.9m cubic metres of ready-mix concrete, 51m 8-inch cement blocks and substantial quantities of other products, such as mortars and processed fly ash.

**MONTHLY VOLUME OF TRANSACTIONS AND PRICE OF TITAN COMMON AND PREFERRED SHARES**



If we exclude acquisitions, a total of € 222m was spent during 2003 on new investment programs – the bulk of the money being invested in the two major programs described above. The purpose of these investment activities is to improve efficiency and productivity, while paying particular attention, as always, to improving environmental protection.

During the course of the year Titan sustained its keen interest in human issues, society and the environment. The Group’s activities in these areas are described in detail in the 20th issue of our Annual Social Report, which has now been

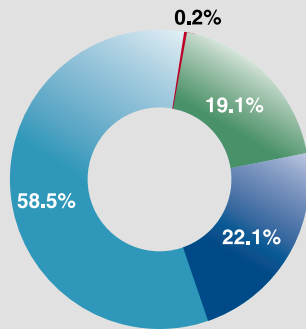
re-named the “Corporate Social Responsibility & Sustainability Report”. It is published to accompany the Group’s Annual Report.

In 2003, Titan became the first Greek company to sign up to the Global Business Compact for Sustainable Development. Under the aegis of the Global Compact, Titan is participating, alongside ten major groups from the same sector, in the Initiative for Sustainable Development in the Cement Industry. These new initiatives reaffirm our commitment to working responsibly, and with absolute transparency, to tackle critical environmental issues.

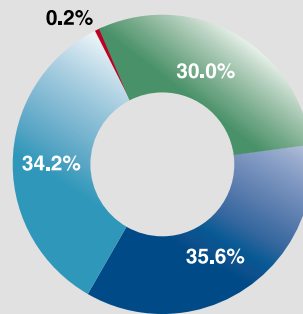


Eleusis plant harbor, Attica - Greece

**TITAN COMMON SHARES  
AS AT 31/12/2003**



**TITAN PREFERRED SHARES  
AS AT 31/12/2003**



- GREEK PRIVATE INVESTORS
- GREEK INSTITUTIONAL INVESTORS
- FOREIGN INSTITUTIONAL INVESTORS
- FOREIGN PRIVATE INVESTORS

A steep increase in activity this year in Greece - in both public works and private construction projects - has led to record levels of demand for cement, concrete and aggregates. It seems unlikely that this level of demand can be sustained over the next few years at least.

In the USA, there was keen demand in Florida, in contrast to a rather subdued market in the states of Virginia and North Carolina. Demand did increase, however, over the fourth quarter, driven by the upturn in the US economy.

In Egypt, following the devaluation of the local currency at the beginning of 2003, surplus stocks of cement were channelled to foreign markets, allowing a gradual recovery in the price on the local market from the very low levels seen early in the year. Market conditions continued to improve in Bulgaria, while remaining more or less stable in the other S.E. European countries, where the Group is active.

Our forecast for Group results in 2004 remains positive, despite the weakening dollar, which continues to trade at levels lower than those of the last two years, with the consequences that will have for the Group's figures.

In Greece, we anticipate a slowing of demand after the Olympics, in the second half of

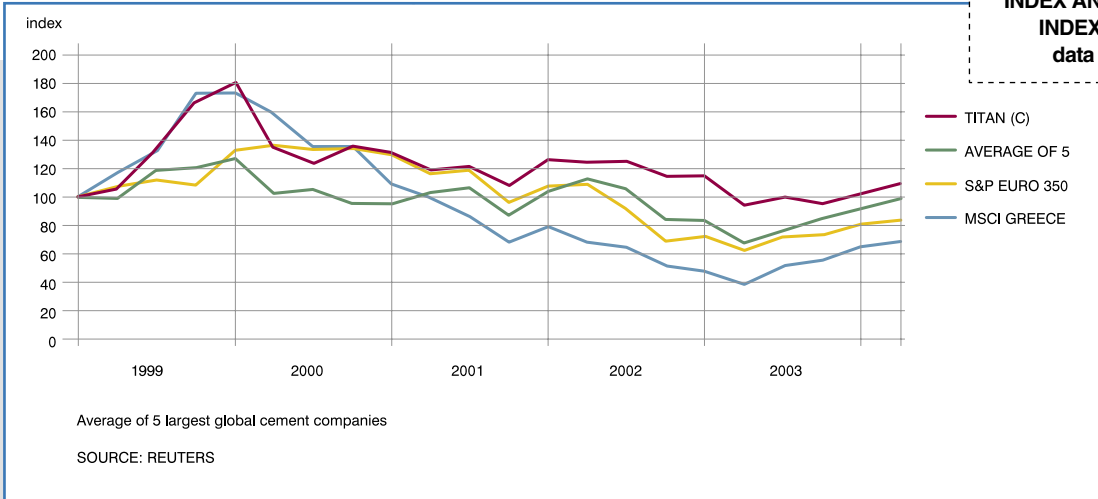
2004. On the positive side, we do expect to benefit from the operational improvements at the Group's Thessaloniki plant. Our activities in Greece are not significantly affected by changes in the value of the dollar against the Euro, since our spending on imported fuels is balanced by the dollar revenue we enjoy from exports.

In the US, we look forward to continuing high levels of demand in Florida, as well as a limited recovery in the eastern states of Virginia and North Carolina. Inflated carrier costs and the weak dollar are expected to push cement prices upwards. The new Pennsuco facility will come on line in the summer of 2004, as scheduled, poised to supply a market which seems ready to absorb larger quantities of cement.

The S. E. Europe sector will benefit from the purchase of the Zlatna plant in Bulgaria, where growth is being stimulated by the prospect of the country's impending entry into the EU. Political uncertainty is still inhibiting growth in Serbia, while the Former Yugoslav Republic of Macedonia seems to be making serious efforts to put behind it the tensions and unrest of recent years.



**STOCK PRICE PERFORMANCE OF TITAN COMMON SHARES vs AVERAGE OF 5 MAIN CEMENT PRODUCERS, THE S&P EURO 350 INDEX AND THE MSCI-GREECE INDEX (31.12.1998 = 100, data up to 31.03.2004)**



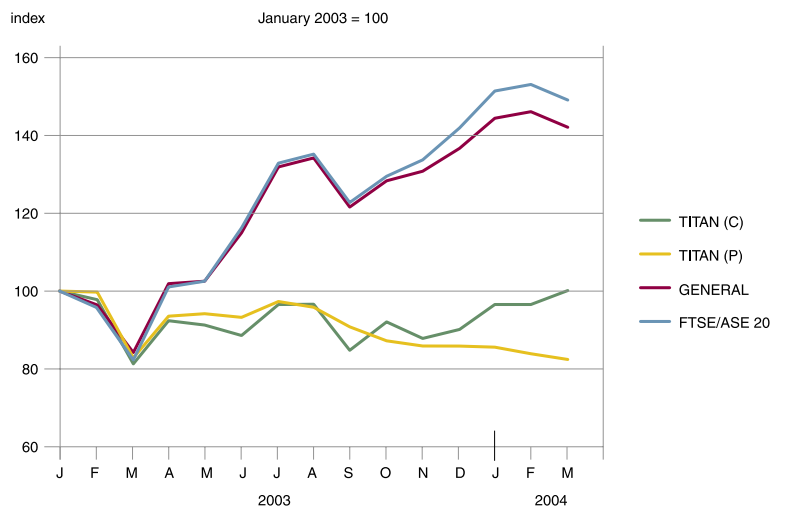
Egypt is still afflicted by uncertainty over quantities, prices and currency fluctuations. However, to some extent this uncertainty is tempered by increased exports of cement and clinker, and by the more rigorous monetary policy which the Central Bank seems to be pursuing.

The Titan stock did not have a good year in 2003. This reflected investor nervousness about the underlying strength of the market in the aftermath of the Olympic Games. However, the Titan Group is well prepared to meet whatever challenges the future brings - in all the markets where we are engaged.

In the light of the year's results the Board of Directors recommends approval of payment of a net dividend of € 0.95 per share, compared with last year's figure of € 0.85. The Board also recommends the distribution of a sum of € 2.5m among 516 senior employees of the Group, who have made a decisive contribution to the Group's performance over the past year.

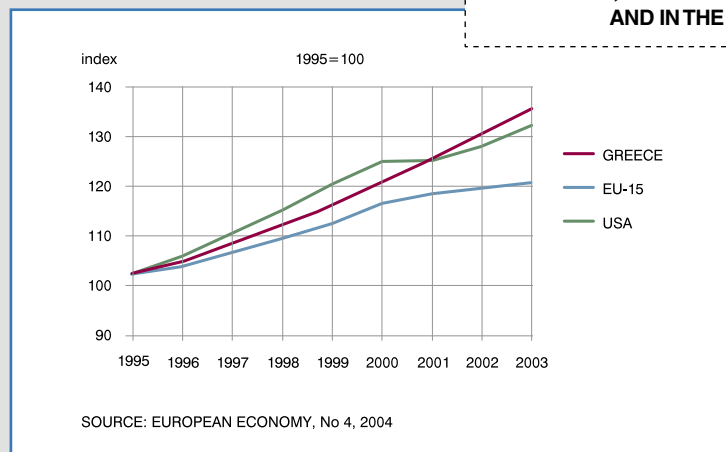


**STOCK PRICE INDICES (Closing price at month end)**



# The World and European Economies in 2003

**GDP CHANGES (at constant 1995 prices)  
IN GREECE, IN THE EUROPEAN UNION  
AND IN THE USA**



World GDP growth projected at 3.7% in 2003 is up from the previous year's 2.7%. A number of factors supported this, including accommodative macroeconomic policies and supportive financial conditions, partially linked to further disinflation, and a return of confidence that originated from reduced geopolitical tensions and strength in asset markets.

The recovery of the Eurozone economies, that started in 2002, has so far proved to be less robust than it first appeared. Real GDP growth in the EU-15 countries is estimated at 0.8% in 2003 compared to 1.1% in 2002. The Euro exchange rate against the US\$ appreciated rapidly for the second consecutive year. At the close of 2003, one Euro reached US\$ 1.2630, a strengthening of 20% year on year and 43% when compared to the 2001 year-end rate. While the Euro appreciation weighed on exports, the sluggish decline in inflation, from 2.1% in 2002 to 2.0% in 2003, did not stimulate private consumption.

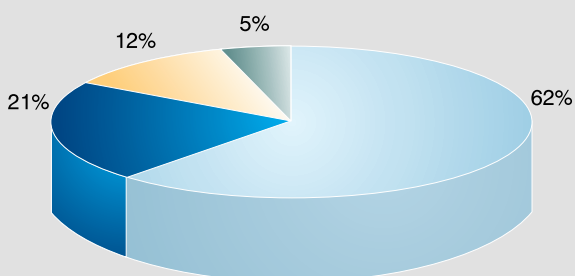
Employment growth stalled in 2003 and the rate of unemployment has risen to 8.0% from 7.7% in the previous year. Moreover, public finances have deteriorated and low investment activity has been a major drag on economic performance. The reasons for the subdued economic activity are not only internal to Europe. A series of global economic shocks initiated the slowdown from 2000. 2003 was also not free from further disturbances on a global scale. Oil prices were high and volatile, and world trade did not rebound to its former strength.

## Main Companies of the TITAN Group (31.12.2003)

GREECE	PARTICIPATION %
INTERBETON CONSTRUCTION MATERIALS S.A.	100
ERGOBETON S.A.	100
QUARRIES GOURNON S.A.	
TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	100
NAFTITAN S.A.	100
ACHAIKI MARITIME CO.	100
AEOLIKI S.A.	100
KIMOLOS S.A.	100
POLIKOS MARITIME CO.	100
IONIA S.A.	100
U.S.A.	
TITAN AMERICA LLC	100
ATLANTIC CEMENT S.A.	100
EUROPE	
INTERTITAN S.A	100
TITAN CEMENT U.K. LTD	100
FINTITAN SRL	100
S.E. EUROPE	
PLEVENSKI CEMENT A.D	100
KOSJERIC A.D.	70
A.D CEMENTARNICA USJE	48.37
SOUTHERN MEDITERRANEAN	
BENI SUEF CEMENT CO.	47.50
ALEXANDRIA PORT. CEM. CO.	44.43

The percentages concern the participation of the TITAN Group

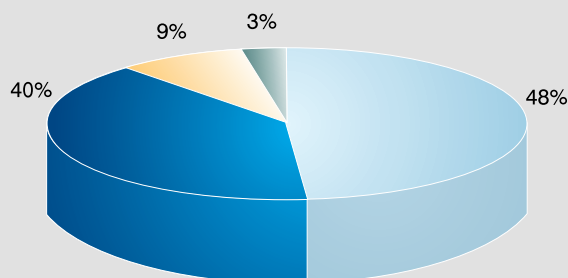
**TITAN GROUP OPERATING EBITDA BY REGION IN 2003**



■ EU ■ USA ■ S.E. EUROPE ■ Egypt

Note : Egypt presented on a proportional basis of accounting

**TITAN GROUP TURNOVER BY REGION IN 2003**



■ EU ■ USA ■ S.E. EUROPE ■ Egypt

Note : Egypt presented on a proportional basis of accounting

Excluding the adverse effect of the US\$, turnover and operating EBITDA were 9% and 6% ahead of last year. Including the impact of exchange rates, turnover was flat and operating EBITDA marginally ahead.

Net profit after taxes was 9.6% better than last year because of lower extraordinary expenses and lower interest expense. Net profit after taxes includes the impact of accelerated depreciation of €11m for our Thessaloniki plant. Earnings per share increased to € 2.98, up by nearly 10%.

Cement sales volumes were 6% ahead of 2002 despite the shortfall in the first 6 months. Cement sales in Greece as well as in the USA ended the year ahead of 2002, whereas in Egypt exports counterbalanced the sales decrease in the domestic market.

Sales of ready-mix concrete and concrete blocks performed well both in Greece and the USA, ending the year 15% and 34% higher, respectively.

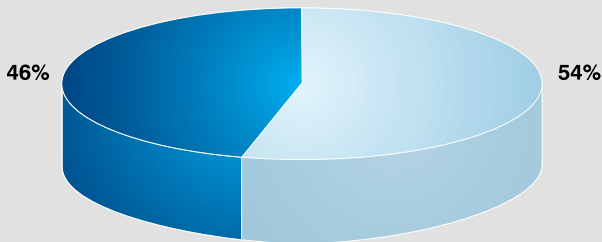
Results in the USA in Euro terms were affected by the weakness of the US\$ and softness in pricing and sales volume in our Mid Atlantic region in the earlier part of the year.

Cement accounted for 54% of turnover and 80% of operating EBITDA. "Others", include ready-mix concrete, aggregates, concrete blocks, dry mortars and porcelain.

EBITDA grew by € 20m, up by 6%, excluding the impact of currency movements. Interest expense was lower, despite higher borrowings, due to lower interest rates and net foreign currency gains of nearly € 9m versus the previous year.

The weakness of the US\$ and the Egyptian pound affected operating results. However, the impact was mitigated largely by our FX policy. The US\$ weakness was partially offset by our debt policy where we match, to the extent possible, borrowings in the currency of our investment. The unrealized gains from borrowing in US\$ were € 42m and are included in provisions on the Group's balance sheet, in accordance with Greek accounting principles.

