Annual Report and Annual Bulletin 2005

KEY FINANCIALS OF TITAN GROUP 2001-2005

(in thousand EUROS)

	2005	2004	2003	2002 [1]	2001 [1]
TOTAL ASSETS	1,803,864	1,533,767	1,499,184	1,236,433	1,217,260
INVESTED CAPITAL [2]	1,266,811	1,065,223	1,003,031	740,596	709,486
SHAREHOLDERS' EQUITY	872,390	650,519	530,282	429,676	422,107
TURNOVER	1,341,727	1,142,474	1,066,531	1,036,068	982,901
OPERATING EBITDA	391,021	328,348	301,704	292,324	245,707
EARNINGS BEFORE TAX AND MINORITY INTEREST	293,068	242,605	196,762	180,167	153,950
EARNINGS AFTER TAX AND MINORITY INTEREST	210,128	176,951	122,872	114,081	103,179
BASIC EARNINGS PER SHARE	2.50	2.11	1.49	1.36	1.23
NET DIVIDEND	50,598	43,747	39,868	35,629	33,497
DIVIDEND PER SHARE	0.60	0.52	0.47	0.43	0.40
NUMBER OF SHARES AS AT DECEMBER 31st	84,330,124	84,129,224	83,932,824	83,832,324	83,742,024

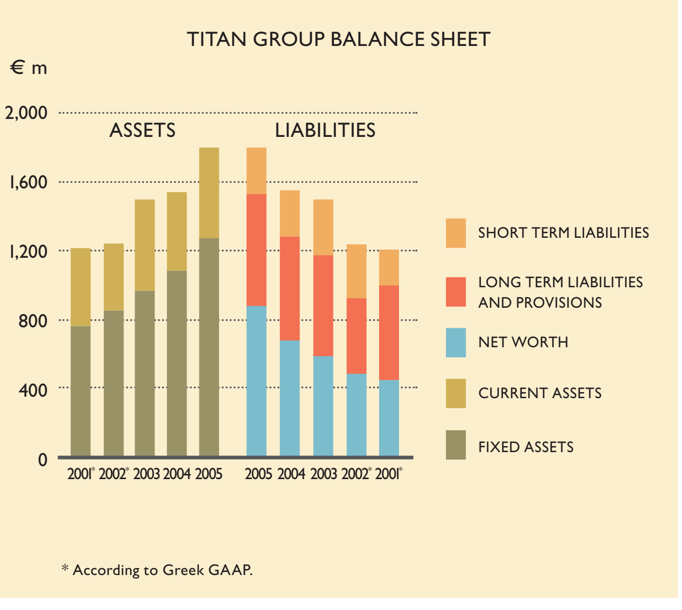
	2005	2004	2003	2002 [1]	2001 [1]
INTEREST COVERAGE RATIO	11.40	12.66	9.86	9.47	8.78
NET DEBT TO NET WORTH RATIO	0.44	0.61	0.81	0.65	0.63
NET DEBT TO OPERATING EBITDA RATIO [3]	1.01	1.26	1.57	1.42	1.44
RETURN ON INVESTED CAPITAL [3] [4]	18.3%	17.4%	13.1%	15.4%	14.2%

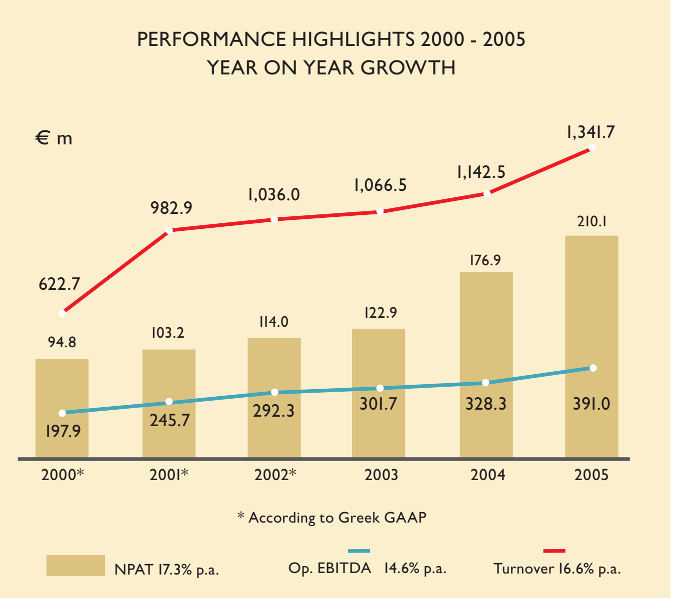
(1) : According to Greek GAAP

(2) : Shareholders´ Equity plus Net Debt including Egypt consolidated on an Equity basis for 2001 - 2002.

(3) : Includes Egypt consolidated on a proportional basis whereas reported on an Equity basis for 2001 - 2002.

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





TITAN Group Head Office, Athens, Greece

Contents

Overview

Titan continues to drive forward on the path to grow as a multi-regional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment.

Titan's values are embedded in our culture. Heading the list of values is integrity, committing to and delivering results, know-how, continuous improvement, value to our customers and corporate social responsibility.

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

The Group's priorities continue to be:

> Expand the core business of cement through organic growth and acquisitions.

> Vertically integrate in related building materials.

> Continuously improve cost and competitiveness.

> Develop our human resources and demonstrate Corporate Social Responsibility.

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

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

> Greece and the European Union

> United States of America and Canada

> South Eastern Europe

> Eastern Mediterranean

Titan is one of only three companies still listed on the Athens Stock Exchange since 1912.

Titan has always strived to address issues of corporate governance responsibly, both in substance and in form.
A separate section of this report addresses the Group's relevant practices.

A full CSR & Sustainability Report accompanies the 2005 Annual Report, providing information on our efforts, our successes and our shortcomings.

Highlights

> Consolidated Turnover	€ 1,342 million (+17%)
> Net Profit after Taxes and Minority Interests	€ 210 million (+19%)
> Net Investments in Fixed Assets	€ 146 million
> International Operations account for 57% of Operating EBITDA in 2005 versus 45% in 2004 and 36% in 2003	

> Cement Sales (1)	15.4 million tons (2)
> Aggregate Sales	20.5 million tons
> Ready-Mix Concrete	5.5 million Cubic meters

(1) Includes cement and cementitious materials
(2) Includes joint ventures


TITAN

Shareholders Report

Operations

In 2005 Titan took advantage of favorable conditions in the international building materials market to continue its successful expansion.

The global economy grew strongly, resulting in increased demand for cement and building materials in most countries of the world. Among the regions where the Group operates, demand was particularly strong in Florida USA, Bulgaria and Egypt. The second consecutive year of supply shortages, in combination with the steep escalation in energy costs, led to significant increases in selling prices in the international cement trade, as well as in many local markets.

In Greece, on the contrary, demand for building materials declined modestly, as had been anticipated after the completion of the Olympic Games. Selling prices did not move substantially, compared to the previous year.

The extensive investment programme carried out over the last years, oriented towards the threefold targets of international expansion, vertical integration and continuous productivity improvement, allowed Titan to benefit from the prevailing circumstances.

In Florida, the new import terminal in Tampa, in combination with the first full year of operation of the new production line of the Pennsuco cement plant, allowed the expansion of activities of our subsidiary, Titan America. Our subsidiary, Separation Technologies, extended its presence with new production plants of processed fly ash in the USA, Canada and the UK.

In Bulgaria, our presence had already been strengthened last year with the merger of Zlatna Panega into the Group.

Investments in modernization of production facilities, the largest of which is being completed at the Thessaloniki plant with the installation of a second vertical mill of low energy consumption, restrained the rate of cost increase.

Furthermore, the expansion of our vertical integration activities strengthened our presence in both Greece and the US.

Overall, in 2005, the Group sold over 15 million tons of cement and cementitious materials, 20 million tons of aggregates and 5.5 million cubic meters of ready-mix concrete.

Consolidated turnover rose by 17% and reached €1,342 million. Operating EBITDA improved by 19% and came to € 391 million, while net profit, after taxes and minority interests, increased by 19% to € 210 million. International operations accounted for 57% of operating EBITDA, versus 45% in 2004 and 36% in 2003.

Based on those results, the Board of Directors recommends approval of a net dividend of € 0.60 per share compared to € 0.52 in 2004. The Board also recommends the distribution of € 2.95 million to 598 managers and employees who have been instrumental in achieving those results.

Barring the unexpected, prospects for 2006 appear positive, despite the persistent impact of high energy costs. Prices in the international cement trade, which saw a new substantial increase, also contribute to this positive outlook.

In the Greek market, there are no expectations of dramatic demand fluctuations, even though the impact of the recent tax-related changes for new buildings are difficult to evaluate at this time.

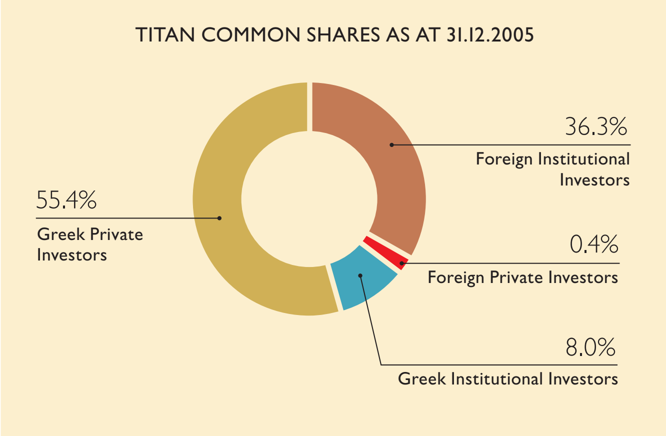
In the US, despite a possible decline in the housing sector from the recent record-high levels, the overall picture for the building materials sector remains positive in the short term. Since the beginning of the year, prices have continued to rise by more than 10% on average.

In Bulgaria and Egypt, demand is anticipated to continue on an upward trend. In the western Balkan countries, the uncertainty associated with the negotiations currently underway about the future of Kosovo, leads to more cautious expectations.

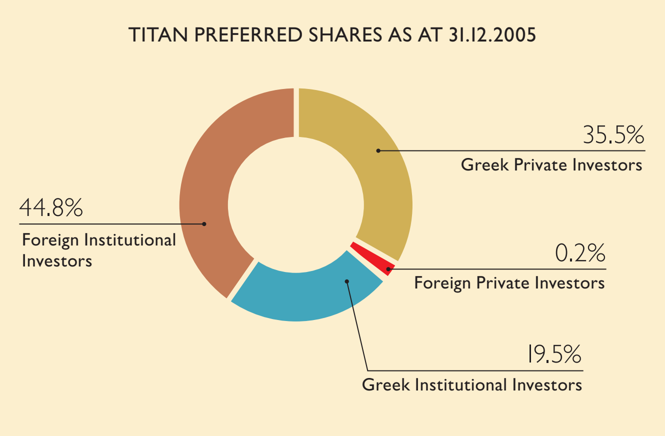
In 2006, TITAN will continue along the path established over recent years: developing as a multi-regional, vertically integrated cement producer, combining entrepreneurial spirit and operational excellence with respect for people, society and the environment.