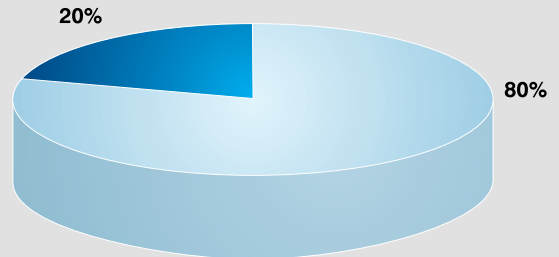
**TITAN GROUP TURNOVER  
BY PRODUCT  
SEGMENT IN 2003**



■ Cement & Fly Ash ■ Ready Mix, Aggregates, Mortars, Blocks & Other

Note : Egypt presented on a proportional basis of accounting

**TITAN GROUP OPERATING  
EBITDA BY PRODUCT  
SEGMENT IN 2003**



■ Cement & Fly Ash ■ Ready Mix, Aggregates, Mortars, Blocks & Other

Note : Egypt presented on a proportional basis of accounting

We swapped our Yen debt obligation in Egypt through forward contracts into US\$. This helps manage the exposure as the Egyptian pound is better correlated to the US\$. However, this does not mitigate our overall Egyptian pound risk that remains uncovered due to a lack of a forward currency market and the non-availability of long term borrowing in local currency in Egypt.

In our S.E. European markets, currencies are largely pegged to the Euro. Our equity exposure is uncovered and we do not have any significant local debt requirements at this time, in order to hedge the exchange rate risk that, with the exception of Serbia, seems contained.

We do not consider it pertinent to hedge our translation risk through derivatives, as our investments are long term.

Net debt during the year increased by € 59m, representing the funding of our major capital and acquisition expenditure of € 283m. Our net debt benefited from the weakness of the US\$, reducing the increase in debt by € 53m at the balance sheet date.

In the period 2001 through 2003, we spent € 599m on capital projects and acquisitions mainly funded by operating cash flow. Net debt during this period increased by only € 122m.

The Group retains a healthy net debt to operating EBITDA ratio of 1.61 in 2003. This includes Egypt consolidated on a proportionate basis.

The strong return on invested capital of 13.6% in 2003, improved marginally over the last two years.



## EXCHANGE RATES FOR THE TRANSLATION OF MAIN CURRENCIES

Foreign Currency per 1 Euro	2003		2002		Movement +/- (%)	
	Year end rate	Average rate	Year end rate	Average rate	Year end rate	Average rate
US Dollar (USD)	1.2630	1.1418	1.0487	0.9474	-20.4%	-20.5%
Japanese Yen (JPY)	135.050	131.756	124.390	118.173	-8.6%	-11.5%
British Pound (GBP)	0.7048	0.6934	0.6505	0.6295	-8.3%	-10.2%
Egyptian Pound (EGP)	7.7738	6.8114	4.8150	4.3840	-61.4%	-55.4%
Bulgarian Leva (BGN)	1.9557	1.9498	1.9531	1.9461	-0.1%	-0.2%
Macedonian Dinar (MKD)	60.9669	61.2509	61.7174	60.9781	1.2%	-0.4%
Yugoslav Dinar (YUD)	68.1928	65.1533	61.6058	60.4698	-10.7%	-7.7%

Note : All Balance Sheet accounts are calculated at year end rates  
All Profit and Loss accounts are calculated at average rates

## The Greek Economy

In 2003, the Greek Economy continued to be buoyant despite the negative Eurozone context. Real GDP growth reached 4.2% over 3.9% in 2002, mainly sustained by very robust internal demand. Public investment supported by the third Community Support Framework, and investment connected to the Olympic Games boosted activity. At the same time, private investment and consumption continued to increase, supported by favorable credit conditions. As a result, employment accelerated in 2003, although unemployment remains among the highest in the European Union.

Weather-related price increases in agricultural products as well as high-fuel prices contributed to the acceleration of inflation in the first half of the year. During the second half, consumer prices decelerated slowly and their year-on-year average reached 3.5%, marginally better than the previous year.

Despite better than expected real output growth, the European Union estimates the General Government Deficit at more than 3.0% of GDP, compared to 1.4% in 2002. This is mainly due to significant overruns in primary spending related to the preparation for the Olympic Games and compensation to farmers for weather damage.

The public debt, as a percentage of GDP, is estimated to stand at 103.0% in 2003 from 104.7% in 2002, reduced mainly by nominal GDP growth.

We expect real GDP growth to continue in 2004. Private consumption supported by favorable monetary conditions will continue to increase. Investment spending on projects linked to the Olympics will remain the main driver of GDP growth. In the period following the Olympics, expected improvement in the international arena and low interest rates should help keep domestic economic activity relatively strong. The trade deficit, helped by international economic recovery will be limited, provided necessary measures to reverse deterioration in the country's international competitiveness are taken.

The timely implementation of measures such as privatizations, the reforms in the social security, and pension systems and the effective competition in the energy sector would positively affect the overall economic environment. The critical issue for the years ahead is the sustainability of economic growth to achieve real convergence, given that during the past five years the Greek economy has grown on average at a rate of twice the EU-15.

## GREECE

	2003*	2002
<b>GDP (real growth rate)</b>	4.2%	3.9%
<b>Population (millions)</b>	11.0	11.0
<b>Cement Production (million tons)</b>	15.5	14.9
<b>Cement Consumption (million tons)</b>	11.0	10.6

\* Estimates

SOURCES : Company Estimates, National Statistical Service of Greece, European Economy, No 4, 2004

### Greek Investment and Construction Activity

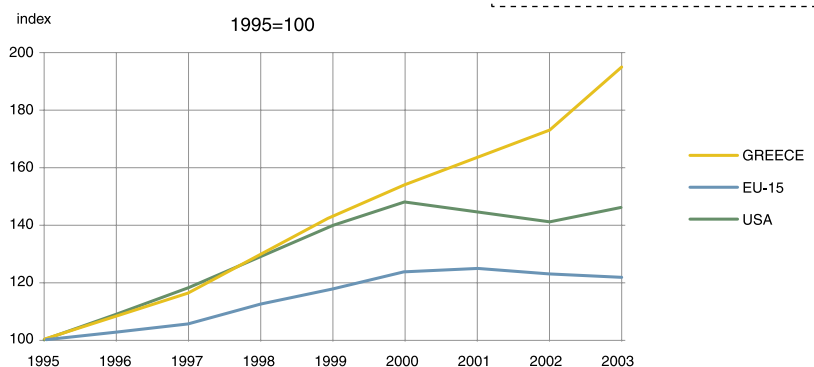
Gross Fixed Capital Formation increased in real terms for the ninth consecutive year by 9.7% in 2003, compared to 6.7% in the prior year. Investment in equipment rose by 7.0% versus 3.4% in 2002. Investment in construction grew in 2003 by 12.5%, higher than the 8.2% posted in 2002. The strong increase of 16.6% in construction other than housing was a major factor due to the continuation of the infrastructure projects for the Olympic Games.

The volume of private building activity, as measured by the planning permits issued in 2003, increased albeit at a slower pace than the previous year. Housing credit grew by 25% in 2003 versus 35.6% in the previous year.

### Greece

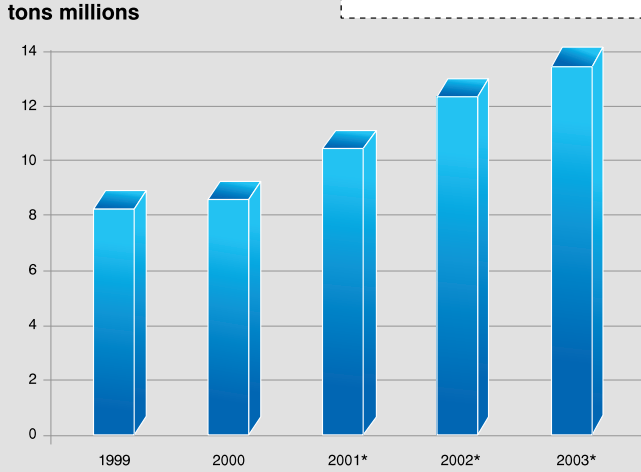
Mainly because of pricing and strong ready-mix concrete volumes, driven by pre-Olympic completion deadlines, turnover in Greece was nearly 8% ahead of the previous year. This performance flowed through to operating EBITDA, 9% ahead of 2002.

**CHANGE IN GROSS FIXED CAPITAL FORMATION (at constant 1995 prices) IN GREECE, THE EUROPEAN UNION AND THE USA**



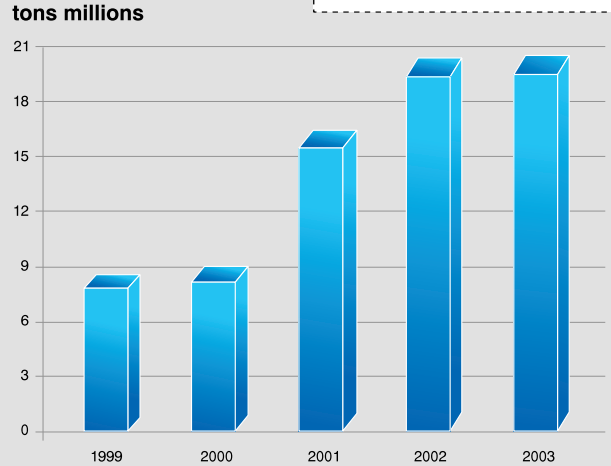
SOURCE: EUROPEAN ECONOMY, No 4, 2004

**TITAN GROUP  
CEMENT SALES**



\*joint venture sales are included

**TITAN GROUP  
AGGREGATES SALES**



## Cement

In 2003, the market experienced another consecutive record year as cement consumption increased. Growth was proportionately higher in Attica where the Olympic Games related projects are located.

We participated in this growth and our domestic sales were a record high, at nearly 4.6 million tons. Our plants were able to meet demand, despite the major scheduled shutdown of kiln 2 at the Kamari plant, to upgrade the clinker cooler.

Our major highlight of the year was the start-up of the new clinker production line in Thessaloniki, replacing the three old kilns.

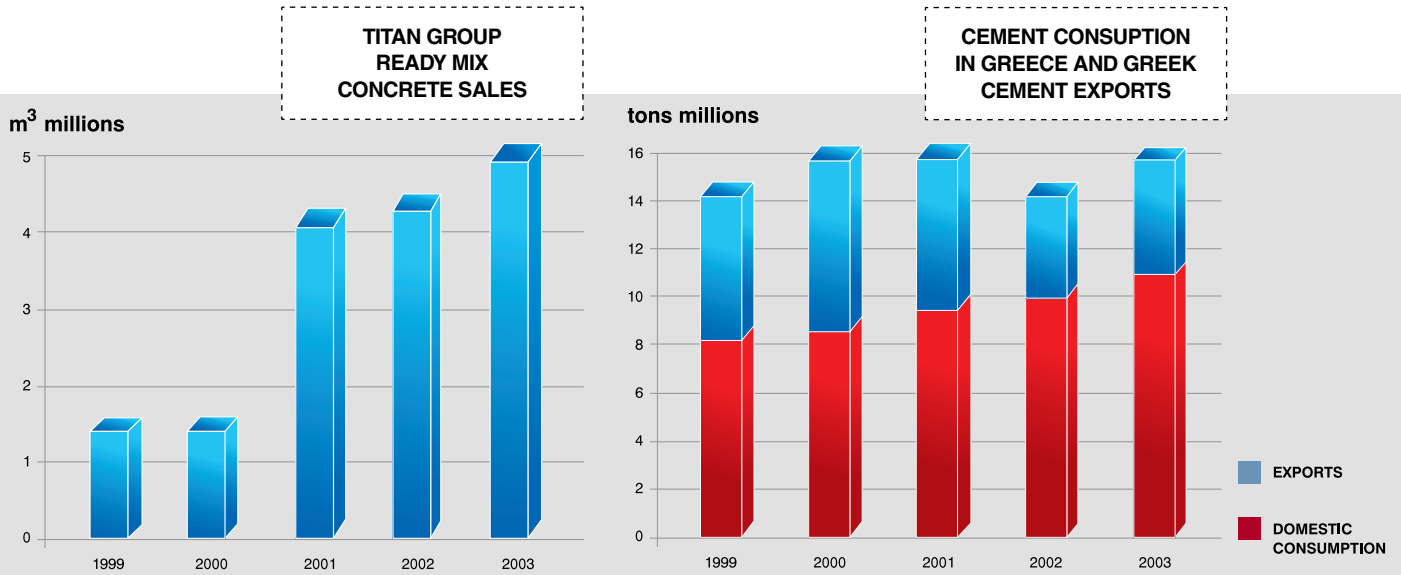
After the successful completion and start-up of the above two projects we have reached high levels of fuel efficiency. In addition, the increased use of alternative fuels, the utilization of industrial by-products as raw materials substitutes, and continued productivity improvements helped maintain cost at competitive levels.

In addition to the capital projects discussed above, we continued to implement smaller projects to modernize our plants' infrastructure. This contributed to reducing production costs and improving environmental performance.

In support of our commitment to total quality, the plants and headquarters were certified for quality assurance according to ISO 9001:2000. Our plants also renewed their environmental and health & safety certifications according to ISO 14001 and OHSAS 18001:1999-ELOT 1801:2002.

We expect a slow-down in demand after the Olympic games in the second half of 2004. Our operations in Greece have a small exposure to the US\$/€ rate movements, as imported fuel costs are offset by US\$ export revenues. The exposure to the extreme shipping rate increases is partially mitigated by FOB exports contracts and CIF fuel contracts.





SOURCE: COMPANY ESTIMATES

### Vertically Integrated Activities

2003 was another successful year in sales of ready-mix concrete and dry mortars, while sales of aggregates remained in line with 2002.

Aggregate sales volume to third parties was in line with 2002, while the quantity delivered to our plants as raw material increased by 15.3%.

All quarries operated without issue and more than the necessary environmental rehabilitation work took place.

Sales of ready-mix concrete increased by more than 10%.

Five more of our facilities joined the ISO 9001 Quality Assurance Initiative, bringing the total number of ISO certified facilities to 19 out of 21.

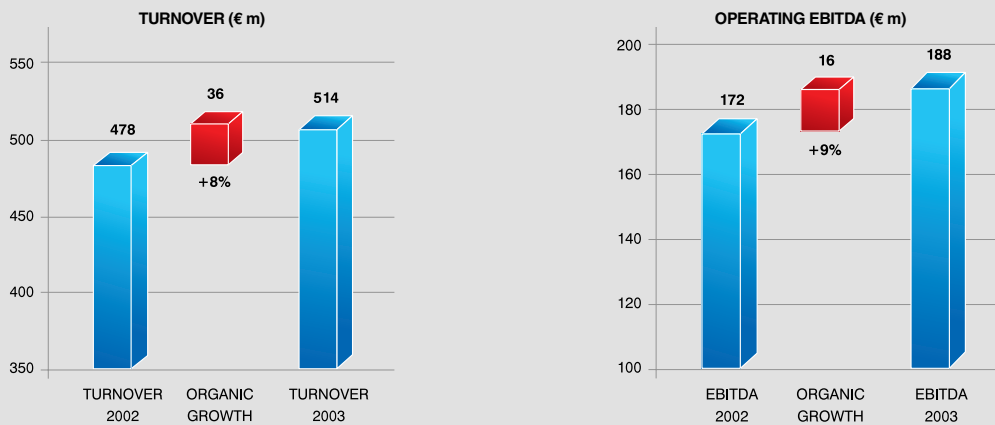
Our new ready-mix concrete production facility in Antimacheia, in the island of Kos, commenced operations in October.