Several new challenges lie ahead. New technologies, as well as the dramatic growth of China and India, are changing the realities of the world economy. Geopolitical and macroeconomic imbalances and inequalities create the potential for discontinuities, which represent dangers as well as opportunities. At the same time, facing up to issues of sustainable development is becoming imperative.

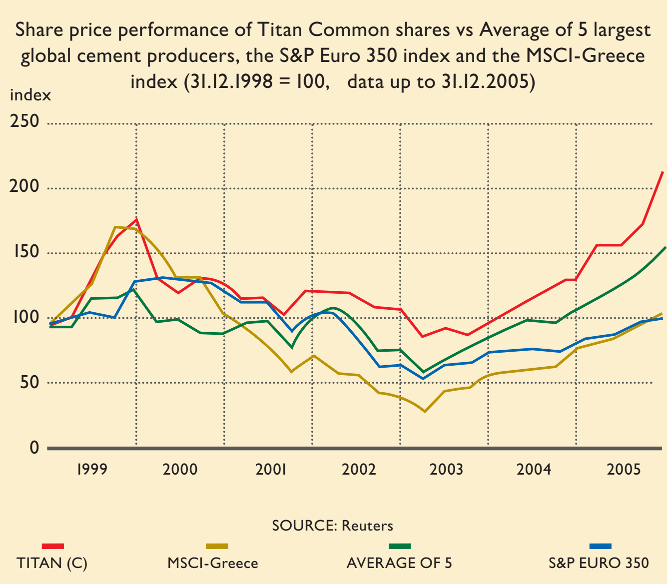
During 2005, hurricane Wilma hit our operations in Florida, bringing hardship to the families of our employees and to thousands of people living in that region and reminding us that our well being can not be taken for granted. The response to the crisis by our people, on a human as well as a practical level, reaffirmed our conviction that the values and abilities of Titan's men and women will allow us to face any challenges the future may hold, with confidence.



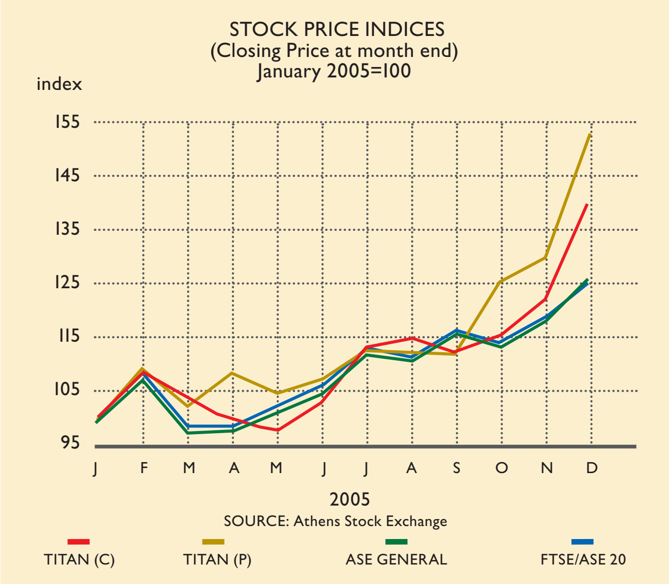
TITAN COMMON SHARES AS AT 31.12.2005
36.3%
Foreign Institutional Investors
55.4%
Greek Private Investors
0.4%
Foreign Private Investors
8.0%
Greek Institutional Investors



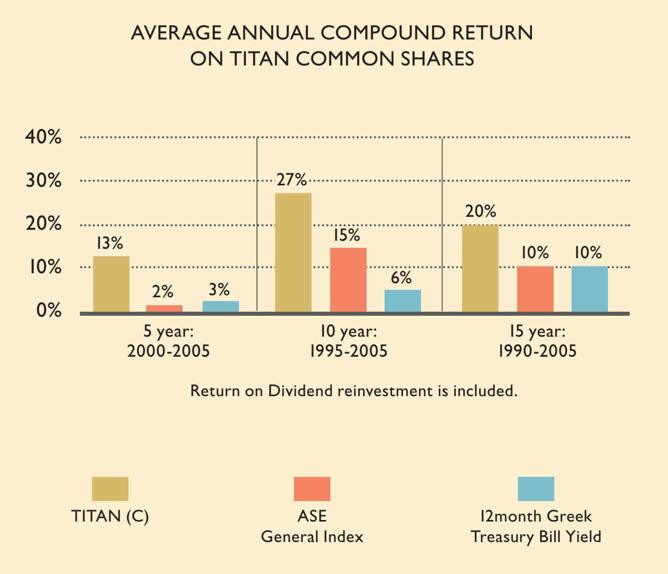
TITAN PREFERRED SHARES AS AT 31.12.2005
35.5%
Greek Private Investors
44.8%
Foreign Institutional Investors
0.2%
Foreign Private Investors
19.5%
Greek Institutional Investors



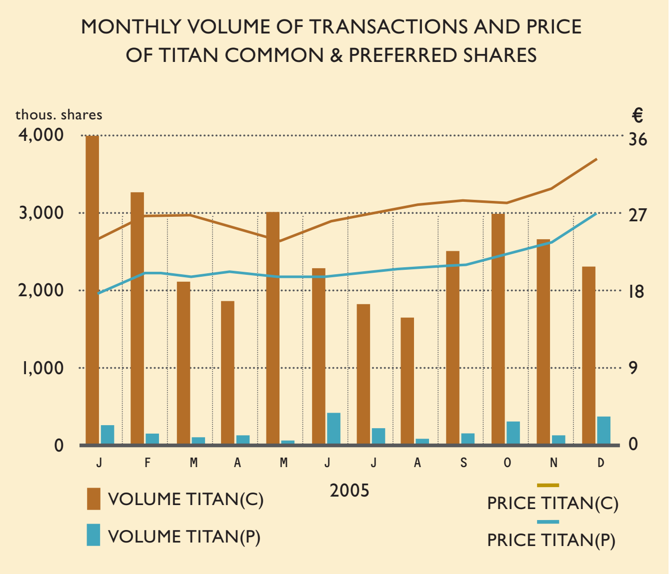
Share price performance of Titan Common shares vs Average of 5 largest global cement producers, the S&P Euro 350 index and the MSCI-Greece index (31.12.1998 = 100, data up to 31.12.2005)
index
250
200
150
100
50
0
1999
2000
2001
2002
2003
2004
2005
SOURCE: Reuters
TITAN (C)
MSCI-Greece
AVERAGE OF 5
S&P EURO 350



STOCK PRICE INDICES
(Closing Price at month end)
January 2005=100
index
155
145
135
125
115
105
95
J F M A M J J A S O N D
2005
SOURCE: Athens Stock Exchange
TITAN (C)
TITAN (P)
ASE GENERAL
FTSE/ASE 20



AVERAGE ANNUAL COMPOUND RETURN
ON TITAN COMMON SHARES
40%
30%
20%
10%
0%
13%
2%
3%
27%
15%
6%
20%
10%
10%
5 year:
2000-2005
10 year:
1995-2005
15 year:
1990-2005
Return on Dividend reinvestment is included.
TITAN (C)
ASE
General Index
12month Greek
Treasury Bill Yield



MONTHLY VOLUME OF TRANSACTIONS AND PRICE
OF TITAN COMMON & PREFERRED SHARES
thous. shares
4,000
3,000
2,000
1,000
0
€
36
27
18
9
0
J F M A M J J A S O N D
2005
VOLUME TITAN(C)
VOLUME TITAN(P)
PRICE TITAN(C)
PRICE TITAN(P)

World Economy

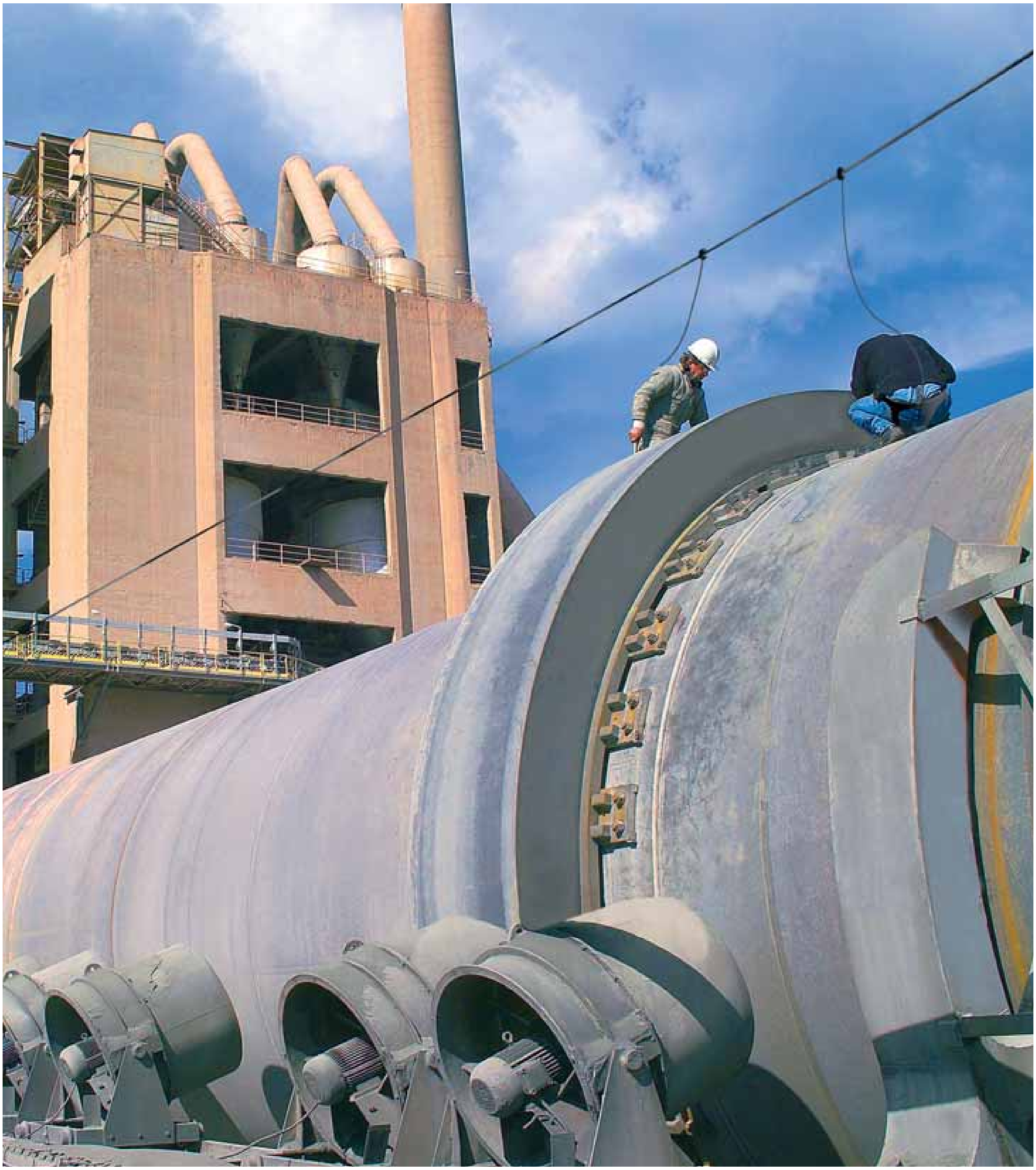
The world economy expanded at a robust pace, despite the impact of higher energy prices and the negative effect of Hurricane Wilma on the US economy in the second half of 2005. This was accompanied by a slower, but still robust, expansion of world trade. In 2005 world economic activity, measured by real GDP growth, is estimated to have expanded by 4.3%, while the previous year a rate of 5.2% constituted the fastest pace since the seventies.