Sales of dry mortars increased by over 18%, with bagged products increasing their share of overall sales.



Kifissia interchange, Athens - Greece

## FINANCIAL RESULTS 2003 - GREECE



### International Commercial Activities

Despite record demand in the domestic market in 2003, total exports remained at 2002 levels, close to 1.2 million tons of cement.

Exports to the USA reached 600,000 tons, an increase of approximately 6% over 2002. In addition, we exported 450,000 tons to European Union countries and 120,000 tons to S.E. Europe (mainly to Albania and Montenegro). Exports sales to the European Union were at the same level as 2002 and marketed by the Group's own distribution terminals : Titan Cement in the UK, Fintitan in Italy and Intertitan in France.

Beyond exporting from our own production, we are also active in the international trading market of cement albeit at reduced volumes over recent years.

### Porcelain Activities

Turnover of our porcelain business was flat with the previous year at just over € 10m. Operating losses narrowed on the back of a restructuring program to reduce our domestic manufacturing cost base. At the same time, we took steps to strengthen and grow the commercial activities of the business.



Platanovrisi dam, Macedonia - Greece



## USA

	2003*	2002
GDP (real growth rate)	3.1%	2.2%
Population (millions)	292.2	289.4
Cement Production (million tons)	91.0	89.7
Cement Consumption (million tons)	108.5	108.3

\* Estimates

SOURCES : U.S. Department of Commerce, U.S. Geological Survey, U.S. Census Bureau.

### US Economy

The US economy improved in 2003, with an estimated 3.1% GDP growth rate, while inflation remained low at 1.9%. GDP growth peaked in the third quarter at 8.2%, driven primarily by tax cuts and incentives for individuals and businesses. Short-term interest rates fell to 40-year lows. Mortgage rates continued to decline and boosted residential construction.

### US Construction Activity and Cement Industry

The total value of US construction put in place in 2003, was approximately US\$ 900 billion, a 4.3% increase over 2002. Driven by low mortgage rates, residential construction spending increased 10.5%. Public construction spending increased 2.8%, while private non-residential spending declined 5.6%.

US cement consumption in 2003 remained steady at an estimated 108.5 million tons in 2003. However, consumption varied widely by region. In our primary markets, Portland Cement consumption increased an estimated 8.9% in Florida, 0.8% in the New York metropolitan area, and decreased 2.7% in Virginia and 2.0% in North Carolina.



## US Operations

The weakness of the US\$ had a significant impact on our regions' turnover and operating EBITDA into Euro. This resulted in a reduction of 19% and 16% respectively. The Florida region continued its strong commercial performance across all sectors and we witnessed some pick up in demand in the Mid Atlantic region in the second half of the year. Operating results in US\$ terms were held back by production bottlenecks in Pennsuco and Separation Technologies, that went through a difficult transition year and is now picking up momentum.

## Florida

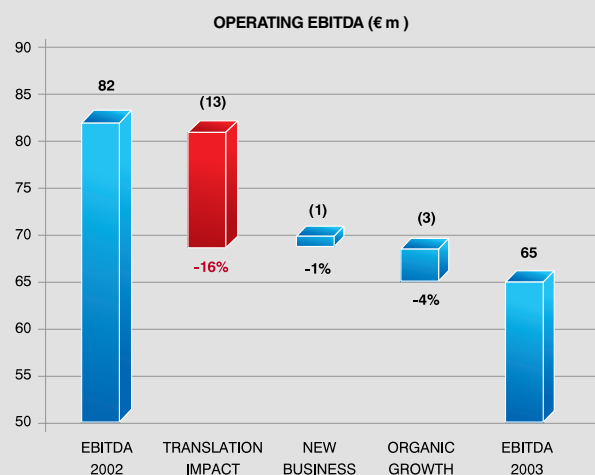
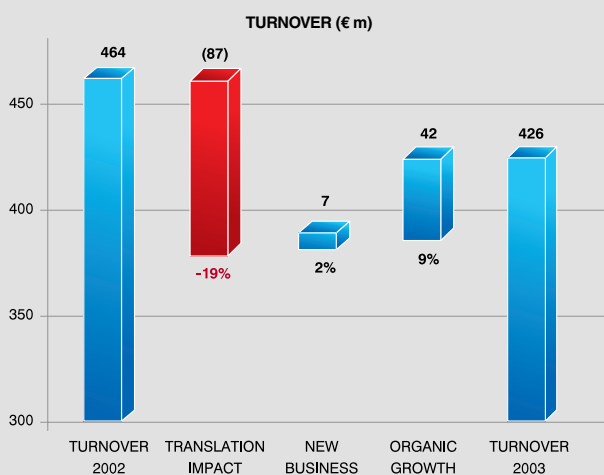
In Florida, our product range includes cement, pozzolans, aggregates, ready-mix concrete, and concrete blocks. Construction activity in these products was strong, leading to increases in volumes and prices. Demand was especially buoyant in aggregates.

The cement plant modernization project in Pennsuco, near Miami, is progressing well and will be operational in the summer of 2004, on schedule. We continued our program of upgrading and enhancing our ready-mix concrete and concrete block activities. Construction also began on our cement import and distribution terminal in Tampa, in Florida's west coast.

## Mid-Atlantic

The Mid-Atlantic region experienced weaker demand in both cement and ready-mix concrete. Tighter state budgets in Virginia and North Carolina limited public sector spending; this was partially offset by stronger residential construction.

## FINANCIAL RESULTS 2003 - USA



### New York Metropolitan

The Metro New York and New Jersey markets remained strong, allowing Essex Cement to increase cement volumes. This increase in sales was partially offset by higher shipping costs.

### Processed Fly Ash

Our fourth fly ash processing plant commenced operation in Jacksonville, Florida, in the second quarter of 2003 and was sold out by year-end. Engineering also began for installation of additional capacity in 2004. At the existing Baltimore, Maryland, processing plant construction of a dome storage facility was underway, as well as engineering for additional capacity.

In the 2004 Presidential election year, housing starts remain strong, employment is improving, and business capital spending is picking-up. Coupled with low short-term interest rates and inflation, this provides a positive near term outlook. However, growing public deficits could lead to rising long-term interest rates that could dampen homebuilding and public infrastructure spending in future years.

For 2004 we forecast continued growth in Florida and a limited Mid Atlantic upturn. High shipping freight rates and the weak US\$ should underpin announced price increases. In the second half of the year, we should also benefit from the operation of the new facility in Pennsuco.



Pennsuco plant, FL - USA

## BULGARIA

	2003*	2002
<b>GDP (real growth rate)</b>	4.4%	4.8%
<b>Population (millions)</b>	7.8	7.8
<b>Cement Production (million tons)</b>	2.4	2.4
<b>Cement Consumption (million tons)</b>	1.7	1.6

\*Estimates  
 SOURCES: Company Estimates, The Economist Intelligence Unit, National Statistical Institute of Bulgaria.

In Southeastern Europe, volumes were marginally down versus last year, mainly because of lower clinker exports from F.Y. Republic of Macedonia. Turnover was up 3% in Euro terms and operating EBITDA improved by 9% on the back of cost improvements mainly, due to early retirement programs implemented in Kosjeric and a change in the fuel mix.

### Bulgaria

The steadily improving economic conditions in 2003 resulted in a GDP growth of 4.4%, and a decrease in inflation to 2.2% from 5.8%, while exchange rates remained constant. With Bulgaria joining NATO in 2004 and the European Union in the years to come, continued improvement is likely.

In an environment of growing consumption of cement, our plant in Plevenski followed the trend, increasing its sales and profits and making 2003 its most successful year since privatization.

In view of the expected positive prospects of the Bulgarian market, we further strengthened our position by acquiring from Heidelberg Cement the 1 million ton Zlatna Panega Cement plant and the ready-mix concrete operations in Sofia and Plovdiv. We plan to make additional investments to allow the new acquisitions realize their full potential. We also divested our interest in Plevenski Cement A.D. to Holcim of Switzerland. We expect to close both transactions in early spring 2004, following approval of the Bulgarian antitrust authorities.



Plevenski plant, Pleven - Bulgaria



**F.Y. REPUBLIC OF MACEDONIA**

	2003*	2002
<b>GDP (real growth rate)</b>	2.8%	0.7%
<b>Population (millions)</b>	2.0	2.0
<b>Cement Production (million tons)</b>	0.8	0.8
<b>Cement Consumption (million tons)</b>	0.7	0.7

\*Estimates

SOURCES: Company Estimates, The Economist Intelligence Unit.

**F.Y. Republic of Macedonia**

Political stability allowed GDP growth to increase from 0.7% to 2.8% in 2003, with inflation remaining constant at 1.7%.

In the domestic market, the cement demand and sales maintained the high level established in 2002, while cement exports posted an increase which, however, did not counterbalance the shortfall of clinker exports.

Our investment program continued with the installation of a new de-dusting system for the second production line. Now all production lines are equipped with state-of-the-art environmentally friendly technology.

We further strengthened our position in F.Y. Republic of Macedonia by signing an agreement in December 2003, to acquire from Holcim its shareholding in Usje Cementarnica A.D., thus bringing our shareholding to around 95%.



Usje plant, F.Y.R.o.Macedonia

## SERBIA AND MONTENEGRO

	2003*	2002
<b>GDP (real growth rate)</b>	1.5%	4.0%
<b>Population (millions)</b>	7.5	7.5
<b>Cement Production (million tons)</b>	2.1	2.4
<b>Cement Consumption (million tons)</b>	1.9	2.0

\*Estimates  
 SOURCES: Company Estimates, National Bank of Greece, C.I.S. (Serbian Cement Association)

### Serbia and Montenegro

The heavy winter of 2002/03 and the stress created by the assassination of the Serbian Prime Minister had a significant negative impact on the overall level of business activity. This prevailed during the first half of the year, leading to a GDP growth of 1.5% compared to the projected 4.0%. The country did, however, manage to keep the inflation at 7.8%, below the forecast of 10%. The local currency devalued against the Euro by nearly 10%.

Despite the political and economic environment, our plant maintained same level of sales as in 2002, while the country's overall cement consumption declined by 5.8%.

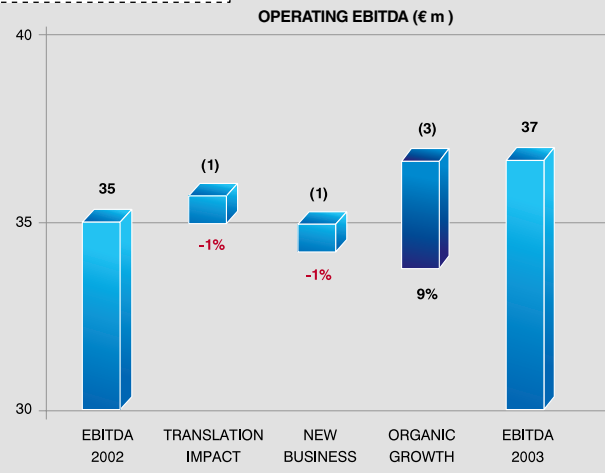
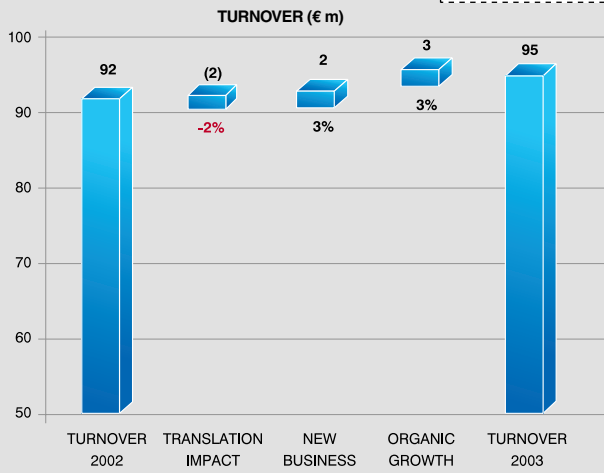
We successfully continued our restructuring program through the three-year people and investment plans. The implementation of the plans will provide us with new up-to-date equipment that improves efficiency, resulting in lower production costs. Importantly, this will also significantly reduce pollution levels and create a safer working environment.

The successful early voluntary retirement program reduced our workforce by 37%.

These actions, together with improved prices, lead to an operating EBITDA increase of 25% over 2002.

In 2004, we will benefit from the acquisition of Zlatna in Bulgaria; there, we also expect growth supported by the prospect of entry to the European Union. Political uncertainty and fragile stability is holding back growth in Serbia and F.Y. Republic of Macedonia.

FINANCIAL RESULTS 2003 - S.E. Europe



Kosjeric plant, Serbia

## EGYPT

	2003*	2002
<b>GDP (real growth rate)</b>	1.8%	3.0%
<b>Population (millions)</b>	71.7	70.5
<b>Cement Production (million tons)</b>	29.1	28.3
<b>Cement Consumption (million tons)</b>	25.7	27.3

\*Estimates

SOURCES: Company Estimates, The Economist Intelligence Unit

In Egypt, the economy continued to slow down in 2003, despite growing revenues from tourism and the Suez Canal. Reviving the economy remains the main challenge for the government.

Real GDP growth rate declined for the third consecutive year from 3% in 2002 to an estimated 1.8% in 2003.

Foreign currency availability remains an important issue. The free floatation of the Egyptian pound in January 2003 evolved to a managed floatation, with the pound reaching EGP 6.1 to the US\$ by end 2003. Moreover, restricted allocations of foreign currency to the banks by the Central Bank of Egypt hinders the smooth execution of transactions.

Domestic cement consumption in 2003 was down by 5.6% at 25.7 million tons. Total industry volume was up 6%, because of a re-orientation to export sales.

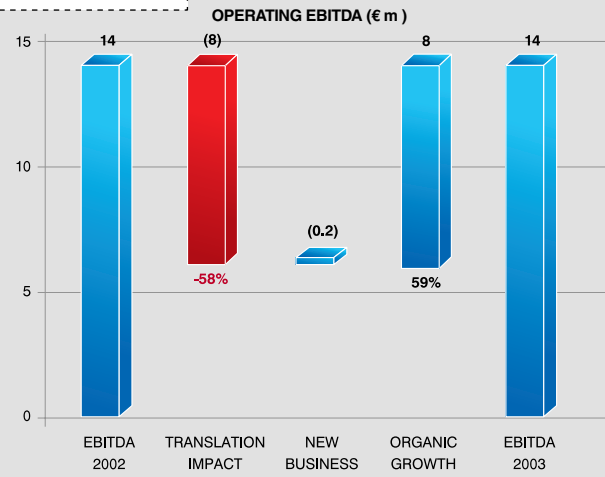
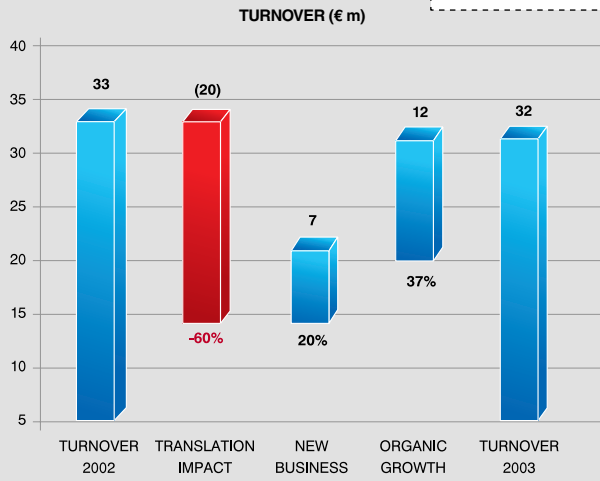
Both our plants, Alexandria Portland Cement Co. and Beni Suef Cement Co. fared well, in a difficult market.