Financial conditions remain supportive of global growth with continued low long-term real interest rates and low risk premiums on corporate and emerging market debt.

Oil prices are expected to remain high in the medium term due to limited excess supply and refinery capacity and continuing concerns about the security of supply. Although the world economy has, so far, withstood higher oil prices quite well, high and volatile oil prices remain a significant source of downside risk for the world economy in the short term, in particular for oil-importing countries.

Consumer prices continued creeping up in many countries as a result of the rise in energy prices, but underlying global inflationary pressures remained contained overall.

While the outlook for the world economy remains positive, a rebound in oil prices, largely in response to geopolitical tensions, along with the persistence of economic imbalances at the global level highlight the risks to both activity and prices.



Kamari plant, Viotia - Greece

Group Financial Results

Volumes across all products were ahead of the previous year. By market, the USA, Bulgaria and Egypt performed well and ahead of our expectations. The slow down in the Greek domestic market was not significant relative to expectations and in total was offset by exports.

Total group cement and cementitious material volumes grew by 7% to over 15 million tons and aggregates were down marginally by 1% to over 20 million tons. Ready-mix volumes were up 8% versus the prior year and totalled more than 5 million cubic meters.

In 2005, turnover of the Group was over € 1.3 billion, 17% ahead of 2004. EBITDA for the full year was € 391 million, up 19% versus the prior year. The impact of foreign currency translation in 2005 was not material.

Growth from our international regions has more than offset some softness in Greece as a result of the post Olympics slowdown. Greece now represents 39% of turnover and 43% of Operating EBITDA from 47% and 55% respectively in the previous year.

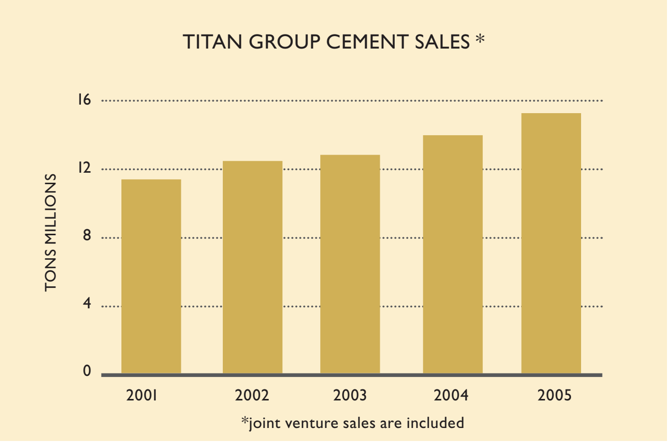
Cement and cementitious materials is core to the Group's profitability, in line with our primary objectives of establishing ourselves as major regional cement manufacturer. Cement represents 78% of EBITDA in 2005.

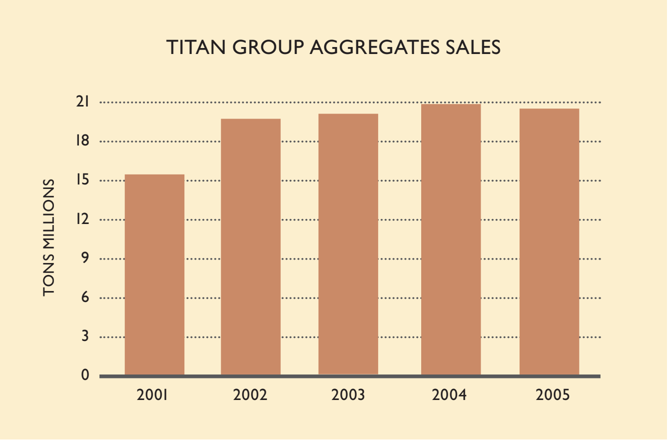
Net profit after taxes for the Group in 2005 was € 210 million, up nearly 19% versus the previous year. This performance was driven by our international markets and in particular the U.S.A. Earnings per share were € 2.49, up 18% versus 2004.

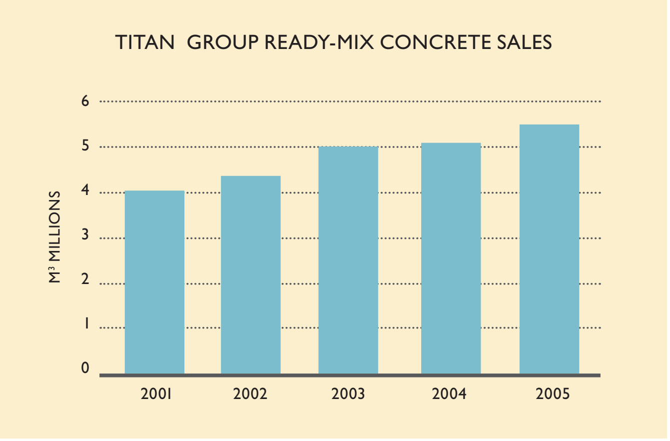
Net Profit after Taxes for the Group has benefited from strong Operating EBITDA growth, but was impacted from higher interest charges, relating to interest capitalized in 2004 as well as a switch from floating to fixed rates. It was also impacted by higher depreciation from our Pennsuco plant, as well as some translation differences stemming from the US dollar revaluation, only partially offset by a similar Egyptian Pound revaluation.

The US dollar strengthened in 2005 and closed the year 13% higher versus the Euro. The Egyptian pound gained 5% against the US dollar and 18% against the Euro. The Yugoslav Dinar in Serbia posted a continuing devaluation amounting to about 8% during the year. No other significant variances in exchange rates were noted. There have been no significant changes in our FX management policy for 2005 and we continue to hedge our US dollar assets through US dollar debt locally and by US dollar loans held at the parent Company for a portion of the remainder, mitigating the translation risk on earnings in US dollars.

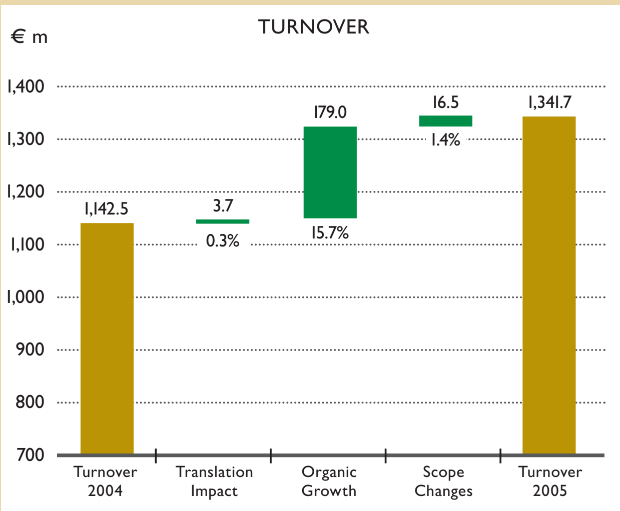
The main movements on the consolidated balance sheet of the Group as at 31 December 2005 related to Shareholders Equity that increased by € 222 million year on year due to the increase in profits for the Group and translation gains on consolidation of our results. The increase in Working Capital for the Group, especially in relation to receivables and inventories is mainly due to the revaluation impact of the US dollar on Working Capital, the increase in receivables in the USA resulting from the increased turnover, and higher production volumes in both Greece and the USA in the last month of 2005 increasing inventories.