Domestic volumes dropped from 2.6 million tons in 2002 to 2.5 million tons in 2003. This was more than made up by exports of 340,000 tons of cement and clinker. The devaluation of the Egyptian Pound by 55% versus the Euro had a significant impact on both turnover and EBITDA. However, prices in local currency recovered from a low at the beginning of the year. As a result, turnover and EBITDA were up 35% and 59% in local currency, respectively.

In 2003, we emphasized the restructuring, integration and coordination of the two companies. As part of the reorganization process, a successful voluntary early retirement program resulted in a headcount reduction of around 1,000 persons. The program had the support of the trade unions and other stakeholders.

For 2004, there is continued uncertainty with regard to volumes, prices, and the exchange rate in Egypt. Although exports mitigate the effect on our results, we do not anticipate to enjoy a satisfactory return on investment.

FINANCIAL RESULTS 2003 - Egypt



Beni Suef plant, Egypt

## Business Risk Management

Business risk management is a Group-wide system that enables management to identify and determine the significance of risks. Risks are both opportunities and threats and are categorized in Strategic, Operational and Financial.

Strategic risks identified assist the management of the Group in its decision-making process.

Operation 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 a corporate level. We are in the process of continuing to improve and refine our plan.

## 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, standards etc
- security of the Group's assets.

## Financial risk factors

Our activities expose us to a variety of financial risks, including the effects of changes in capital market prices, foreign currency exchange rates and interest rates. Our risk management program takes into consideration the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of our Group.

Risk management is carried out by a central Treasury Department under policies approved by the Board of Directors. The Treasury Department 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 our operations. This includes identifying, evaluating and if necessary, hedging financial risks in close co-operation with the various business units within the Group. Treasury does not undertake any transactions of a speculative nature or which are unrelated to our trading activities.

The Board of Directors provides the principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and investing excess liquidity.

Our financial instruments consist mainly of deposits with banks, bank overdrafts, local money-market instruments, trade accounts receivable and payable, loans to and from subsidiaries, associates and joint ventures and leases.



## Credit risk

We have no significant concentration of credit risk. Trade accounts receivable consist mainly of a widespread customer base and we monitor the financial position of debtors on an ongoing basis. Where considered appropriate, credit guarantee insurance cover is purchased. The granting of credit is controlled by the application of limits. Provision is made for both specific and general bad debts and at the year-end we did not consider there to be any material credit risk exposure not already covered by credit guarantee insurance or a bad debt provision.

We also have a potential risk exposure on cash and cash equivalents, investments and derivative contracts. We minimise our counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of a high credit standing. We have policies in place that limit the amount of credit exposure to any one financial institution.

## Foreign exchange risk

We operate internationally and undertake a number of transactions denominated in foreign currencies. Hence we incur exposures to exchange rate fluctuations. Exchange rate exposure is managed within approved policy parameters utilising forward exchange contracts. We also manage exposure through the use of natural hedges. It is our policy to use a natural hedge of any material foreign currency loan against underlying investments in foreign subsidiaries, whose net assets are exposed to currency translation risk, when possible. Hence currency exposure to the net assets in the USA is managed primarily through borrowings denominated in US\$. In other markets, such as Egypt and certain Southeast European countries, we assess the financing needs of the business and, where possible, match the currency of financing with the underlying asset exposure. Such matching is not possible in Egypt, where the cost of refinancing the ¥ obligation to local currency is prohibitive.

## Interest rate risk

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

We 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 financing.

Consequently, short term borrowings are entered into at floating rates. Medium and long term facilities are normally entered into at fixed interest rates. This provides us with the ability to avoid the consequences of significant fluctuation in interest rates.

## 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.

We manage 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. We have sufficient borrowing facilities that could be utilised to fund any potential shortfall in cash resources.

## Accounting for derivative financial instruments

Derivative financial instruments are initially recognised in the “memo accounts” of the balance sheet at notional cost and subsequently are measured at their fair value. Upon settlement, the resulting gain or loss is reported in the Group’s Profit and Loss account. Derivatives are employed as either a hedge of the fair value of a recognised asset or liability or a hedge of a forecast transaction, firm commitment or net investment in a foreign entity denominated in currencies other than the Euro.

## Gains and losses on subsequent measurement

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 from measuring foreign currency loans, held by the parent company at the balance sheet date, are initially recognised directly in “other provisions”. Losses are recognised in profit and loss. “Other provisions” is adjusted against the initial measurement of the asset or liability, as repayments are made.

We document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective 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. We also document the assessment of both the hedge on inception and an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

## Fair value estimation

The fair value of available-for-sale securities is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined using market rates at the balance sheet date.





Olympic Press Center and the Olympic Stadium, Athens - Greece

## **Previous Chairman**

ANGELOS CANELLOPOULOS (1988-1996)

## **Administration - Company Operations Management**

The Board of Directors, elected by decision of the Annual General Meeting of Shareholders on 19.6.2001, consists of fourteen members appointed to serve for a three-year term expiring at the 2004 Shareholders' Annual General Meeting. Its membership, in accordance with the Board's decision on 26.6.2001, is as follows:

## **BOARD OF DIRECTORS**

ANDREAS CANELLOPOULOS

### **Chairman**

Executive member of the Board since 10.6.1971.

Deputy Chairman of the Board of Directors of Alpha Bank.

Member of the Board of Directors of Air Liquide Hellas S.A. until 16.3.2004

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

DIMITRIOS KRONTIRAS

### **Deputy Chairman**

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

Founding executive ,of Citibank Hellas and until 1998 Chief

Executive of CITICORP FRANCHISE HELLAS.

DIMITRIOS PAPALEXOPOULOS

### **Managing Director**

Executive member of the Board since 24.6.1992.

Electrical engineer, graduate of the Swiss Federal Institute of Technology and Harvard Business School.

Member of the Board of Directors of the Hellenic American Educational Foundation.

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.

ELIAS PANIARAS

### **Executive Director - General Manager**

Executive member of the Board since 23.6.1995.

Chemical engineer, graduate of National Technical University of Athens Greece and New York University.

Chairman of the Hellenic Cement Industry Association.

NIKOLAOS ANALYTIS

### **Director**

Non executive member of the Board.

Executive member from 28.6.1989 to 1.7.2002.

Chairman of the Economic and Social Council of Greece since 11.2.2004.

Deputy Chairman of the Board of the Federation of Greek Industries until 24.2.2004.

Deputy Chairman of the Social Affairs Committee of the Union of Industrial and Employers' Confederations of Europe.

President of the Hellenic Network for Corporate Social Responsibility since 4.6.2003

NELLOS CANELLOPOULOS

### **Director**

Executive member of the Board since 24.6.1992.

Group External Relations Director.

Member of the Board of the Hellenic Cement Industry Association.

Member of the General Council of the Federation of Greek Industries.

ALEXANDRA CANELLOPOULOU

**Director**

Non-executive member of the Board since 24.6.1992.  
President of the Paul and Alexandra Canellopoulos Foundation  
for the promotion of ancient and modern Greek art

GEORGE DAVID

**Director**

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 Bank of Cyprus.

KONSTANTINOS KERAMEUS

**Director**

Independent, non-executive member of the Board since 28.6.1988.  
Professor at the University of Athens, School of Law.  
President of the International Academy of Comparative Law (The Hague).  
Director of the Hellenic Institute of International and Foreign Law.  
Legal Counsel to the National Bank of Greece.

PANAGIOTIS MARINOPOULOS

**Director since 24.3.2004**

Independent, non-executive member of the Board  
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 the Foundation for Economic and Industrial Research.

THEODOROS PAPALEXOPOULOS

**Director**

Non-executive member of the Board.  
Executive member from 26.5.1969 to 6.7.1996.  
Executive Director from 1979 to 1988 and Deputy Chairman  
of the Board from 1988 to 1996.

ALEXANDRA PAPALEXOPOULOU - BENOPOULOU

**Director**

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.I.C.

GEORGIOS PROVOPOULOS

**Director until 19.3.2004**

Independent, non-executive member of the Board since 29.2.1996.  
Professor of Economics at the University of Athens.  
Economic Advisor to ALPHA Bank.  
Chairman of the Scientific Council of the Hellenic Bank Association.

MICHAEL SIGALAS

**Director**

Executive member of the Board since 28.7.1998.  
Director S.E. Europe and Middle East Divisions.  
Mechanical Engineer, graduate of Concordia University, Canada.

SPYRIDON THEODOROPOULOS

**Director**

Independent, non-executive member of the Board since 19.6.2001.  
Chairman of the Board of Directors of CHIPITA INTERNATIONAL S.A.  
Deputy Chairman of the Board of the Federation of Greek Industries.

## **AUDIT COMMITTEE**

DIMITRIOS KRONTIRAS  
Independent, non-executive member  
of the Board

KONSTANTINOS KERAMEUS  
Independent, non-executive member  
of the Board

GEORGIOS PROVOPOULOS  
Independent, non-executive member  
of the Board.

## **REMUNERATION AND SUCCESSION PLANNING COMMITTEE**

SPYRIDON THEODOROPOULOS  
Independent, non-executive member  
of the Board.

GEORGIOS DAVID  
Independent, non-executive member  
of the Board.

THEODOROS PAPAEXOPOULOS  
Non-executive member of the Board.

## **EXECUTIVE COMMITTEE**

DIMITRIOS PAPAEXOPOULOS  
Managing Director

ELIAS PANIARAS  
Executive Director - General Manager

NELLOS CANELLOPOULOS  
Group External Relations Director

DINO BENROUBI  
Director of Cement Sector - Greece

ALEXANDRA PAPAEXOPOULOU -  
BENOPOULOU  
Group Strategic Planning Director

ARIS PAPADOPOULOS  
Director - US Division

HOWARD PRINCE - WRIGHT  
Group Finance Director

MICHAEL SIGALAS  
Director - S.E. Europe and Middle East  
Divisions

**Legal Counsel - Secretary**  
to the Board of Directors  
KONSTANTINOS KARYOTIS

**Group General Counsel**  
IOANNIS GEORGAKAKIS



TAE KWON DO Olympic premises, Athens - Greece

## **BOARD OF DIRECTORS**

Since the 1912 initial listing on the Athens Stock Exchange both non-executive and independent members have participated in the Board of Directors. The acting Board consists of fourteen Directors, out of which eight are non-executive. Five of the non-executive members are fully independent, in the sense that they are not shareholders or that their shares do not exceed 0.5% of the Company's share capital. Furthermore, they have no relationship or dependence on the Company or with persons associated with it. The independent members are elected by the General Meeting of the Shareholders on the basis of their professional status and their scientific knowledge in areas that may be of value in formulating Company policy and expanding business activities. Members are selected when their business interests do not conflict with the Company's.

The powers of Chairman and Managing Director are not vested in the same person, while there is also an Executive Director - General Manager charged with specific administrative responsibilities. The position of Deputy Chairman of the Board is held by an independent member.

The Board of Directors has its own Secretariat, headed by an executive who reports only to the Board and is not subordinate to any other Company department.

In the financial year 1.1 - 31.12.2003, total gross remuneration paid to Board members for carrying out their duties amounted to € 193,846.80.

Salaries and gross payments of all kinds to the eight members of the Board who provide their services as dependent Company employees amounted to a total of € 1,688,750.70 for the same financial year. In 2003, the aforementioned Board members received the sum of € 143,206.31 as their share of the 2002 profit distribution.

## **BOARD COMMITTEES**

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

### **Executive Committee**

The Executive Committee has operated for many decades. The activities of the Committee are depicted in the Company's Articles of Association. It comprises, at present, five Board members and three senior Company executives charged with supervising and coordinating the various Company departments. The meetings of the committee are attended by the Head of the Legal Department.

### **Audit Committee**

The Audit Committee consists of three independent non-executive Directors. It has a wide range of auditing powers, including the audit of financial results before their submission for approval to the Board, the recommendation of external auditors that are then proposed by the Board to the General Meeting of Shareholders, and the exercise of control over the Group Internal Audit Department that reports directly to it. During the 2003 financial year, total gross remuneration paid to the Audit Committee members amounted to € 27,692.31.

### **Remuneration and Succession Planning Committee**

The Committee is made up of three non-executive Board members, two of whom are independent, and is primarily charged with studying and submitting proposals on the salaries and the fees of Board members who provide their services as dependent employees as well as of senior Company executives. The Committee is also entrusted with ensuring appropriate succession to the Company's management. During the 2003 financial year, total gross remuneration paid to the Remuneration and Succession Planning Committee members amounted to € 27,692.31.

## **INTERNAL AUDIT**

Commissioning Internal Audit to an independent agency has been a standard Company practice for many years. Today, a Group Internal Audit Department is in operation and reports directly to the Board's Audit Committee.

The Group Internal Audit Department consists of:

- a. The Department of Internal Audit of Greek Operations, the duties of which include management auditing and ensuring that standard operating procedures are upheld both by the Company and its subsidiaries operating in Greece. It is also charged with ensuring that all Company responsibilities under the law are met, including Stock Exchange regulations.
- b. The Department of Internal Audit of International Operations, the duties of which include the coordination of audit procedures for international activities carried out by Titan's associated companies or by its partners.

Today, the internal audit is exercised by 13 staff members who are suitably qualified and have relevant knowledge and experience in the various parts they audit.

## **SHAREHOLDER AND INFORMATION SERVICES**

Keeping our shareholders supplied with up-to-date and accurate information, and providing them with services of the highest level, are main Company priorities. In pursuit of these objectives the Company has established the following departments, staffed with appropriately qualified personnel:

### **Investor Relations Department**

Responsibility for this Department has been entrusted to a senior executive reporting to the Group Finance Director. His duties involve communicating with domestic and foreign institutional investors and analysts as well as supervising the work of the two departments described below which have been set up and have been operating in accordance with Decision 5/204/2000 of the Capital Market Committee.

Investor Relations Director is Mr. Takis Canelopoulos, 22A Halkidos Str., 11143 Athens, Greece, tel.: +30 210 2591516, fax: +30 210 2591106, e-mail: ir@titan.gr

### **Shareholder Service Department**

This Department focuses on providing shareholders with immediate and equal access to information as well as on assisting them with exercising their rights.

More specifically, the Department is responsible for: 1) payment of dividends, 2) issuing new share certificates and determining the time and manner in which related rights are exercised, 3) provision of information on General Meetings and their decisions, 4) keeping and updating the Company's register of shares and communicating with the regulatory authorities.

Responsible for the Shareholder Service Department is Ms. Nitsa Kalesi, 22A Halkidos Str., 11143 Athens, Greece, tel.: +30 210 2591257, fax: +30 210 2591238, e-mail: kalesin@titan.gr

### **Company Announcements Department**

This Department is responsible for preparing press releases and Company information bulletins, for maintaining the Company's website and for briefing the press and the media on Company news.

Responsible for the Company Announcements Department is Mr. Spyros Xenos, 22A Halkidos Str., 11143 Athens, Greece, tel.: +30 210 2591140, fax: +30 210 2591285, e-mail: smx@titan.gr

## COMPANY STOCK OPTIONS FOR SENIOR EXECUTIVES

A program of stock options has been introduced in order to encourage senior executives to identify with shareholder interest and to focus on the Company's long-term growth.

The General Shareholders Meeting of July 5th, 2000, approved the distribution of up to 400,000 ordinary bearer shares with voting rights as stock options during 2001, 2002, and 2003 at a price of € 29.35 per share.

This program has also been extended to include senior executives of associated companies by the June 19th, 2002 decision of the General Shareholders Meeting and in accordance with the provisions of Law 2919/2001.

The annually granted options have a vesting period of 3 years. These can be exercised either in equal installments over the vesting period, or fully at the close.

The distribution of options to beneficiaries is decided by the Board of Directors on the basis of their ranking, their responsibilities and duties, their performance, and their advancement prospects.

During 2001, 2002, and 2003 options were granted to 55 executives for 369,900 shares, up to 2003 mature rights were exercised for 119,200 shares. The remainder of non-exercised rights is for 250,700 shares.

The members of the Board, Mr. Nikolaos Analytis, Mr. Elias Paniaras, and Mr. Michael Sigalas were included in the stock options scheme for a total of 49,500 shares out of which 25,400 shares were exercised.

## FINANCIAL CALENDAR 2004

February 26, 2004	Full Year results 2003
May 20, 2004	3 Months results (3M)
May 24, 2004	Annual Shareholders Meeting
May 25, 2004	Ex-divident date
August 30, 2004	Half Year results (6M)
November 29, 2004	9 Months results (9M)
February 24, 2005	Full Year results 2004



## Financial Results

**TITAN CEMENT GROUP**  
**TITAN CEMENT CO S.A. No 6013/06/B/86/90 IN THE REGISTER OF SOCIETES ANONYMES**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2003**

(Euro)

**ASSETS**

	Amounts of current fiscal year 2003			Amounts of previous fiscal year 2002		
	At Cost	Depreciation	Balance	At Cost	Depreciation	Balance
<b>B. FORMATION EXPENSES</b>						
1. Formation and first installation expenses	412.733	350.512	62.221	276.512	183.094	93.418
4. Other formation expenses	1.868.605	1.824.776	43.829	1.367.149	1.270.448	96.701
	<u>2.281.338</u>	<u>2.175.288</u>	<u>106.050</u>	<u>1.643.661</u>	<u>1.453.542</u>	<u>190.119</u>
<b>C. FIXED ASSETS</b>						
<b>I. Intangible assets</b>						
1. Research and development costs	46.933	46.933	0	78.160	78.160	0
2. Licenses and Industrial property rights	3.794.496	967.672	2.826.824	4.504.409	1.436.843	3.067.566
3. Goodwill	18.078.006	2.865.274	15.212.732	20.561.767	1.916.824	18.644.943
5. Other	10.465.959	2.132.558	8.333.401	12.439.748	1.051.571	11.388.177
	<u>32.385.394</u>	<u>6.012.437</u>	<u>26.372.957</u>	<u>37.584.084</u>	<u>4.483.398</u>	<u>33.100.686</u>
<b>II. Tangible assets</b>						
1. Land	126.767.513		126.767.513	136.118.068		136.118.068
2. Mines - Quarries	110.739.170	16.793.691	93.945.479	131.586.440	15.406.268	116.180.172
3. Buildings and installations	229.858.855	121.588.362	108.270.493	208.568.459	117.697.315	90.871.144
4. Plant and machinery	483.319.581	298.750.752	184.568.829	445.290.273	277.728.379	167.561.894
5. Transportation equipment	93.597.154	49.850.233	43.746.921	96.822.158	44.640.920	52.181.238
6. Furniture and fixtures	22.960.605	17.563.900	5.396.705	21.665.036	16.081.321	5.583.715
7. Construction in progress	195.145.466		195.145.466	121.999.984		121.999.984
	<u>1.262.388.344</u>	<u>504.546.938</u>	<u>757.841.406</u>	<u>1.162.050.418</u>	<u>471.554.203</u>	<u>690.496.215</u>
Total (CI + CII)	<u>1.294.773.738</u>	<u>510.559.375</u>	<u>784.214.363</u>	<u>1.199.634.502</u>	<u>476.037.601</u>	<u>723.596.901</u>
<b>III. Investments and Long term receivables</b>						
1. Equity participations in affiliated companies		24.686.637			78.599.595	
2. Equity participations		106.529			4.945.694	
		<u>24.793.166</u>			<u>83.545.289</u>	
Less: Provisions for impairment		-	24.793.166		6.500.000	77.045.289
7. Other long-term receivables			<u>56.812.996</u>			<u>47.073.394</u>
			<u>81.606.162</u>			<u>124.118.683</u>
Total Fixed Assets and Investments (CI + CII + CIII)			<u>865.820.525</u>			<u>847.715.584</u>
<b>D. CURRENT ASSETS</b>						
<b>I. Inventories</b>						
1. Finished products			6.932.585			5.076.560
2. Finished and semi-finished products			38.746.510			43.712.143
4. Raw materials, consumables, spare parts, other			64.807.001			65.550.359
5. Advances for the purchase of inventories			1.445.941			476.864
			<u>111.932.037</u>			<u>114.815.926</u>
<b>II. Accounts Receivable</b>						
1. Trade receivables			100.700.074			107.772.833
2. Notes receivable :						
- In hand		172.180			73.849	
- At banks for collection		217.211	389.391		177.088	250.937
3. Notes receivable overdue			38.983			21.958
3a. Cheques in hand			82.606.100			64.105.127
10. Doubtful accounts receivable			5.506.091			7.155.755
11. Sundry receivables			96.602.439			37.134.242
12. Sundry advances			614.453			536.874
			<u>286.457.531</u>			<u>216.977.726</u>
<b>III. Securities</b>						
1. Shares			2.636.568			2.158.105
3. Other securities held			4.347.246			6.970.631
			<u>6.983.814</u>			<u>9.128.736</u>
<b>IV. Cash</b>						
1. In hand			298.819			1.071.852
3. Demand and time deposit accounts			47.353.084			42.285.851
			<u>47.651.903</u>			<u>43.357.703</u>
Total Current Assets (DI + DII + DIII + DIV)			<u>453.025.285</u>			<u>384.280.091</u>
<b>E. TRANSITORY ACCOUNTS</b>						
1. Deferred charges			3.286.492			3.664.221
2. Accrued income			57.479			340.545
3. Other			430.829			242.774
			<u>3.774.800</u>			<u>4.247.540</u>
<b>TOTAL ASSETS (B + C + D + E)</b>			<u>1.322.726.660</u>			<u>1.236.433.334</u>
<b>MEMO ACCOUNTS</b>						
1. Third parties' assets			1			-
2. Guarantees and collateral securities			127.303.889			166.506.922
4. Other			19.093.627			17.912.801
			<u>146.397.517</u>			<u>184.419.723</u>

(Euro)

LIABILITIES	Amounts of current fiscal year 2003	Amounts of previous fiscal year 2002
<b>A. SHAREHOLDERS' EQUITY</b>		
<b>I. Share Capital</b>		
1. Paid up:		
38.181.932 common shares	91.636.637	91.516.037
3.784.480 preferred shares without voting rights	9.082.752	9.082.752
-----		
41.966.412 shares at € 2,40 each	<u>100.719.389</u>	<u>100.598.789</u>
<b>II. Share Premium Account</b>	<u>17.095.301</u>	<u>15.741.064</u>
<b>III. Revaluation reserve - Investment grants</b>		
1. Reserve from revaluation of affiliated companies	592.312	592.312
2. Reserve from revaluation of fixed assets	992.198	5.846.164
3. Investment grants for fixed assets	1.680.840	984.387
	<u>3.265.350</u>	<u>7.422.863</u>
<b>IV. Reserves</b>		
1. Legal reserve	39.827.174	33.614.333
3. Special reserve	10.803.913	11.948.976
4. Contingency reserve	171.150.708	131.285.512
5. Tax exempt reserves under special laws	163.806.210	140.190.672
	<u>385.588.005</u>	<u>317.039.493</u>
<b>V. Retained earnings</b>		
Retained earnings (Deficit)	<u>78.047.241</u>	<u>68.570.486</u>
<b>VI. Consolidation differences</b>		
Total Shareholders' Equity (AI+AII+AIII+AIV+AV+AVI)	<u>-138.333.822</u>	<u>-79.696.904</u>
Minority interests	<u>446.381.464</u>	<u>429.675.791</u>
	<u>52.445.971</u>	<u>47.431.921</u>
<b>B. PROVISIONS FOR ACCRUED LIABILITIES AND CHARGES</b>		
1. Provision for staff leaving indemnities	16.257.364	16.478.315
2. Other provisions	147.463.792	159.080.811
	<u>163.721.156</u>	<u>175.559.126</u>
<b>C. LIABILITIES</b>		
<b>I. Long term liabilities</b>		
1. Bonds	133.251.888	158.838.794
2. Bank loans	187.221.440	108.034.792
8. Other long term obligations	6.496.643	6.388.779
	<u>326.969.971</u>	<u>273.262.365</u>
<b>II. Short term liabilities</b>		
1. Suppliers	64.902.167	61.532.583
2. Notes payable	74.449	36.235
3. Short term bank liabilities	78.252.823	56.232.780
4. Trade creditors	2.670.208	2.347.526
5. Taxes payable	58.898.843	63.610.944
6. Social insurance contributions	4.254.980	4.088.638
7. Current portion of long term debt	40.468.022	38.142.462
10. Dividends payable :		
- Previous fiscal years	1.404.347	461.549
- Current fiscal year	<u>39.868.091</u>	<u>35.628.738</u>
11. Sundry creditors	<u>41.272.438</u>	<u>43.704.292</u>
	<u>329.148.391</u>	<u>305.785.747</u>
Total Liabilities (CI + CII)	<u>656.118.362</u>	<u>579.048.112</u>
<b>D. TRANSITORY ACCOUNTS</b>		
1. Deferred earnings (income)	-	117
2. Accrued liabilities	2.851.577	4.309.136
3. Other	1.208.130	409.131
	<u>4.059.707</u>	<u>4.718.384</u>
<b>TOTAL LIABILITIES (A + B + C + D)</b>	<u>1.322.726.660</u>	<u>1.236.433.334</u>
<b>MEMO ACCOUNTS</b>		
1. Beneficiary of third parties' assets	1	-
2. Beneficiary of guarantees and collateral security	127.303.889	166.506.922
4. Other	19.093.627	17.912.801
	<u>146.397.517</u>	<u>184.419.723</u>

# CONSOLIDATED STATEMENT OF INCOME

31 DECEMBER 2003 (1 JANUARY - 31 DECEMBER 2003)

	Amounts of current fiscal year 2003		Amounts of previous fiscal year 2002	
<b>I. Operating income</b>			(Euro)	
Turnover (net sales)		1.035.697.141		1.036.067.672
Cost of sales		<u>738.038.906</u>		<u>725.726.167</u>
Gross operating income		297.658.235		310.341.505
Other operating income		<u>10.421.962</u>		<u>8.931.360</u>
Total		<u>308.080.197</u>		<u>319.272.865</u>
General and Administrative costs	64.086.666		66.637.884	
Sales and Distribution costs	<u>21.721.448</u>	<u>85.808.114</u>	<u>23.112.213</u>	<u>89.750.097</u>
		<u>222.272.083</u>		<u>229.522.768</u>
Income from securities	142.697		227.114	
Income from equity participations and securities	-		571.184	
Interest and related income	<u>2.341.979</u>	<u>2.484.676</u>	<u>3.985.354</u>	<u>4.783.652</u>
		<u>224.756.759</u>		<u>234.306.420</u>
Provisions for impairment of investments & securities	-		6.500.000	
Losses deriving from investments in securities	13.556		1.067.392	
Interest expenses and bank charges	<u>19.387.196</u>	<u>19.400.752</u>	<u>25.248.414</u>	<u>32.815.806</u>
Total operating income		<u>205.356.007</u>		<u>201.490.614</u>
<b>II. Extraordinary income/expenses</b>				
Extraordinary and non-operating income	20.446.833		10.165.623	
Extraordinary gains	3.242.010		2.113.780	
Income of previous years	262.844		178.820	
Revenues from provisions of previous years	<u>1.075.173</u>	<u>25.026.860</u>	<u>1.427.950</u>	<u>13.886.173</u>
Extraordinary and non-operating costs	28.242.394		30.704.761	
Extraordinary losses	527.425		447.660	
Expenses of previous years	354.756		50.531	
Provision for doubtful receivables and other risks	<u>8.119.733</u>	<u>37.244.308</u>	<u>3.126.115</u>	<u>34.329.067</u>
Total Operating and extraordinary income		<u>193.138.559</u>		<u>181.047.720</u>
Depreciation of fixed assets	73.646.493		63.682.872	
Minus: Depreciation included in operating cost	<u>73.381.084</u>	<u>265.409</u>	<u>62.801.696</u>	<u>881.176</u>
<b>NET EARNINGS BEFORE TAXES</b>		<u><u>192.873.150</u></u>		<u><u>180.166.544</u></u>

## Company Notes :

1. The Group's subsidiaries included in the Consolidation are: TITAN CEMENT COMPANY S.A., Athens, ALBACEM S.A., Athens, ERGOBETON S.A. Thessaloniki, INTERBETON CONSTRUCTIONS MATERIALS S.A., Athens INTERTITAN S.A., Athens, IONIA INDUSTRIAL AND COMMERCIAL COMPANY OF PORCELAIN AND HOUSEHOLD/HOTEL EQUIPMENT S.A., Athens, INTERCEMENT S.A., Athens, QUARRIES GOURNON S.A., Heraklion Crete, QUARRIES OF TAGARADON COMMUNITY Thessaloniki, LAKMOS S.A. Athens, LEECEM S.A. Athens, TITAN CEMENT INTERNATIONAL TRADING CO. S.A. Athens, TITAN ATLANTIC CEMENT S.A. Athens, NAFTITAN S.A. Athens, AEOLIAN MARITIME COMPANY Athens, ACHAIKI MARITIME COMPANY, Athens, KIMOLOS MARITIME COMPANY Athens, POLIKOS MARITIME COMPANY, Athens, AEMES CEMENT LTD, Cyprus, BALKAN CEMENT ENTER. LTD, Cyprus, BALKCEM LTD, Cyprus, IAPETOS LTD, Cyprus, PLEVCEM LTD, Cyprus, TITHYS LTD, Cyprus, REA CEMENT LTD, Cyprus, FINTITAN SRL, Italy, TITAN CEMENT U.K. LTD, U.K., TITAN AMERICA LLC U.S.A., ROANOKE CEMENT CO. LLC U.S.A., CASTLE HAYNE DEVELOPMENT LLC, U.S.A, TITAN VIRGINIA READYMIX LLC, U.S.A., MARKFIELD AMERICA LLC, U.S.A, SEPARATION TECHNOLOGIES INC. U.S.A, ATLANTIC BUILDING PRODUCTS LLC, U.S.A., PENNSUCO CEMENT CO. LLC, U.S.A., TARMAC AMERICA LLC, U.S.A., STANDARD CONCRETE LLC, U.S.A., PLEVENSKI CEMENT AD, Bulgaria, USJE CEMENTARICA AD, FYROM, CEMENTARA KOSJERIC, Kosjeric Serbia, FOUR M TITAN SILO COMPANY LLC, Egypt\*, EL MISRIEEN TITAN TRADE AND DISTRIBUTION Egypt\*, BENI SUEF CEMENT COMPANY, Egypt\*, LAFARGE TITAN EGYPTIAN INVESTMENTS LTD, Channel Islands\*, EAST CEMENT, Cyprus\*, ALEXANDRIA DEVELOPMENT LTD, Channel Islands\*, ALEXANDRIA PORTLAND CEMENT CO. Alexandria Egypt\*, BLUE CIRCLE CEMENT EGYPT S.A.E., Egypt\*.