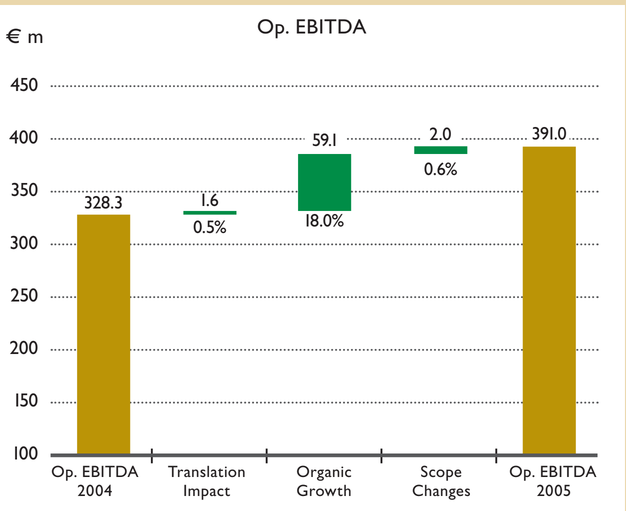




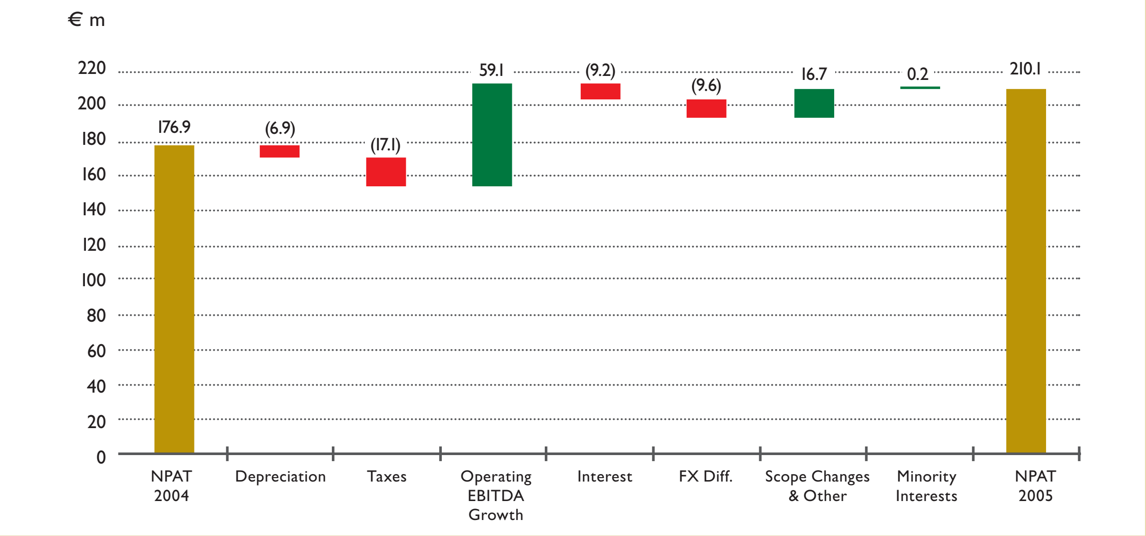


GROUP TURNOVER and Op. EBITDA - 2005





GROUP NET PROFIT AFTER TAX AND MINORITIES - 2005



Group Financial Results

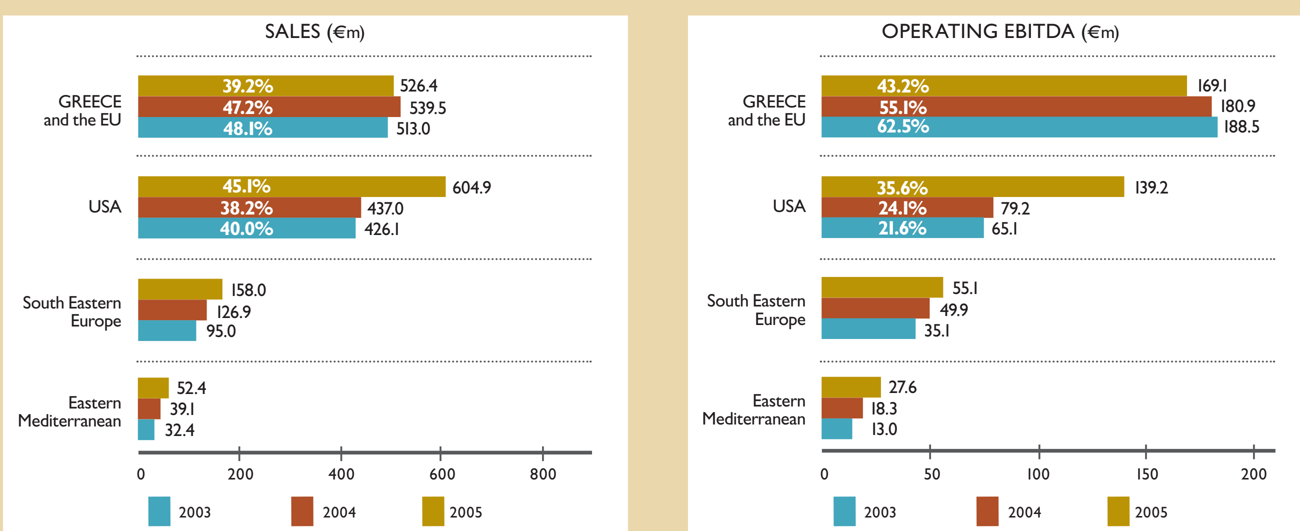
Net Debt as of 31 December 2005 was € 394 million, down by € 20 million since the beginning of 2005. Excluding the impact of translation, net debt would have been reduced by € 74 million year on year. Net Debt includes the debt from our Egyptian subsidiaries, where we continue to hold part of this in Japanese Yen that has been swapped to US dollars through forward contracts.

A total of over € 140 million in Capital Expenditure was funded quite comfortably from internal cash flow and, despite a negative FX impact, higher taxes and an increase in working capital, debt was reduced, as previously discussed. Capital Expenditure primarily relates to a number of smaller business expansion opportunities and also includes sustaining and cost improvement projects.

Both leverage and return on invested capital improved significantly over the last nine quarters. Leverage, as measured by Net Debt over Operating EBITDA was 1.01 versus 1.26 on 31st December 2004. Return on Invested Capital, calculated on the basis of Net Profit after Taxes over Average Invested Capital in the year was 18% versus 17% in 2004.

Looking at the recent years of financial history, we continue to deliver good growth over considerable spans of time. Group Turnover has increased at a compounded annual growth rate of over 16% over the period 2000-2005, EBITDA by nearly 15% per annum, and Net Profit after Taxes by over 17% per annum.

CONSOLIDATED SALES & OP. EBITDA BY REGION 2003 - 2005



Patras plant, Achaia - Greece

EXCHANGE RATES FOR THE TRANSLATION OF MAIN CURRENCIES						
FOREIGN CURRENCY PER EURO	2005		2004		Movement +/- (%)	
	Year end rate	Average rate	Year end rate	Average rate	Year end rate	Average rate
US Dollar (USD)	1.1797	1.2376	1.3621	1.2462	13.4%	0.7%
Japanese Yen (JPY)	138.9	136.92	139.65	133.91	0.5%	-2.2%
British Pound (GBP)	0.6853	0.6830	0.7051	0.6793	2.8%	-0.5%
Canadian Dollar (CAD)	1.3725	1.4995	1.6416	1.5958	16.4%	6.0%
Egyptian Pound (EGP)	6.7700	7.1591	8.2679	7.7139	18.1%	7.2%
Bulgarian Leva (BGN)	1.9558	1.9558	1.9558	1.9558	0.0%	0.0%
Macedonian Dinar (MKD)	61.18	61.29	61.31	61.33	0.2%	0.1%
Yugoslav Dinar (CSD)	85.50	83.15	79.08	73.10	-8.1%	-13.7%

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

Greece and the European Union

The European Economy

Real GDP growth is estimated to have slowed down in 2005 to 1.5% in the EU from 2.4% in 2004. The EU economy showed weakness during 2005 reflecting an external environment characterized by soaring oil prices as well as a deceleration in world growth and trade. A weakening of domestic demand, following the improvement in 2004, was behind the moderate level of growth achieved.

In the EU, both import and export growth was on a downward path. The growth contribution of net exports was slightly positive in 2005. While the downward trend in import growth was in line with weak final demand, the deceleration in the growth of exports may be attributed to the slowdown in world trade growth and the appreciation of the euro.

The subdued growth of private consumption stands in contrast with continued high level of liquidity and robust credit growth, mainly due to strong credit expansion of the private sector. The main contribution to this expansion came from mortgage loans, a development that can be seen as a response to the historically low levels of interest rates.

Despite earnings growth and supportive financing conditions, the evolution of fixed capital formation was weaker than expected. Comparing the 2005 performance with past experience, it can be seen that investment spending remained well below the average level of previous recoveries, even taking into account that the current upswing is relatively modest. This suggests that, on top of the sluggishness of the recovery, investment may be held back by a number of longer-term factors related to the slowdown in total factor productivity growth.

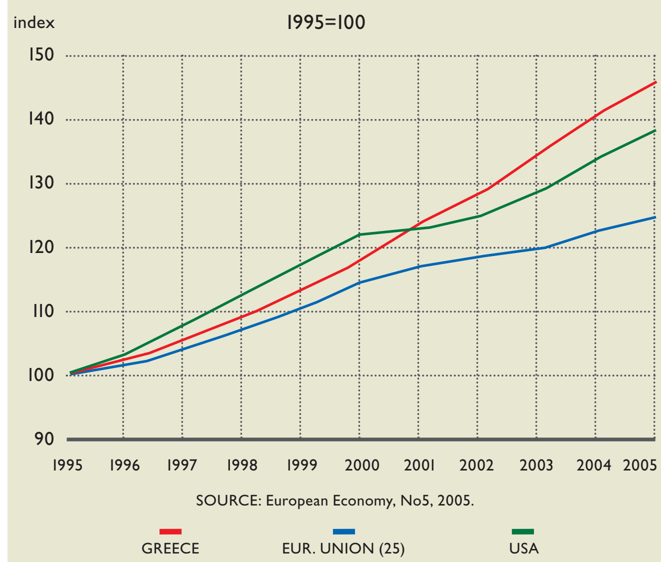
Although labour market conditions worsened during the economic slowdown in 2001-2003, annual unemployment rate for 2005 declined to 8.7% (9.0% in the previous year). This modest decrease is due to structural changes in the functioning of the labour market, which include a decline in the average duration of unemployment spells as well as an improvement in the matching process.

Inflation in 2005 reflected the rise in energy inflation triggered by soaring oil prices. For the EU as a whole it is expected at 2.3% in 2005. The projected rate for 2006 is slightly lower.

The general government deficit in the EU is set to reach 2.7% of GDP in 2005, up from 2.6% a year earlier in the wake of slowing economic activity. It is expected to diminish again marginally in 2006 in the context of a moderate economic recovery.

While growth has disappointed in 2005, the conditions remain in place for a potential improvement, during the coming year, in the absence of further unpredictable events. The rebound is expected to be driven by a strengthening of domestic demand, with a marginal contribution from the external sector. Within domestic demand, the growth impulse may stem from acceleration in gross fixed capital formation. The positive outlook for investment is supported by the recovery in business confidence, the favourable financial conditions, and an increasing need for replacement investment.

GDP CHANGES (at constant 1995 prices)
IN GREECE, IN THE EUROPEAN UNION AND IN THE U.S.A.



SOURCE: European Economy, No5, 2005.

Main Operating Companies of the TITAN Group (31.12.2005)

GREECE	PARTICIPATION %[1]
INTERBETON CONSTRUCTION MATERIALS S.A.	100
QUARRIES GOURNON S.A.	100
TITAN CEMENT INTERNATIONAL TRADING Co. S.A.	100
NAFTITAN S.A.	100
EUROPEAN UNION	
INTERTITAN S.A	100
TITAN CEMENT U.K. LTD	100
FINTITAN SRL	100
U.S.A.	
TITAN AMERICA LLC	100
S.E. EUROPE	
ZLATNA PANEGA A.D.	99.99
CEMENTARA KOSJERIC A.D.	74.28
CEMENTARNICA USJE A.D.	94.84
EASTERN MEDITERRANEAN	
BENI SUEF CEMENT Co.	49.93
ALEXANDRIA PORT. CEM Co.	48.64

[1] Participation of the TITAN Group

The Greek Economy in 2005

Although decelerating with respect to the previous years, economic activity remained strong in 2005, with real GDP growth estimated at 3.7%. This rate, which is well above the EU average, represents a significant growth slowdown compared to the 4.7% GDP growth rate recorded in 2004. The slowdown mainly originated from the deceleration of the domestic sector.

Rate of employment was weak and left unemployment at the level of 9.9% which is among the highest in the EU.

Consumer prices increased by 3.5% in 2005 from 2.9% in 2004, due to cost increases stemming from rallying oil prices and an increase in the VAT rate.

With real disposable income growing less than in the previous year, private consumption slowed in 2005 despite supportive monetary conditions. Public consumption, in the context of fiscal consolidation, also moved in the same direction.

In spite of strong GDP growth, Greece has held an excessive deficit since 2000. After reaching 6.6% of GDP in 2004, deficit is expected to decrease to 4.3% of GDP in 2005. Consequently, the debt ratio is expected to decrease to 107.9% of GDP in 2005, down from 109.3% in 2004.

Investment has proven vulnerable to the uncertainty surrounding the post Olympic Games economic environment. In parallel, fiscal retrenchment reduced public investment in real terms, thus heavily weighing on total investment.

The start of the fiscal consolidation effort along with the end of the Olympic Games seems to mark the beginning of a period of soft landing for the Greek economy. The revival of gross fixed capital formation in 2006 is expected to provide sufficient impetus to partly counterbalance the drag on growth exerted from the fiscal adjustment and the continued impact of higher oil prices. The short-term prospects of the economy will, however, largely depend on preserving consumer and business sector confidence. This in turn depends on how fast and effectively public finances will stand on healthy ground, as well as on the progress of structural reforms.