The companies which are marked with an asterisk (\*) have been accounted for by the equity method.

2. The last revaluation of land and buildings, was performed at 22.12.2000 according to law 2065/92.

3. The provision for staff-leaving indemnities has been computed in accordance with the provisions of article 31 para 1 of Law 2238/94 resulting in a charge of € 2,3 million to the current year's results. According to study performed by an actuarial company, of behalf of Titan, the obligations for staff-leaving indemnities, for all personnel currently employed, is € 16,4 million higher than provisions incurred on the Balance Sheet.

4. The account "Other Provisions" as of 31.12.2003 includes positive exchange rate differences of € 39.4 million resulting from the revaluation of the long term loan of the parent company, according to Presidential Decree 186/92 article 28 paragraph 7.

5. Capital expenditures for 2003 amounted to € 221,8 million. The corresponding amount for the 2002 was € 132,3 million. Investments in acquisitions and participations for 2003 was € 0 and € 100 million for the corresponding period of 2002.

6. There are no pledges on the Company's assets

7. There is no litigation which has important impact on the financial position of Titan Group.

8. Average number of employees of the companies which have been consolidated according to the full consolidation method :

4,827 persons, (2002,4,909) (excluding Egypt as consolidated on an equity basis)

9. A number of items in the Balance Sheet for 2002 have been restated for comparability purposes.

10. Sales are analysed by category of products and services (using Greek Statistical Service Codes) as follows:

Cement products € 563.051 thousands, Ready mix products € 310.802 thousands, Aggregate materials € 84.039 thousands,

Cement blocks € 47.999 thousands, Porcelain products € 10,332 thousands, Other products and services € 19.474 thousands.

## STATEMENT OF APPROPRIATION OF EARNINGS

	Amounts of current fiscal year 2003	Amounts of previous fiscal year 2002
		(Euro)
<b>Net earnings before taxes</b>	<b>192.873.150</b>	180.166.544
Deduct : Taxes paid relating to prior years	<u>3.612.133</u>	<u>203.344</u>
	<b>189.261.017</b>	179.963.200
Deduct : 1. Income tax	54.642.801	53.730.307
2. Other taxes	<u>461.532</u>	<u>1.304.076</u>
	<b>134.156.684</b>	124.928.817
Deduct : Profit attributable to Minority interest	<u>9.196.807</u>	<u>10.848.266</u>
<b>Net earnings after taxes</b>	<b>124.959.877</b>	<b>114.080.551</b>
Retained earnings of prior year	65.985.264	41.575.216
Distribution of Reserves	<u>5.841.321</u>	<u>11.650.391</u>
Earnings available for distribution	<u><b>196.786.462</b></u>	<u><b>167.306.158</b></u>
 <b>Proposed distribution:</b>		
Legal reserve	6.276.000	4.913.377
Total dividend at € 0,95 Per share	39.868.091	35.628.738
Special and extraordinary reserves	46.452.377	48.366.280
Tax exempt reserve L.2601/98	7.822.700	6.150.000
Tax exempt reserve L.3220/04	13.374.000	-
Reserve from non taxable income	2.446.053	967.223
Reserve from income taxed under special laws	-	360.054
Earnings distributed to company management	2.500.000	2.350.000
Retained earnings	<u>78.047.241</u>	<u>68.570.486</u>
	<u><b>196.786.462</b></u>	<u><b>167.306.158</b></u>

Athens 24 February 2004

Chairman of the Board of Directors  
ANDREAS L. CANELLOPOULOS  
I.D. NO. A010727

Managing Director  
DIMITRIOS TH.PAPALEXOPOULOS  
I.D. NO. Ξ163588

Executive Director-  
General Manager  
ELIAS I. PANIARAS  
I.D. NO. Θ297060

Chief Financial Officer  
HOWARD PRINCE-WRIGHT  
PASS NR. 60090793

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

### REPORT OF THE AUDITOR

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

We have audited the consolidated balance sheet, the consolidated income statement and the accompanying notes to the financial statements of TITAN CEMENT COMPANY S.A. and its subsidiaries for the year ended 31 December 2003 in accordance with the provisions of article 108 of the Companies Act 2190/1920. Our audit has been conducted in accordance with those auditing procedures which we considered necessary based on the auditing standards and principles adopted by the Institute of Certified Auditors Accountants in Greece. We have confirmed that the content of the consolidated Directors' Report to the Annual General Meeting of the Shareholders is in agreement with the related consolidated financial statements. In our opinion, except for the matter referred to in footnote 3 to the balance sheet, the above consolidated financial statements have been prepared in accordance with the provisions of the Companies Act 2190/1920 and present the assets, liabilities and financial position as at 31 December 2003, as well as the results of the operations of all consolidated group companies for the year then ended in accordance with prevailing legislation and the accounting principles adopted by the Group, which have been generally accepted and do not differ from those applied in the preceding year.

Athens, 26 February 2004

The Certified Auditor Accountant  
Constantinos Cotsilinis  
OEL Reg. No. 12711

**PRICEWATERHOUSECOOPERS** 

**TITAN CEMENT COMPANY S.A.**  
**NO 6013/06/B/86/90 IN THE REGISTER OF SOCIETES ANONYMES**  
**BALANCE SHEET AS AT 31 DECEMBER 2003**  
**93rd FISCAL YEAR (1 JANUARY - 31 DECEMBER 2003)**

(EURO)

**ASSETS**

	Amounts of current fiscal year 2003			Amounts of previous fiscal year 2002		
	At cost	Depreciation	Balance	At cost	Depreciation	Balance
<b>B. FORMATION EXPENSES</b>						
4. Other formation expenses	1.074.376	1.074.376	0	902.362	902.362	0
	<u>1.074.376</u>	<u>1.074.376</u>	<u>0</u>	<u>902.362</u>	<u>902.362</u>	<u>0</u>
<b>C. FIXED ASSETS</b>						
<b>I. Intangible Assets</b>						
1. Research and development costs	21.553	21.553	0	52.780	52.780	0
2. Licences and industrial property rights	-	-	-	13.161	13.161	0
5. Other	10.983	2.319	8.664	10.983	2.054	8.929
	<u>32.536</u>	<u>23.872</u>	<u>8.664</u>	<u>76.924</u>	<u>67.995</u>	<u>8.929</u>
<b>II. Tangible Assets</b>						
1. Land	51.070.161		51.070.161	51.317.843		51.317.843
2. Mines - Quarries	7.838.402	7.713.002	125.400	7.874.027	7.802.335	71.692
3. Buildings and installations	102.233.073	59.701.011	42.532.062	68.681.923	56.682.997	11.998.926
4. Plant and machinery	219.780.421	158.086.892	61.693.529	156.420.997	139.473.530	16.947.467
5. Transportation equipment	6.733.536	5.561.485	1.172.051	6.587.997	5.291.829	1.296.168
6. Furniture and fixtures	16.251.409	12.624.464	3.626.945	14.645.854	11.009.807	3.636.047
7. Construction in progress	13.990.006		13.990.006	69.436.193		69.436.193
	<u>417.897.008</u>	<u>243.686.854</u>	<u>174.210.154</u>	<u>374.964.834</u>	<u>220.260.498</u>	<u>154.704.336</u>
Total (CI+CII)	<u>417.929.544</u>	<u>243.710.726</u>	<u>174.218.818</u>	<u>375.041.758</u>	<u>220.328.493</u>	<u>154.713.265</u>
<b>III. Investments and Long-term receivables</b>						
1. Equity participations in subsidiaries and affiliates		455.980.848			417.697.649	
2. Equity participations		106.530			106.530	
		<u>456.087.378</u>			<u>417.804.179</u>	
Less: Participation installments due		32.744.128			-	
Provisions for impairment		-	423.343.250		1.500.000	416.304.179
7. Other long term receivables			2.610.713			2.590.118
			<u>425.953.963</u>			<u>418.894.297</u>
Total Fixed Assets and Investments (CI+CII+CIII)			<u>600.172.781</u>			<u>573.607.562</u>
<b>D. CURRENT ASSETS</b>						
<b>I. Inventories</b>						
1. Finished products			855.153			898.991
2. Finished and semi-finished products			12.541.375			12.574.488
4. Raw materials, consumables, spare parts, other			40.454.244			38.001.681
5. Advances for the purchase of inventories			1.363.901			428.008
			<u>55.214.673</u>			<u>51.903.168</u>
<b>II. Accounts Receivable</b>						
1. Trade receivables			36.396.252			44.939.311
2. Notes receivable :						
- In hand		12.617			31.301	
- At banks for collection		126.900	139.517		76.141	107.442
3. Notes receivable overdue			36.781			21.958
3a. Cheques in hand			54.089.907			39.713.134
5. Short term receivables from affiliated companies			98.597.643			39.871.721
10. Doubtful accounts receivable			2.848.017			2.935.204
11. Sundry receivables			27.980.012			25.380.187
12. Sundry advances			454.604			436.950
			<u>220.542.733</u>			<u>153.405.907</u>
<b>III. Securities</b>						
1. Securities			1.037.425			937.881
3. Other securities held			68.000			68.000
			<u>1.105.425</u>			<u>1.005.881</u>
<b>IV. Cash</b>						
1. In hand			142.215			84.128
3. Demand and time deposit accounts			28.063			22.358
			<u>170.278</u>			<u>106.486</u>
Total Current Assets (DI+DII+DIII+DIV)			<u>277.033.109</u>			<u>206.421.442</u>
<b>E. TRANSITORY ACCOUNTS</b>						
1. Deferred charges			117.935			281.230
3. Other			566			-
			<u>118.501</u>			<u>281.230</u>
<b>TOTAL ASSETS (B+C+D+E)</b>			<u>877.324.391</u>			<u>780.310.234</u>
<b>MEMO ACCOUNTS</b>						
2. Guarantees and collateral securities			351.801.461			364.327.083
4. Other			7.469.667			7.237.858
			<u>359.271.128</u>			<u>371.564.941</u>

LIABILITIES	(EURO)	
	Amounts of current fiscal year 2003	Amounts of previous fiscal year 2002
<b>A. SHAREHOLDERS' EQUITY</b>		
<b>I. Share Capital</b>		
1. Paid up :		
38.181.932 common shares	91.636.637	91.516.037
3.784.480 preferred shares without voting rights	9.082.752	9.082.752
-----		
41.966.412 shares at € 2,40 each	<u>100.719.389</u>	<u>100.598.789</u>
<b>II. Share Premium Account</b>	<u>17.095.301</u>	<u>15.741.063</u>
<b>III. Revaluation reserve-Investment grants</b>		
1. Reserve from revaluation of affiliated companies	3.011.327	3.011.327
2. Reserve from revaluation of fixed assets	327.234	327.234
3. Investment grants for fixed assets	1.707.069	838.373
	<u>5.045.630</u>	<u>4.176.934</u>
<b>IV. Reserves</b>		
1. Legal reserve	35.282.316	29.790.319
3. Special reserve	1.769.301	1.769.301
4. Contingency reserve	174.424.610	133.889.067
5. Tax exempt reserves under special laws	155.957.184	133.322.602
	<u>367.433.411</u>	<u>298.771.289</u>
Total Shareholders' Equity (AI+All+AIII+AIV)	<u>490.293.731</u>	<u>419.288.075</u>
<b>B. PROVISIONS FOR ACCRUED LIABILITIES AND CHARGES</b>		
1. Provision for staff leaving indemnities	14.787.808	15.171.793
2. Other provisions	56.473.937	46.710.200
	<u>71.261.745</u>	<u>61.881.993</u>
<b>C. LIABILITIES</b>		
<b>I. Long term liabilities</b>		
2. Bank loans	<u>78.296.824</u>	<u>95.356.155</u>
<b>II. Short term liabilities</b>		
1. Suppliers	24.926.751	30.182.067
3. Short term bank liabilities	66.401.007	36.546.592
4. Trade creditors	796.421	517.168
5. Taxes payable	45.789.371	45.093.742
6. Social insurance contributions	2.498.209	2.398.136
7. Current portion of long term debt	40.468.021	38.142.462
8. Amounts due to affiliated companies	4.023.976	4.381.522
10. Dividends payable :		
- Previous fiscal years	1.404.347	461.549
- Current fiscal year	<u>39.868.091</u>	<u>35.628.738</u>
11. Sundry creditors	<u>9.620.626</u>	<u>9.960.271</u>
	<u>235.796.820</u>	<u>203.312.247</u>
Total Liabilities (CI + CII)	<u>314.093.644</u>	<u>298.668.402</u>
<b>D. TRANSITORY ACCOUNTS</b>		
1. Deferred incomes	-	117
2. Accrued liabilities	496.615	420.602
3. Other	1.178.656	51.045
	<u>1.675.271</u>	<u>471.764</u>
<b>TOTAL LIABILITIES (A + B + C + D)</b>	<u>877.324.391</u>	<u>780.310.234</u>
<b>MEMO ACCOUNTS</b>		
2. Beneficiary of guarantees and collateral security	351.801.461	364.327.083
4. Other	7.469.667	7.237.858
	<u>359.271.128</u>	<u>371.564.941</u>

# STATEMENT OF INCOME

(Year ended 31 December 2003)

	Amounts of current fiscal year 2003		Amounts of previous fiscal year 2002	
			(Euro)	
<b>I. Operating income</b>				
Turnover (net sales)		429.685.372		410.584.711
Cost of sales		275.325.538		252.968.871
Gross operating income		154.359.834		157.615.840
Other operating income		4.801.296		4.735.061
Total		159.161.130		162.350.901
General and Administrative costs	26.068.535		26.829.096	
Sales and Distribution costs	3.604.115	29.672.650	3.805.605	30.634.701
		129.488.480		131.716.200
Income from equity participations	15.258.569		14.353.739	
Income from securities	4.770		71.254	
Income from equity participations & securities	-		571.114	
Interest and related income	58.460	15.321.799	58.443	15.054.550
		144.810.279		146.770.750
Provisions for impairment of equity particip.& securities	-		1.500.000	
Interest expenses and bank charges	4.730.876	4.730.876	6.842.619	8.342.619
Total operating income		140.079.403		138.428.131
<b>II. Extraordinary income/expenses</b>				
Extraordinary and non-operating income	11.298.844		5.483.968	
Extraordinary gains	5.844.989		2.087.888	
Income of previous years	216.488		18.993	
Income from provisions of previous years	2.250.000	19.610.321	-	7.590.849
Extraordinary and non-operating costs	3.398.374		14.585.365	
Extraordinary losses	408.226		392.184	
Expenses of previous years	218.513		8.209	
Provision for doubtful receivables and other risks	-	4.025.113	2.047.912	17.033.670
Total Operating and extraordinary income		155.664.611		128.985.310
Depreciation of fixed assets	27.014.300		14.516.947	
Minus : Depreciation included in operating cost	26.830.823	183.477	14.264.582	252.365
<b>NET EARNINGS BEFORE TAXES</b>		<b>155.481.134</b>		<b>128.732.945</b>