According to provisional data Gross Fixed Capital Formation is estimated to have decreased in real terms by 1.4% in 2005 compared to an increase of 5.7% in 2004. Investment in Equipment of both the Private and Public Sectors rose by 0.5% versus 8.0% in 2004. Investment in construction decreased in 2005 by 4.4%, when real change was an increase of 3.6% the year before. This negative development was also reflected in the investment activity of the housing sector, which in real terms decreased by 1.4% in 2005.

INDEBTEDNESS OF DOMESTIC HOUSEHOLDS AS A PERCENTAGE OF GDP

	December 2004		December 2005	
	Greece	Euro area	Greece	Euro area
Loans to Households	**31.4%**	**55.2%**	**38.3%**	**55.6%**
- Housing Loans	20.4%	39.2%	25.2%	39.4%
- Consumer Credit and Other Lending	11.0%	16.0%	13.1%	16.2%

SOURCE : Alpha Bank, Weekly Economic Report, March 2006.

GREECE	2005*	2004
GDP (real growth rate)	3.7%	4.7%
Population (millions)	11.1	11.0
Cement Production (million tons)	15.4	15.0
Cement Consumption (million tons)	10.1	10.4

* Estimates

SOURCES : Company Estimates, National Statistical Service of Greece, European Economy, No 5, 2005.

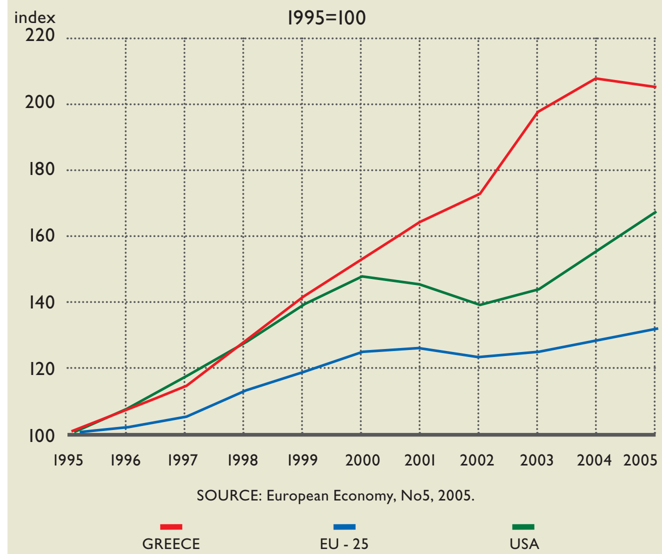
Thessaloniki plant, Northern Greece

Greece and the European Union

Despite the expectations of a sharp post-Olympics reduction in investment in fixed assets, the slowdown noted can be considered as moderate. Building activity, as per volume of planning permits issued, which constitutes a leading indicator of future construction activity, increased considerably in 2005 versus the previous year. This increase is nevertheless affected by the uncertainty regarding the real estate tax reform and the scheduled introduction of VAT in the building activity from 2006 onwards.

Housing loans to domestic borrowers continued their upward trend at a higher pace than the one recorded in 2004. This is probably due to the persistent low interest rates. Given that lending to households as a percentage of GDP still remains low compared to the Euro area level, it can be expected that mortgage credit will continue growing.

CHANGES IN GROSS FIXED CAPITAL FORMATION
(at constant 1995 prices)
IN GREECE, IN THE EUROPEAN UNION AND IN THE U.S.A.



SOURCE: European Economy, No5, 2005.

Cement

Annual clinker and cement production increased to record levels as a result of good kiln and cement mill operational performance as well as the extensive capital investments that took place in recent years.

The decline in domestic cement demand was almost entirely due to lower infrastructure spending following the 2004 Olympic Games.

A significant increase in export volume to around 2 million tons allowed the disruptive pressure on domestic price levels to be somehow reduced. Exports to the USA rose by over 30% reaching 1.1 million tons, our new import terminal in Tampa accounting substantially for most of the increase.

Input costs remained a major challenge, especially energy, which comprises a large component of our cost base. High solid fuel prices were exacerbated by stubbornly high freight rates. Fuel price increases affected the transportation cost of cement and raw materials. The European Commission Directive on Chromium VI, which was fully implemented from mid-January, also impacted costs.

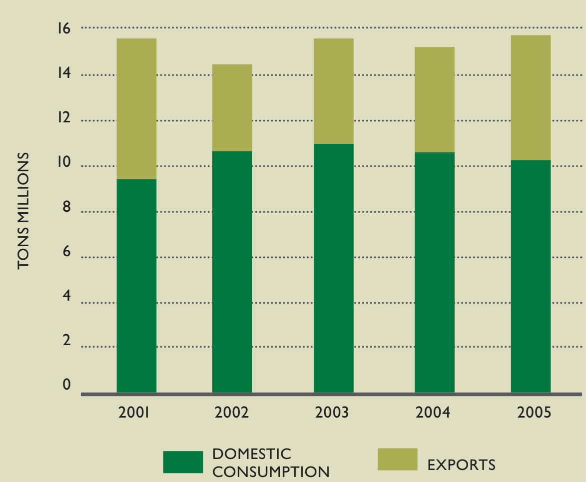
The effect of cost inflation on results was partially mitigated by a focus on continuous improvement and efficiency upgrades. In a declining domestic market, relative selling price stability was no small achievement.

In 2005, the first year of the implementation of the Kyoto Protocol, the first National Allocation Plan for carbon dioxide emissions came into force. The emission rights allocated to Titan for the first period (2005-2007) are such, that there was no material impact on our results. Looking ahead, we continuously strive to reduce specific emissions per ton of cement produced.

However, it should be noted, that most of our facilities are modern and efficient and already fairly close to state of the art technology. Therefore, it is likely to be more difficult for us to mark significant improvements on emissions.

Our capital expenditure program during 2005 and 2006 is focused on reducing energy consumption reduction and environmental investments, such as the installation of state-of-the-art bag and hybrid filters.

CEMENT CONSUMPTION IN GREECE
AND GREEK CEMENT EXPORTS



SOURCE : Company estimates

Ready-Mix Concrete

In 2005 the forecast of a difficult year for the sector materialized. Falling demand in certain regions (especially Attica), in conjunction with significant liquidity problems in the sector, led to intense competition with a negative impact on ready-mix concrete prices.

These developments affected our subsidiary Interbeton. However, ready-mix concrete volumes were increased versus 2004, mainly due to the acquisition of four new ready-mix units in late 2004 and early 2005, (two in the Korinthos region, one on Zante Island and one in the Chalkidiki region).

Aggregates

The negative trend in the Greek construction market also affected the aggregates sales. The decline in demand was much more pronounced than in the case of cement, as a higher proportion of aggregates are absorbed by public works projects.

The investment of a new crusher in the Tagarades quarry in Thessaloniki was completed in 2005 and started to operate in the beginning of 2006. Also, during the past year, the quarries in Xirorema Attica and in Drimos Thessaloniki were certified from the Hellenic Organization of Standardization (ELOT) with ISO 9001 and the CE quality assurance certification for products.

Dry Mortars

A renewed emphasis on growing dry mortar volumes showed encouraging results, as sales increased in 2005 by 8% versus 2004. Further growth, from a relatively low base, is anticipated in the current year.

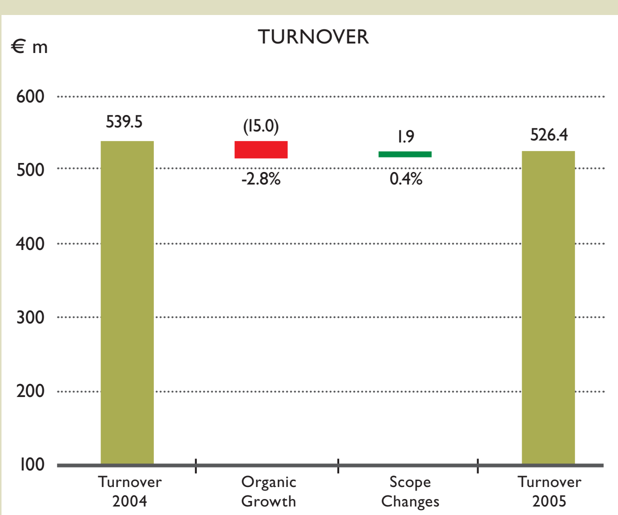
Porcelain

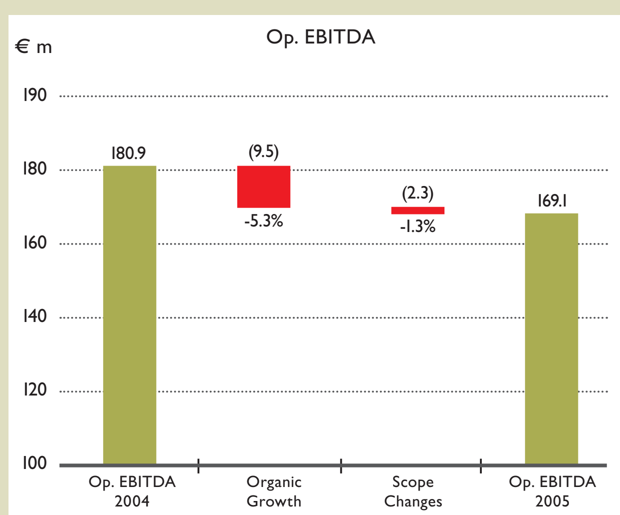
IONIA continued the implementation of its strategy of commercial expansion under the concept of “tabletop” goods. Increased emphasis was placed on the hotel-restaurant sector.

Financials

Turnover in Greece and the EU was down 2% to €526 million. Operating EBITDA was almost 7% lower at €169 million. Most of the shortfall versus 2004 was due to a lower contribution from aggregates and concrete, the latter including one-off integration costs for the acquisitions made.

FINANCIAL RESULTS 2005 - GREECE and the EU





United States of America

US Economy

The US economy continued to expand in 2005 at a rate of 3.5%, as measured by real GDP growth, versus 4.2% in 2004. Growth last year was driven by consumer spending, supported by gains in housing and equipment investment. Towards the end of the year hurricanes struck the US Gulf Coast and caused disruption to economic activity. The disaster, which was accompanied by a surge in energy prices, had a limited impact on growth in the fourth quarter of the year.

Reflecting the rise in energy prices, inflation rose to 3.4% from 2.7% in 2004. The labor market improved further in 2005, with unemployment rate drifting down to around 5%. The Federal Reserve continued to remove monetary stimulus gradually, an approach which has so far raised the federal funds target rate from 1% in June 2004 to 4% in November 2005. Long term rates also edged upwards. Overall Gross Fixed Capital Formation was held back to 7.1% in 2005 from 8.3% in 2004.

US Construction Activity and the Cement Industry

Construction spending continued its positive momentum, increasing by 9% in 2005 in the USA. The main driver was once again residential construction. Housing starts rose by 5.8% overall, the Southeast region outperformed the national trend. Continued low interest rates and increased public sector spending in transportation infrastructure (SAFETEA bill) were the decisive factors.