## Company Notes :

1. According to the B.O.D. resolution of Dec. 18th, 2003 and the implementation of the resolution of the shareholders meeting of July 5th, 2000, amended with the decision of shareholders meeting of June 19th, 2002, the share capital was increased by € 120,600 with cash payment and issuance of 50,250 new registered voting shares, nominal value of € 2.40 each, and share price € 29.35, relating to the right of higher executives to purchase stock in the company. The Share Premium Account includes the difference € 26.95. (Release of the Greek Ministry of Development K2-292/7.1.2004)
2. The provision for staff-leaving indemnities has been computed in accordance with the provisions of article 31 para 1 of law 2238/1994 resulting in a charge of € 1.4 million to the current year's results. According to a study performed by an actuarial company, on behalf of Titan, the obligations for staff-leaving indemnities, for all personnel currently employed, is € 12.3 million higher than provisions incurred on the Balance Sheet.
3. The account "Other Provisions" as of 31.12.2003 includes positive exchange rate differences of € 39.4 million resulting from the revaluation of the long term loan, according to Presidential Decree 186/92 article 28 paragraph 7.
4. The equity participations in subsidiaries and affiliated companies are stated at cost as provided for in article 28 para 5 of Presidential Decree 186/1992 (Tax Book Code) and the Law 3229/2004. Had the valuations been made according to the article 43 of law 2190/1920, investments would have been reduced by approximately € 96 million.
5. The last revaluation of land and buildings was performed at 22.12.2000 according to law 2065/92.
6. Depreciation of fixed assets has been calculated according to the depreciation rates provided by Presidential Decree 299/2003 under straight-line and reducing balance methods which have not changed comparing with the previous period. Additional depreciation has been calculated according to Law 1262/1982 and Law 1892/1990.
7. Capital expenditure for 2003 was € 47.1 million. The corresponding amount for the 2002 was € 50.2 million.
8. There are no pledges on company's assets.
9. There is no litigation which might have an important impact on the financial status of the Company.
10. The Company has been audited by the tax authorities until the year 2001.
11. Average number of employees: 1,189 persons (2002 1,217).
12. Sales are analysed by category of products and services (using Greek Statistical Service Codes) as follows:  
Cement products € 383,300 thousands, Aggregate materials € 26,444 thousands, Porcelain products € 9,905 thousands.  
Dry Mortars products € 5,653 thousands. Other products and services € 4,383 thousands. (Total € 429,685 thousand).



## STATEMENT OF APPROPRIATION OF EARNINGS

	Amounts of current fiscal year 2003	Amounts of previous fiscal year 2002 (Euro)
<b>Net earnings before taxes</b>	<b>155.481.134</b>	128.732.945
Deduct: Taxes paid relating to prior years	<u>2.196.503</u>	<u>128.732.945</u>
	<b>153.284.631</b>	
Deduct: 1. Income tax	<b>41.843.590</b>	38.588.842
2. Other taxes	<u>410.828</u>	<u>422.109</u>
<b>Net earnings after taxes</b>	<b>111.030.213</b>	89.721.994
Add: Distribution of Reserves	<u>5.841.320</u>	<u>8.430.000</u>
Earnings available for distribution	<u><b>116.871.533</b></u>	<u>98.151.994</u>
<b>Proposed distribution:</b>		
Legal reserve	<b>5.491.997</b>	4.442.399
Total dividend at € 0,95 per share	<b>39.868.091</b>	35.628.738
Special and extraordinary reserves	<b>46.428.183</b>	48.346.794
Tax exempt reserves :		
Law 2601/1998	<b>6.837.700</b>	6.150.000
Law 3220/2004	<b>13.374.000</b>	-
Reserve from non taxable income	<b>2.371.562</b>	874.009
Reserve from income taxed under special laws	-	360.054
Earnings distributed to company management	<u>2.500.000</u>	<u>2.350.000</u>
	<u><b>116.871.533</b></u>	<u>98.151.994</u>

Athens 20 February 2004

Chairman of the Board of Directors  
ANDREAS L. CANELLOPOULOS  
I.D. NO. A010727

Managing Director  
DIMITRIOS TH. PAPALEXOPOULOS  
I.D. NO. E163588

Executive Director  
General Manager  
ELIAS I. PANIARAS  
I.D. NO. O297060

Chief Financial Officer  
HOWARD PRINCE-WRIGHT  
PASS NR. 60090793

Chief Accountant  
EMM.CH. MAVRODIMITRAKIS  
I.D. NO. N237613

### REPORT OF THE AUDITORS

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

We have audited the Financial Statements and the related Notes thereon of TITAN CEMENT COMPANY S.A., for the year ended 31 December, 2003. Our audit, which has taken into account the activities of the Company's branches has been conducted in accordance with the provisions of article 37 of the Companies Act 2190/1920 and those auditing procedures which we considered necessary based on the auditing standards and principles adopted by the Institute of Certified Auditors Accountants in Greece. The books and records maintained by the Company have been made available to us and we have obtained the relevant information and explanations, which were deemed necessary for the purposes of our audit. The Company has properly applied the General Chart of Accounts "Re: Greek Accounting Standards". There have been no changes in the valuation methods used by the Company compared to those used in the preceding year and the cost of production, which has been derived from the accounting records, has been determined in accordance with generally accepted costing principles. We have confirmed that the content of the Directors' Report to the Annual General Meeting of the Shareholders is in agreement with the related Financial Statements. The Notes to the Financial Statements disclose the information stipulated in paragraph 1 of article 43a of the Companies Act 2190/1920. In our opinion, except for those matters referred to in footnotes 2 and 4 to the balance sheet, the above Financial Statements have been derived from the books and records of the Company and present, together with the Notes thereto, the assets, liabilities and financial position of the Company as at 31 December 2003 as well as the results of its operations for the year then ended, in accordance with the prevailing legislation and generally accepted accounting principles, which do not differ from those applied by the Company in the preceding year.

Athens, 26 February 2004  
The Certified Auditor Accountant

Constantinos Cotsilinis  
SOEL Reg. No. 12711  
PRICEWATERHOUSE COOPERS

## A. Accounting Principles of the Consolidated Financial Statements for the year 2003

The following accounting principles were applied to the 2003 Consolidated Balance Sheet and Consolidated Profit and Loss Account of TITAN Cement Group.

### A1. Principles and Method of Consolidation

1. The Consolidated Balance Sheet and the Consolidated Profit and Loss Account have been prepared using the full consolidation method, of Asset, Liability, and Year-End Results entries of the companies listed below. These companies belong to the TITAN Cement Group and have a subsidiary company relationship in accordance with the provisions of articles 90 to 99 of Law 2190/1920 of Societes Anonymes.

2. The Group Companies consolidated by the full consolidation method are as follows:

A. TITAN Cement S.A. Athens, ALBACEM S.A. Athens, ERGOBETON S.A. Thessaloniki, INTERBETON CONSTRUCTION MATERIALS S.A. Athens, INTERTITAN TRADING INTERNATIONAL S.A. Athens, IONIA S.A. PORCELAIN WARE AND HOUSEHOLD-HOTEL SUPPLIES Athens, INTERCEMENT S.A. Athens, QUARRIES GOURNON S.A. Heracleion, Crete, TAGARADES COMMUNITY QUARRIES S.A. Tagarades Community, Thessaloniki, LAKMOS S.A. Athens, LEECEM S.A. Athens, TITAN INTERNATIONAL TRADING S.A. Athens, TITAN CEMENT ATLANTIC S.A. Athens, NAFTITAN S.A. Athens, AEOLIAN MARITIME COMPANY Athens, ACHAIKI MARITIME COMPANY Athens, KIMOLOS MARITIME COMPANY Athens, POLIKOS MARITIME COMPANY Athens, AEMOS CEMENT LTD Nicosia, Cyprus, BALKAN CEMENT ENTERPRISES LTD Nicosia, Cyprus, BALKCEM LTD Nicosia, Cyprus, IAPETOS LTD Nicosia, Cyprus, PLEVCEM LTD Nicosia, Cyprus, TITHYS LTD Nicosia, Cyprus, REA CEMENT LTD, Nicosia, Cyprus, FINTITAN SRL Italy, TITAN CEMENT U.K. LTD U.K., TITAN AMERICA LLC U.S.A., ROANOKE CEMENT CO. LLC U.S.A., CASTLE HAYNE Accounting Principles of the Consolidated Financial Statements for the financial year ended 31.12.2003

DEVELOPMENT LLC U.S.A., TITAN VIRGINIA READYMIX LLC U.S.A., MARKFIELD AMERICA LLC U.S.A., SEPARATION TECHNOLOGIES INC. U.S.A., ATLANTIC BUILDING PRODUCTS LLC U.S.A., PENNSUCO CEMENT CO. LLC U.S.A., TARMAC AMERICA LLC U.S.A., STANDARD CONCRETE LLC U.S.A., PLEVENSKI CEMENT AD Bulgaria, USJE CEMENTARNICA AD FYROM, CEMENTARA KOSJERIC Kosjeric, Serbia.

3. The Group Companies accounted for by the equity method, in accordance with the provisions of article 106 of Law 2190/1920, are: LAFARGE TITAN EGYPTIAN INVESTMENTS LTD Channel Islands, BENI SUEF CEMENT COMPANY Egypt, EAST CEMENT TRADE LTD Nicosia, Cyprus, FOUR M TITAN SILO COMPANY LLC Egypt, EL MISRIEEN TITAN TRADE AND DISTR. Egypt, ALEXANDRIA DEVELOPMENT LTD Channel Islands, ALEXANDRIA PORTLAND CEMENT CO. Alexandria, Egypt, BLUE CIRCLE CEMENT EGYPT S.A.E. Egypt.

4. Receivables and payables in foreign currency were translated on the basis of the official rate of the foreign currency on 31/12/03.

### A2. CONSOLIDATED ASSETS AND LIABILITIES

1. Fixed assets are stated at acquisition cost as it arises from the individual balance sheets of Group Companies. The acquisition cost of the fixed assets is obtained from the historical cost, after adjustments for revaluation made in accordance with special provisions of relevant legislation. Depreciation on individual assets is deducted from the acquisition cost. The Group applies the depreciation methods followed in the countries where each company operates. In Greece, depreciation is calculated in accordance with the rates prescribed in the provisions of Presidential Decree 299/2003 for the straight line and the accelerated method. The depreciation rates for the most significant fixed asset categories are shown in the table below:

	STRAIGHT LINE METHOD	DECLINING BALANCE METHOD
	%	%
• Plant and Equipment	15	45
• Electronic Equipment	30	90
• Trucks	20	
• Industrial Buildings	15	
• Other Buildings	5	

The above rates usually depreciate fixed assets in a shorter period than their estimated useful life. Land is not subject to depreciation. The parent company applies accelerated depreciation rates on certain assets as provided by various development laws.

2. Under the "Equity participations in affiliated companies" account, the shares and corporate holdings in companies which do not meet the consolidation requirements of Law 2190/1920 have been stated at acquisition cost.

3. Inventories of finished products, semi-finished products, merchandise, raw and auxiliary materials, consumables, spare parts, and packaging material are stated at the value which they appear in the individual company balance sheets, i.e. the lower between the historic cost and the current value on the balance sheet closing day, net of any inter-company profit.

4. Receivables and payables are stated as they appear in the individual balance sheets, reduced by the sum of the Group's inter-company receivables and payables. In accordance with Law 2238/1994, the Group companies make provision for bad debts, charged against the annual results.

5. Payables maturing more than one year after the closing day of the Balance Sheet (31/12/03) have been stated as long-term liabilities. All other payables have been included in the short-term liabilities category. The same criteria have been applied for receivables.

6. In accordance with article 103 of Law 2190/1920, the difference occurring between (a) the cost of investment in a subsidiary and (b) its capital, accumulated reserves and retained earnings or losses on January 1st of the year when it is first included in the consolidated statements, appears as "Consolidation Differences" in the consolidated "Shareholders' Equity".

7. Third party equity interests (outside the Group) in the consolidated companies are stated under "Minority Interests" in the consolidated Total Shareholders' Equity.

### A3. FINANCIAL YEAR CONSOLIDATED RESULTS

1. Group inter-company sales are deducted from the Group's turnover. Inter-company profit included in the reserves and arising from transactions between the Group's consolidated companies has also been deducted from Turnover. Inter-company results (profits or losses) arising from the purchase or sale of fixed assets among the Group's consolidated companies are eliminated.

2. Inter-company dividends related to the previous year's distribution of profits from Equity participations have been eliminated.

3. Other amounts were arrived at by consolidating the corresponding accounts of the individual companies, having first eliminated amounts arising from inter-company transactions.

**NOTES TO THE TITAN GROUP FINANCIAL STATEMENTS**

**ASSETS**

**1. Fixed Assets**

1. At 31/12/03 the Group's total fixed assets at acquisition cost amounted to € 1,294,773,738. This sum includes the following investments made in 2003: a) € 46.0 of TITAN CEMENT CO. S.A. including € 30.1 m from the completion of new investments in the Thessaloniki plant, € 5.7 m from the completion of installation clinker cooler at the Kamari plant and various equipment purchases, b) € 6 m by INTERBETON CONSTRUCTION MATERIALS S.A. in equipment purchases for the concrete, quarries, and transportation sector, c) € 154.8 m in modernization and improvement projects as well as in cement and concrete distribution vehicles in Pennsuco plant, d) € 4 m in quarrying equipment and modernization at the USJE plant in Skopje, e) € 8.6 m in modernization and improvement projects at the KOSJERIC plant in Serbia and f) other investments by Group companies.

2. Investments and long term receivables

3. Equity participations in affiliated companies: LAFARGE TITAN EGYPTIAN INVESTMENTS, BENI SUEF, ALEXANDRIA DEVELOPMENT LTD, ALEXANDRIA PORTLAND CEMENT CO., BLUE CIRCLE CEMENT, EAST CEMENT, FOUR M TITAN & MISRIEEN, of € 24.7 m total value and equity participations of € 0.1 m in other companies.

4. Other long-term receivables of € 56,812,996 primarily consisting of advance payments on holdings in other companies, guarantees to the Public Power Company, leasing and other guarantees.

**3. Current Assets**

Marketable securities amounting to € 6,983,814 are presented as follows :

REPOS	€	3,710,659
SHARES: BLACK SEA FUND L.P.	"	975,768
FOREIGN COMPANIES	"	1,599,144
Other marketable securities	"	698,243
Total	"	<u>6,983,814</u>

**LIABILITIES**

**Shareholders' Equity**

1. The Group's total Shareholders' Equity amounted to € 446,381,464 at 31.12.03 compared to € 429,675,791 at 31.12.02.

2. The "Consolidation Differences" account, shown as a negative balance of € 138,333,822 in the Group's Shareholders' Equity includes the result of offsetting the cost of acquiring shares and corporate holdings of Group companies with the consolidated companies' Shareholders' Equity goodwill.