Pennsuco quarry, Florida - U.S.A.

Cement consumption rose by an estimated 3.2% reaching new record-high levels of about 125.8 million tons in 2005. The devastating hurricanes in the second half of the year hindered demand, which otherwise was likely to reach about 4 million tons higher. Owing to very high demand, imports rose significantly to about 25% of the cement sold, while sales prices also increased significantly during the year. The value of cement production was about $8 billion and the value of total sales (including imported cement) was about $10 billion.

US Operations

Turnover and Operating EBITDA in the USA grew by 38% and 76% respectively compared to the prior year, driven by higher volumes and prices, primarily in Florida. These results were achieved despite higher energy costs and a severe hurricane season. Price increases were realised across all products and locations. With strong market conditions, the new Pennsuco kiln line was completely sold out, achieving its production target, and was supplemented with imports through the new Tampa cement terminal. In New Jersey construction began on modernizing the cement import terminal, which two decades ago was Titan's first entry into the US. Separation Technologies started-up new ash processing facilities in Canada and the UK.

USA	2005*	2004
GDP (real growth rate)	3.5%	4.2%
Population (millions)	297.8	295.0
Cement Production (million tons)	97.5	97.4
Cement Consumption (million tons)	125.8	121.9

* Estimates

SOURCES : European Economy, No 5, 2005, U.S. Geological Survey, U.S. Census Bureau.

Florida

Florida experienced increased demand for construction materials, and the full-year operation of our new Pennsuco plant and the new Tampa terminal helped contain the severe shortages that had been experienced in 2004. Additional finish grinding capacity and a new cement bagging facility were also commissioned during the year. Pennsuco, the largest cement plant in Florida, now produces nearly twice the volume of clinker the old facility was capable of, at the same level of emissions. In December 2005 we obtained approval from the Florida Department of Environmental Protection to further increase production at the plant.

Organic growth continued in both ready-mix and block activities, slowed only by the hurricane activity in the second half of the year.

Mid-Atlantic

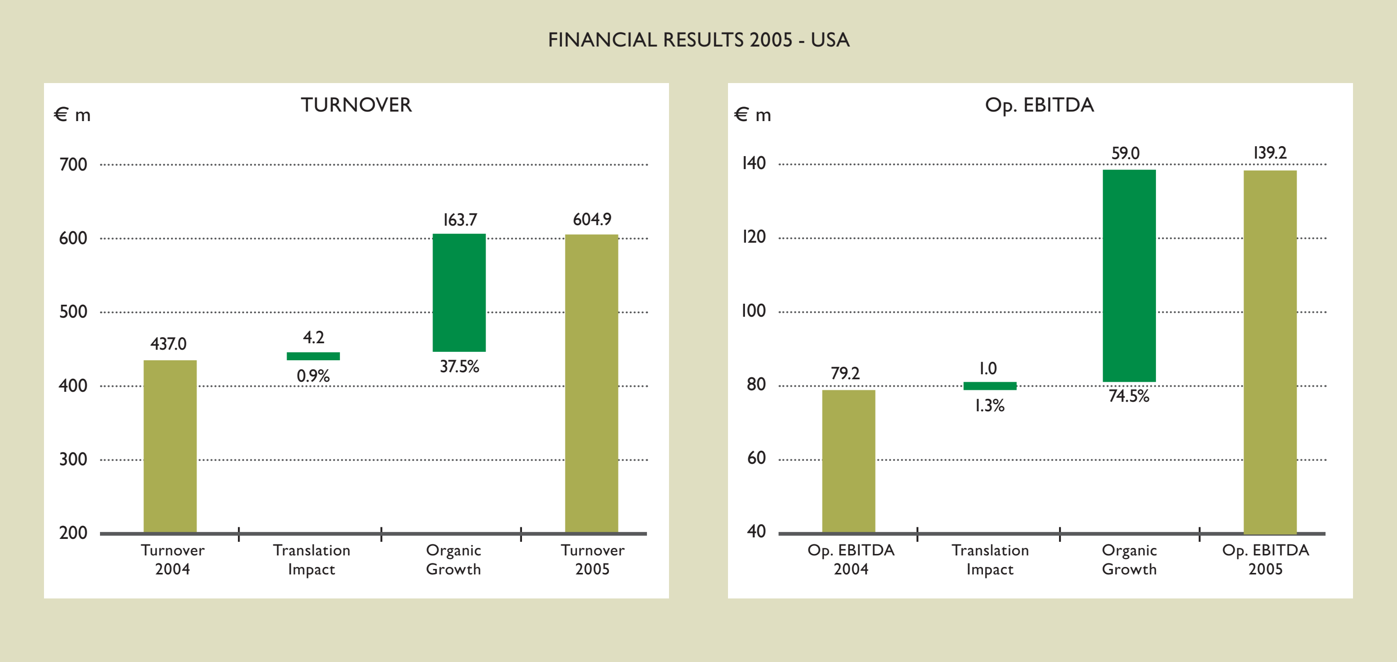
Virginia and North Carolina both experienced higher demand and pricing strength. However, an extended maintenance shutdown at the Roanoke cement plant early in the year, to replace a kiln tyre, resulted in lower production. This was partially offset by reactivating imports through the Norfolk import terminal. The ready-mix activity improved its performance with better pricing and the start up of two new plants late in the year.

New York / New Jersey

Markets remained strong and our Essex terminal activity maintained its performance, despite higher product and shipping costs. Construction began on a modern concrete silo terminal facility, expected to begin operations mid-2006, that will replace the existing flat storage warehouse.

Processed Fly Ash

Pro-Ash volumes increased as a result of new facility additions in 2004 and 2005, including new processing plants located in eastern Canada and the United Kingdom. Performance was higher due to both volumes and prices. At year end, Separation Technologies concluded a contract for a new processing facility in eastern Pennsylvania, where construction will commence in 2006.



South Eastern Europe

In our South Eastern Europe region, Bulgaria remains the star performer posting significant volume growth year on year.

Our capacity expansion project in Bulgaria is also on track for completion in early 2007.

The F.Y.R. of Macedonia has also performed well, while Serbia was marginally down against the previous year.

Bulgaria

The country continued its upward trend with a real GDP growth rate of 5.5%. Inflation increased to 6.5% from 4% in 2004, while the exchange rate to the Euro remained fixed. Reforms and economic performance were driven by the anticipated entry into the European Union.

Cement demand, which had increased by 13% in 2002, 12% in 2003 and an extraordinary 36% in 2004, is estimated to have grown close to 30% in 2005.

The year 2005 was for the Zlatna Panega cement plant and ready-mix units their first full year in the TITAN Group. The wide-ranging improvement plan introduced midway through 2004, when TITAN acquired the companies, continued to yield important benefits in terms of overall operating efficiency.

Operating profitability in 2005 was up 28% over the previous year, despite the need to supplement local production with imported product at lower margins.

In the cement plant the intensive investments program is being implemented and will increase clinker production and cement grinding capacity and improve overall environmental performance. This will be completed in the first quarter of 2007.

The program includes the rehabilitation of the idle clinker production line, which will increase the clinker production capacity to approximately 1.2 million tons of clinker by the beginning of 2007. Both clinker production lines will be equipped with new de-dusting systems. The increased clinker production will be complemented with a new clinker silo, which will also improve the environmental performance of the plant.

A highly efficient vertical cement mill, the first of this type in Bulgaria, is planned to commence operation in 2007. It will provide additional milling capacity and grinding versatility. Cement packing and dispatch have been enhanced in 2005 through a second fully automated bulk loading terminal, and will be supported by a rotary packer and palletizer.

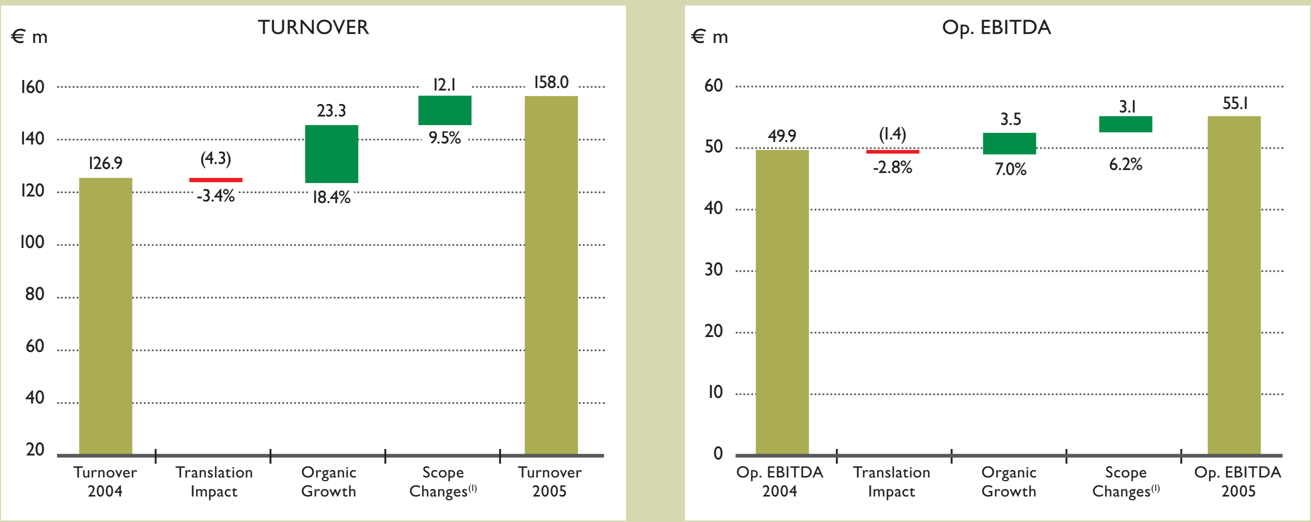
Extensive infrastructure projects are additionally under way. They include among others new water and sewage circuits, and new water treatment installations.

BULGARIA	2005*	2004
GDP (real growth rate)	5.5%	5.6%
Population (millions)	7.7	7.8
Cement Production (million tons)	3.9	2.9
Cement Consumption (million tons)	3.1	2.4

* Estimates

SOURCES : Company Estimates, The Economist Intelligence Unit, European Economy, No 5, 2005.

FINANCIAL RESULTS 2005 - SOUTH EASTERN EUROPE



[1] *Addition of Zlatna and disposal of Plevenski from 01.05.04*

Zlatna Panega plant, Bulgaria

South Eastern Europe

Former Yugoslav Republic of Macedonia

The efforts of the government to implement the Stabilization and Association Agreement and to complete the legal framework of the Ohrid Agreement were rewarded by the European Union, which granted the country candidate status on December 16, 2005.

The national economy continued its progress, as reflected by the real GDP growth rate, which rose to 3.6%. Inflation increased to 0.5%.

Domestic cement demand is estimated to have risen by 5% in 2005. Higher domestic sales, in combination with increased exports to Kosovo, resulted in a record year for Usje.

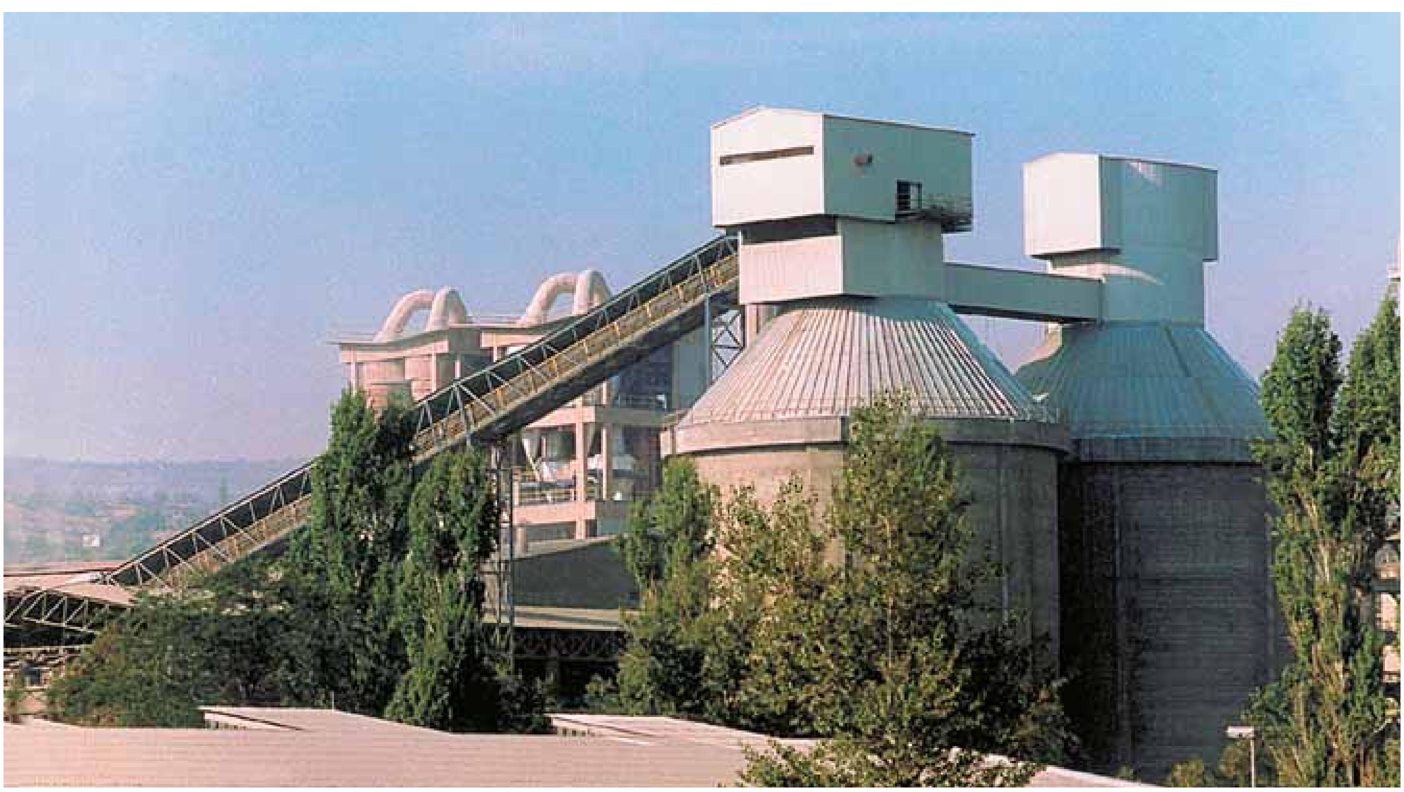
This development coupled with an effective process of cost reduction increased operating EBITDA.

In the production process the optimization through the use of alternative raw materials and fuels remains a prime consideration for Usje. To that end permission for the continuation of the use of car tyres in partial substitution of kiln fuel was obtained from the Ministry of Environment.

F.Y. REPUBLIC OF MACEDONIA	2005*	2004
GDP (real growth rate)	3.6%	3.0%
Population (millions)	2.0	2.0
Cement Production (million tons)	0.9	0.8
Cement Consumption (million tons)	0.7	0.7

* Estimates

SOURCES : Company Estimates, The Economist Intelligence Unit.



Usje plant, F.Y.R. of Macedonia

Serbia and Montenegro

The economy of Serbia and Montenegro achieved GDP growth of 5.6% in 2005. Inflation reached 15.6% from 13.4% in 2004, mainly as a result of the one-off effect of the VAT introduction in January 2005, increased domestic demand, and higher fuel prices. Progress in privatisation and economic restructuring was limited.

The cement market is estimated to have grown by 2%, held back by the introduction of VAT and economic uncertainty.

Kosjeric's industrial performance matched last year's record levels. Profitability declined as a result of higher costs. Following extensive consultation with local and national authorities, Kosjeric started burning pet-coke towards the end of 2005, with a view to mitigate soaring fuel costs.

SERBIA AND MONTENEGRO	2005*	2004
GDP (real growth rate)	5.6%	7.5%
Population (millions)	8.2	8.2
Cement Production (million tons)	2.2	2.2
Cement Consumption (million tons)	2.2	2.2

* Estimates

SOURCES : Company Estimates, National Bank of Greece.

Kosjeric plant, Serbia

Eastern Mediterranean

Egypt

Real GDP growth picked up in Egypt in 2005, and is estimated to have exceeded 4%, up from the 2.7% posted in 2004. Foreign currency availability was at comfortable levels, with the Egyptian pound strengthening slightly against the US dollar and the Euro, and the foreign exchange reserves reaching US $ 24.7 billion, up from US $14.3 billion in the previous year.

The liberalisation and modernisation of the Egyptian economy stayed on course with privatisation activity accelerating. New tax regulations, spearheaded by a reduction of the corporate tax from 32% to 20% and introducing a 20% flat rate personal income tax, were accompanied with more rigorous controls and penalties.

Renewed confidence in the government and the economy and increased money inflows combined to produce a sharp reversal in cement demand trends. After stagnating or declining for a number of years, cement consumption surged 19% in 2005, reaching an all-time high of 28 million tons. As a result, exports fell by 18% and prices continued to improve.

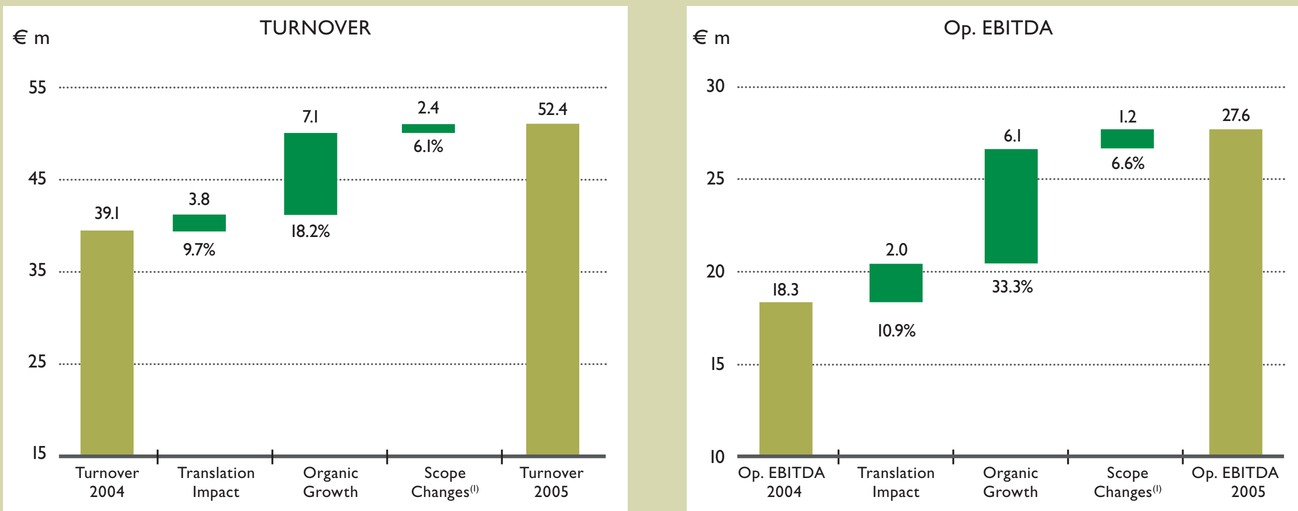
Financial performance improved on the back of higher volumes and prices. Titan's share of operating EBITDA grew from €18 million in 2004 to €28 million, including the effect of the purchase of minorities in our plant in Alexandria.

EGYPT	2005*	2004
GDP (real growth rate)	4.1%	2.7%
Population (millions)	74.0	72.3
Cement Production (million tons)	33.6	29.1
Cement Consumption (million tons)	28.3	24.1

* Estimates

SOURCES : Company Estimates, The Economist Intelligence Unit.

FINANCIAL RESULTS 2005 - EASTERN MEDITERRANEAN



[1] *APCC and BSCC are consolidated on a proportionate basis and reflect Titan's share only*

Alexandria plant, Egypt

Risk Management

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.

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 minimise 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.

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, aws, ordinances, standards etc

> security of the Group's assets.

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 doubtful 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 doubtful 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.

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 foreign currency loans against any material 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 South East 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 JYen 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 most commonly entered into at fixed interest rates. This provides us with the ability to avoid the consequences of significant fluctuation in interest rates.

Risk Management

Liquidity risk

Prudent liquidity risk management implies the availability of funding through a combination of committed and uncommitted credit facilities.

We manage liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecast cash flows and ensuring that we have sufficient borrowing facilities that could be utilised to fund any potential shortfall in cash resources.

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 the hedge both on inception and on 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.

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.

TITAN

Board of Directors

Former Chairman (1988 - 1996)

ANGELOS CANELLOPOULOS

Administration - Company Operations Management

The Board of Directors, elected by Annual General Meeting of Shareholders dated 24.5.2004, consists of fifteen members appointed to serve for a three-year term expiring at the 2007 Annual General Meeting of Shareholders. Its composition, in accordance with the decision of the Board of Directors dated 24.5.2004, is as follows:

Board of Directors

ANDREAS CANELLOPOULOS
Year of Birth 1940

Chairman

Non-executive member of the Board
Executive member of the Board from 10.6.1971 to 28.2.2006
Deputy Chairman of the Board of Directors of Alpha Bank.
Member of the Board of Directors of the Foundation for Economic and Industrial Research.

DIMITRIOS KRONTIRAS
Year of Birth 1936

Deputy Chairman

Independent, non-executive member of the Board since 4.6.1998.
Member of the Board of Directors of Commercial Bank of Greece
Chairman of the Board of Directors of Frigoglass S.A.I.C.

DIMITRIOS PAPALEXOPOULOS
Year of Birth 1962

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
Year of Birth 1937

Executive Director – General Manager

Executive member of the Board since 23.6.1995. General Manager of Greek operations.
Chemical engineer, graduate of National Technical University of Athens, Greece and New York University.
Member of the Board of Directors of the Hellenic Cement Industry Association.

NIKOLAOS ANALYTIS
Year of Birth 1930

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 Social Affairs Committee of the Union of Industrial and Employers' Confederations of Europe.
President of the Hellenic Network for Corporate Social Responsibility.