3. The "Minority Interests" amounting to € 52,445,971 appear below Shareholders' Equity and represent rights of third party shareholders to the consolidated Shareholders' Equity of following Group companies : TAGARADES COMMUNITY QUARRIES S.A., BALKCEM LTD, PLEVENSKI CEMENT AD, USJE CEMENTARNICA AD, BALKAN CEMENT ENTERPRISES LTD, CEMENTARA KOSJERIC AD.

**Provisions**

1. Provision for staff-leaving indemnities was € 16,257,364 at 31.12.03 against € 16,478,315 at 31.12.02 with the provisions of article 31 paragraph 1 of Law 2238/94. According to study by an actuarial company the liability for indemnities of the Group at 31.12.03 exceeds the provision by approximately € 17.3 m.

2. Other provisions amounting to € 147,463,792 at 31.12.03 (2002 € 159,080,811) include provisions for : a) deferred taxes in the U.S.A. of € 72,193,567, b) doubtful receivables of € 16,659,154 made in accordance with article 31 paragraph 1 of the Law 2238/94, c) devaluation of assets of € 2,748,231, d) exchange rate differences of € 42,442,260 and e) other expenses of € 13,420,579.

**Liabilities**

**1. Long-term liabilities**

Long-term liabilities were € 326,969,971 at 31.12.03 (2002 € 273,262,365), analyzed as follows : a) a long-term bank loan to the parent company (TITAN) of € 78,296,824, b) a bond issue and long-term loan to TITAN AMERICAN LLC in the U.S.A. of € 234,661,433 and c) other long-term liabilities of other Group companies.

**2. Short-term liabilities**

This category of accounts includes the Group's obligations towards Banks and third parties due for settlement with the financial year 2004 and amounting to a total of € 329,148,391 compared to € 305,785,747 at 31.12.02. The increase is attributed mainly to an increase of Short-term liabilities to Banks.

**3. Bank Loans**

in €

	<b>Short-term</b>	<b>Long-term</b>	<b>Total</b>
Loans in Euro	63,178,037	-	63,178,037
Loans in foreign currency	55,542,807	187,221,440	242,764,247
Total bank loans	<u>118,720,844</u>	<u>187,221,440</u>	<u>305,942,284</u>

**PROFIT AND LOSS STATEMENT**

**Analysis of extraordinary results**

**Income and profits accounts**

	2003
- Exchange rate differences	€ 18,391,179
- Expropriation of land in Thessaloniki	" 1,633,899
- Discount on lump-sum tax payment	" 1,191,476
- Investment subsidies	" 606,555
- Income from termination of affiliated company	" 259,290
- Sale of scrap	" 202,795
- Reimbursement of legal expenses from European Commission	" 180,000
- Various indemnities	" 29,410
- Other income	" 1,194,239
Total	<u>23,688,843</u>

**Expenditures and losses accounts**

Exchange rate differences	€ 25,028,194
Various indemnities	" 2,559,895
Sale of scrap	" 507,859
Other expenses	" 673,871
Total	<u>28,769,819</u>

# NOTES TO TITAN S.A. FINANCIAL STATEMENT

## 1. Fixed Assets

As at 31.12.03 the Company's total fixed assets at acquisition cost amounted to €417,897,008. This figure includes expenditure for the completion of new investment at the Thessaloniki plant € 30,1 m, the completion of installation clinker cooler at the Kamari plant € 5,7 m, and other equipment purchases.

## 2. Investments – equity participation

A, Companies in which the Group has a 100% holding :

€

1.	TITAN ATLANTIC CEMENT S.A.	244,474,297
2.	IAPETOS LTD	90,049,770
3.	IAPETOS LTD	73,699,539
4.	INTERBETON CONSTRUCTION MATERIALS S.A.	31,333,362
5.	INTERTITAN EMPORIKI DIETHNIS S.A.	4,138,068
6.	ERGOBETON S.A.	2,417,394
7.	QUARRIES GOURNON S.A.	2,144,734
8.	TITAN CEMENT UK LTD	1,637,670
9.	FINTITAN SRL	1,377,620
10.	KIMLOS MARITIME COMPANY	1,170,969
11.	AEOLIAN MARITIME COMPANY	1,087,467
12.	ACHAIKI MARITIME COMPANY	785,410
13.	IONIA S.A. PORCELAIN WARE AND HOUSEHOLD/HOTEL SUPPLIES	769,786
14.	ALBACEM S.A.	272,987
15.	POLIKOS MARITIME COMPANY	238,791
16.	TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	149,700
17.	INTERCEMENT S.A.	58,771
18.	LAKMOS S.A.	58,771
19.	NAFTITAN S.A.	58,741
	Total	<u>455,923,847</u>

### b) Company in which the Group has a holding greater than 50%

LEECEM S.A.. 57,000

### c) Other:

MIDDLE EAST S.A. 106,530  
Grand total 456,087,377

## 3. Other long-term receivables:

. Guarantees to the Public Power Company	2,257,448
. Leasing guarantees and others	353,265
Total	<u>2,610,713</u>

## Current Assets

### Marketable Securities

The Company's marketable securities total value of € 1,105,425 consisting of the following:

SHARES	:.BLACK SEA FUND L.P.	975,768
	. HELLENIC HOUSE OF INDUSTRY	50,397
	.KRINOS S.A.	8,471
	.EKEPY S.A	2,641
REPOS		68,000
Other		148
Total		<u>1,105,425</u>

## LIABILITIES

### Shareholders' Equity

Following the distribution of profits for the financial year 2003 and the distribution of reserves from previous years, as proposed by the Board of Directors to the General Meeting of Shareholders, the Company's Net Worth is as follows :

#### Share Capital :

38,181,932	Ordinary shares	€	91,636,637		
3,784,480	Preferred non-voting shares	"	9,082,752		
<u>41,966,412</u>	Shares of 2.40 € each	"	<u>100,719,389</u>	€	100,719,389
	Difference from issue of shares over par			"	17,095,301
	Differences from revaluation of holdings and securities			"	3,011,327
	Investment grants for fixed assets			"	1,707,069
	Differences from revaluation of other assets			"	327,234
	Statutory reserve			"	35,282,316
	Special and Contingency Reserves			"	151,631,828
	Reserve for investment under Development Law 2234/94 article 23A			"	5,393,808
	Reserve for investment under Development Law 2234/94 article 23B			"	1,236,097
	Reserve for investment under Development Law 1892/90 for developing regions			"	1,720,323
	Reserve of dividends received from subsidiaries taxable at source			"	15,688,360
	Taxable reserves under Law 2579/98 article 8			"	523,495
	Tax-exempt reserves under special laws :				
	. Reserve under Law 1116/1981	€	2,661,708		
	. Reserve under Law 1262/1982	"	5,670,955		
	. Reserve under Law 1892/1990 article 12	"	12,747,498		
	. Reserve under Law 1892/1990 article 20	"	90,117,914		
	. Reserve under Law 2601/1998 article 6	"	12,987,700		
	. Reserve under Law 3220/2004 article 2	"	13,374,000		
	. Reserve arising from tax-exempt income	"	10,645,365		
	. Reserve arising from specially taxed income	"	1,134,191		
	. Reserve arising from profits of subsidiary maritime companies	"	2,330,177		
	. Reserve arising from profits from the sale of holdings and securities	"	162,263		
	. Other untaxed reserves	"	<u>4,125,413</u>		<u>155,957,184</u>
					<u>490,293,731</u>

#### Provisions for accrued liabilities and changes

- In the year 2003 a provision of € 1,424,347 (2002 € 1,652,216) was made for indemnities for staff leaving the company, in accordance with the provision of article 31 paragraph 1 of Law 2238/94. Total provision now amounts to € 14,787,808 (2002 € 15,171,793). According to a study for all the staff carried out by an actuarial firm, the liability for indemnities at 31.12.03 exceeds the provision by approximately € 14.8 m (2002 € 14.8 m).
- Other provisions totaling € 56,473,937 have also been made. These include a provision of € 39,405,805 for positive exchange rate differences from the revaluation of long-term loans and a provision of € 12,816,429 for bad debts.

#### Bank loans

		Short-term	Long-term	Total
Loans in Euro	€	63,172,469	-	63,172,469
Loans in foreign currency	"	<u>43,696,560</u>	<u>78,296,824</u>	<u>121,993,384</u>
Total bank loans	"	<u>106,869,029</u>	<u>78,296,824</u>	<u>185,165,859</u>

## PROFIT AND LOSS STATEMENT

#### Analysis of extraordinary results :

#### Income and Profits Accounts

. Exchange rate differences	€	10,122,666
. Profit from sale of equipment	"	2,453,475
. Expropriation of land in Thessaloniki	"	1,633,899
. Discount on lump-sum tax payment	"	1,190,280
. Investment subsidies	"	434,311
. Profit from sale of real estate property	"	306,005
. Income from termination of affiliated company	"	259,290
. Sale of scrap	"	196,851
. Reimbursement of legal expenses from European Commission	"	180,000
. Settlement of accounts	"	169,530
. Various indemnities	"	62,945
. Other expenses	"	<u>134,581</u>
Total	"	<u>17,143,833</u>

#### Expenditures and Losses Accounts

. Exchange rate differences	€	3,330,423
. Various indemnities	"	395,652
. Settlement of accounts	"	21,311
. Other expenses	"	<u>59,214</u>
Total	"	<u>3,806,600</u>

# CONSOLIDATED CASH FLOW STATEMENT

from the accounting period from 1st January 2003 to 31st December 2003

(Euro)

		Figures for 2003	Figures for 2002
<b>Cash Flows from ordinary operating activities</b>			
<b>A</b>	<b>100</b> Cash inflows		
	101 Sales	1.035.697.141	1.036.067.672
	102 Other operating income	5.253.824	8.233.342
	103 Extraordinary and non-operating income	7.018.012	9.326.012
	104 Prior year income	262.844	1.073.596
	105 Interest (deposits, etc.)	2.341.978	3.985.354
	106 Income from securities	129.141	227.113
	107 Sale of securities	-	1.344.968
	<b>Less:</b>		
	109 Purchase of securities	478.463	-
	110 Increase in accounts receivable	69.229.111	22.504.182
	<b>Total Cash Inflows (A 100)</b>	<b>980.995.366</b>	<b>1.037.753.875</b>
<b>A</b>	<b>200</b> Cash outflows		
	201 Cost of goods sold (less depreciation and provisions)	634.055.732	638.018.121
	202 General & Administrative expenses	64.086.666	65.921.885
	204 Selling expenses	21.721.448	23.112.213
	206 Other expenses	2.068.433	26.975.360
	208 Increase in transitory asset accounts	-	388.906
	209 Decrease in transitory asset accounts	613.678	-
	210 Decrease in short-term liabilities (other than Banks)	22.047.715	18.567.059
	<b>Less:</b>		
	211 Decrease in inventory	2.883.889	11.284.100
	212 Decrease in transitory asset accounts	472.740	-
	213 Increase in transitory liability accounts	-	475.921
	<b>Total Cash Outflows (A 200)</b>	<b>741.237.043</b>	<b>761.223.523</b>
<b>A</b>	<b>300</b> Taxation outflows		
	301 Income tax	54.642.801	53.730.307
	302 Taxes not included in operating cost	461.532	1.304.076
	303 Tax audit adjustments	3.612.133	203.344
	304 Decrease in current tax liabilities	3.520.624	-
	<b>Less:</b>		
	305 Increase in current tax liabilities	-	16.142.925
	<b>Total Cash Outflows (A 300)</b>	<b>62.237.090</b>	<b>39.094.802</b>
	<b>Cash Flows from ordinary operating activities (A 100-A 200-A 300)=A</b>	<b>177.521.233</b>	<b>237.435.550</b>
<b>Cash Flows from investment activities</b>			
<b>B</b>	<b>100</b> Cash inflows		
	102 Sale of tangible assets	1.789.462	5.058.329
	103 Sale of equity participations and securities	-	494.303
	104 Decrease in long-term receivables	-	6.925.600
	<b>Total Cash Inflows (A100)</b>	<b>1.789.462</b>	<b>12.478.232</b>
<b>B</b>	<b>200</b> Cash outflows		
	201 Purchase of intangible assets	-	69.520
	202 Purchase of tangible assets	220.493.047	131.905.895
	203 Purchase of equity participations and securities	-	100.300.639
	204 Increase in long-term receivables	6.799.602	-
	205 Increase in formation expenses	1.607.338	1.333.142
	<b>Total Cash Outflows (B 200)</b>	<b>228.899.987</b>	<b>233.609.196</b>
	<b>Cash Flows from investment activities (B 100-B 200)=B</b>	<b>-227.110.525</b>	<b>-221.130.964</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the accounting period from 1st January 2002 to 31st December 2003  
(Euro)

	Cash Flows from financing activities	Figures for 2003	Figures for 2002
<b>C 100</b>	<b>Cash inflows</b>		
101	Proceeds from issue of share capital including premium	1.474.838	1.325.153
102	Government grants received	1.303.008	14.761
103	Increase in long-term liabilities	76.487.741	-
104	Increase in short-term liabilities (Bank accounts)	22.048.519	47.817.037
	<b>Total Cash Inflows (C 100)</b>	<b>101.314.106</b>	<b>49.156.951</b>
<b>C 200</b>	<b>Cash outflows</b>		
203	Decrease in long-term liabilities	-	56.902.607
205	Interest paid	13.018.059	25.248.414
206	Dividends paid	34.685.940	33.540.890
207	Distribution of profits to employees	2.350.000	2.199.653
	<b>Total Cash Outflows (C 200)</b>	<b>50.053.999</b>	<b>117.891.564</b>
	<b>Cash Flows from financing activities (C100-C200)=C</b>	<b>51.260.107</b>	<b>-68.734.613</b>
	<b>COMPANY CASH FLOWS (Sum of A+B+C)</b>	1.670.815	-52.430.027
	<b>Plus: Cash at the beginning of year</b>	50.328.334	102.758.361
	<b>CASH AT END OF YEAR</b>	<b>51.999.149</b>	<b>50.328.334</b>
	Cash at the beginning of the year can be broken down as follows: 1) Cash balances as per balance sheet	43.357.703	88.667.211
	2) Cash equivalents from other securities	6.970.631	14.091.150
		<b>50.328.334</b>	<b>102.758.361</b>
	Cash at the end of the year can be broken down as follows: 1) Cash balances as per balance sheet	47.651.903	43.357.703
	2) Cash equivalents from other securities	4.347.246	6.970.631
		<b>51.999.149</b>	<b>50.328.334</b>

## CERTIFICATE OF THE CERTIFIED AUDITOR - ACCOUNTANT

We audited the consolidated cash flows of TITAN CEMENT S.A. and its subsidiaries for the year 2003 which were prepared based on the audited consolidated financial statements for the year for which our audit certificate dated 26th February 2004 was issued.

In our opinion the aforementioned consolidated cash flows fairly depict the cash inflows and outflows from the activities of all companies included in the consolidation on 31.12.2003.

Athens 22nd April 2004  
THE CERTIFIED AUDITOR -  
ACCOUNTANT  
Konstantinos Kotsilinis  
ICAA (GR) Reg. No. 12711