NELLOS CANELLOPOULOS
Year of Birth 1964

Director

Executive member of the Board since 24.6.1992.
Group External Relations Director.
Member of the Board of Directors of the Hellenic Cement Industry Association.
Member of the General Council of the Federation of Greek Industries.

GEORGE DAVID
Year of Birth 1937

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 KARYOTIS
Year of Birth 1934

Director – Secretary to the Board of Directors

Non-executive member of the Board since 24.5.2004.
Legal Counsel of TITAN Group.
Member of the Board of Directors of Philodassiki Society of Athens.

KONSTANTINOS KERAMEUS
Year of Birth 1937

Director

Independent, non-executive member of the Board since 28.6.1988.
Emeritus 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.
Member of the National Council of Research and Technology.

PANAGIOTIS MARINOPOULOS
Year of Birth 1951

Director

Independent, non-executive member of the Board since 24.3.2004.
Chairman of the Board of Directors of SEPHORA-MARINOPOULOS S.A.
Deputy Chairman of the Board of Directors of FAMAR S.A.
Member of the General Council of the Federation of Greek Industries.
Member of the Board of the Foundation for Economic and Industrial Research.

ALEXANDRA PAPALEXOPOULOU - BENOPOULOU
Year of Birth 1966

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.

MICHAEL SIGALAS
Year of Birth 1949

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.

APOSTOLOS TAMVAKAKIS
Year of Birth 1957

Director

Independent, non-executive member of the Board since 24.5.2004.
Executive chairman of LAMDA DEVELOPMENT S.A.
Member of the Board of Directors of DELTA HOLDINGS S.A.

SPYRIDON THEODOROPOULOS
Year of Birth 1958

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.
Member of the Board of Directors of the Public Power Corporation.
Member of the Board of Directors of DELTA HOLDINGS S.A.

EFTHIMIOS VIDALIS
Year of Birth 1954

Director

Independent, non-executive member of the Board since 24.5.2004.
Managing Director of S&B INDUSTRIAL MINERALS S.A.
Member of the General Council of the Federation of Greek Industries.
Chairman of the Federation of the Mineral Industries.
Member of the Board of Directors of RAYCAP S.A.

Board Committees

AUDIT COMMITTEE

DIMITRIOS KRONTIRAS
Independent, non-executive member of the Board

PANAGIOTIS MARINOPOULOS
Independent, non-executive member of the Board

EFTHIMIOS VIDALIS
Independent, non-executive member of the Board.

REMUNERATION COMMITTEE

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

NIKOLAOS ANALYTIS
Non-executive member of the Board.

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

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

KONSTANTINOS KERAMEUS
Independent, non-executive member of the Board.

KONSTANTINOS KARYOTIS
Non-executive member of the Board.

APOSTOLOS TAMVAKAKIS
Independent, non-executive member of the Board.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

THEODOROS PAPALEXOPOULOS
Former member and Deputy Chairman of the Board.

NIKOLAOS ANALYTIS
Non-executive member of the Board.

NELLOS CANELLOPOULOS
Executive member of the Board.

EXECUTIVE COMMITTEE

DIMITRIOS PAPALEXOPOULOS
Managing Director

ELIAS PANIARAS
Executive Director – General Manager Greece

NELLOS CANELLOPOULOS
Group External Relations Director

SOCRATES BALTZIS
Director of Cement Sector - Greece

ALEXANDRA PAPALEXOPOULOU-BENOPOULOU
Group Strategic Planning Director

ARIS PAPADOPOULOS
Director – U.S. Division

HOWARD PRINCE-WRIGHT
Group Finance Director

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

Group General Counsel

IOANNIS GEORGAKAKIS


TITAN

Corporate Governance

Ensuring full transactional transparency as well as building shareholder and investment community confidence in the Company have always been key points for Titan Cement S.A. Within this framework, the Company, in addition to what is provided by the law, has adopted and integrated into its organizational and operational structure principles of Corporate Governance that correspond to its size and structure and are generally considered as best practices in the European capital markets. In particular:

Board of Directors

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

Nowadays, the Board of Directors consists of fifteen Directors, ten of whom are non-executive. Seven 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 persons associated with it. The non-executive members are always selected among business sectors that do not conflict with the Company's interests, 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. The five executive members come from the core shareholders and higher executives of the Company.

The Company's principle is that the nominated members for election have not passed their seventy fifth year of age. After the expiry of the term of the acting board, the independent members will not be eligible to serve for more than four terms.

The positions of the Chairman and Deputy Chairman of the Board of Directors are held by non-executive members, one of whom at least is independent.

The Board of Directors has its own Secretariat, the head of which while acting its duties does not report to any other Company department.

The total net remuneration paid to the members of the Board for their participation in the Board during financial year 1.1-31.12.2005 amounted to € 180,000. The total amount of € 42,000 was paid to the non executive members of the Board for their participation in board committees.

Salaries and any gross remunerations paid to the eight members of the Board who provided their services to the Group by virtue of employment or mandate agreements, during the same above financial year, amounted to € 1,593,959.50. Additional payments to them due to accomplishment of objectives (bonus) amounted to € 495,000.

The above mentioned members of the Board received in 2005 the total amount of € 175,481.20 due to participation in the 2004 profit distribution.

Board Committees

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

Audit Committee

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

Remuneration Committee

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

Nomination and Corporate Governance Committee

The Committee is made up of three non-executive Board members, at least two of whom are independent. The Committee is entrusted with recommending new qualified nominees eligible to serve as members of the Company's Board and planning and ensuring appropriate succession and continuity of the Company's management. It is also charged to consulting on the proper implementation of the Principles of Corporate Governance in relation to the standing legislation and the best practices worldwide.

Corporate Social Responsibility Committee

The Committee is made up of three current or former Board members and its main duty is to provide advice and support to the Company's management as regards strategic planning and corporate social responsibility matters.

Executive Committee

The Executive Committee is provided by the Company's Articles of Association and comprises, at present, five Board members and three senior Company executives. It is charged with the supervision of the various Company departments and the coordination of their works. The meetings of the Executive Committee are attended by the Head of the Legal Department.

Internal Audit

Internal audit is performed by the Group Internal Audit Department which constitutes an independent function and reports to the 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 the instituted standard operating procedures are upheld both by the Company and its subsidiaries operating in Greece. It is also charged with supervising and ensuring law compliance including compliance with Stock Exchange regulations.

b. The Department of Internal Audit of South East Europe, East Mediterranean and IT, the duties of which include the implementation and coordination of audit procedures as regards activities carried out in the above geographical regions by companies of Titan group or by joint ventures of Titan Group with other business entities. It is also charged with the IT audit in Greece and South East Europe.

c. The Department of Internal Audit of U.S. Operations, the duties of which include the implementation and coordination of audit procedures as regards activities carried out in the U.S.A.

Nowadays, the internal audit is exercised by 13 staff members in Greece and abroad, appropriately qualified and experienced to perform the required audits.

Shareholder and Information Services

Keeping shareholders supplied with information and providing them with services has been assigned to the following departments:

Investor Relations Department

Responsibility for this Department has been entrusted to a senior executive of the Company. His duties involve providing information to domestic and foreign institutional investors and financial analysts and supervising the work of the two departments described below, which have been set up and operate in accordance with Decision 5/204/2000 of the Capital Market Commission.

Investor Relations Officer is Mr. Takis Canellopoulos, 22A Halkidos Street, 11143 Athens, Greece, tel.: +30 210 2591163, 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 Shareholders Service Department is Mrs. Nitsa Kalesi, 22A Halkidos Street, 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, maintaining the Company's website and briefing the press and the media on Company news.

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

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

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 initial scheme was approved by the General Meeting of Shareholders of July 5th, 2000, which allowed the distribution of up to 400,000 ordinary shares with voting rights, as stock options during 2001, 2002, and 2003, at a price of € 29.35 per share. Three members of the Board who provided services under employment agreement were also included in the scheme.

This scheme was also extended to include senior executives of associated companies, by decision of the General Meeting of Shareholders dated 19.6.2002 and in accordance with the provisions of Law 2919/2001.

The above annually granted stock options had a vesting period of 3 years and could have been exercised either partly, in instalments of one third each year over the vesting period or fully until the end of the option period.

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

During 2001, 2002, and 2003 options were granted to 55 executives for 369,900 shares and until 2003 mature rights were exercised for 119,200 shares. Options for 240,000 shares remained unexercised.

By decision of Annual General Meeting of Shareholders dated 24th May, 2004, the number of shares of the Company doubled due to increase in the Share Capital through the capitalization of reserves and reduction in the nominal value per share (share split), thus every shareholder received one free new share for every one held.

Corporate Governance

Due to the doubling of the number of shares, the General Meeting of Shareholders of June 8th, 2004 decided the relevant modification of the stock option plan by doubling the number of the shares, from 240,000 to 480,000, and the reduction of the exercise price from € 29.35 to € 14.68 per share.

During 2004, options were exercised by 45 executives for 196,400 shares and during 2005 options were exercised by 41 executives for 200,900 shares. The remainder of non- exercised rights is for 82,700 shares.

The General Meeting of Shareholders of 8th June, 2004 approved a new stock option scheme a) to members of the Board, who provide services as dependent Company employees, with the exclusion of the Chairman and b) to the management of the Company and its associated companies, according to the existing evaluation and ranking scheme of the Company.

The new stock option scheme allows for the years 2004, 2005 and 2006 the allocation of up to 400,000 shares in total as stock options, which can be exercised during 2006, 2007 and 2008, with maturity the years 2007, 2008 and 2009 respectively. The exercise price was set at the nominal value of the Company's shares.

The option rights can be exercised at the time of maturity, unconditionally, only up to one third of their number.

The remaining rights (the two thirds) can be exercised under the following conditions:

> one third based on the performance of the Titan share versus the average performance of the Athens Stock Exchange indexes FTSE 20, FTSE 40 and Construction and Materials and

> one third based on the performance of the Titan share versus the average performance of the shares of a pre-selected peer group of companies from the global building materials industry.

During the years 2004 and 2005, options were granted for 111,480 and 133,110 shares respectively, which can be exercised from 2006 and 2007 respectively under the above mentioned conditions.

FINANCIAL CALENDAR 2006

February 23, 2006	Full Year results 2005
May 10, 2006	3 Months results (3M)
May 23, 2006	Annual General Meeting of Shareholders
May 25, 2006	Ex-dividend date
July 26, 2006	Half Year results (6M)
October 31, 2006	9 Months results (9M)
February 21, 2007	Full Year results 2006

Annual Bulletin
2005

Table of Contents page

The financial statements both for Group and Parent Company, presented in pages 43 till 85 have been approved for isssue by the Board of Directors on 22 February 2006

a

Balance Sheet

(all amounts in Euro thousands)

		Group		Company	
		As at 31 December		As at 31 December	
ASSETS	Notes	2005	2004	2005	2004
Property, plant & equipment	8	1,149,845	972,375	248,293	233,471
Intangible assets	9	94,990	102,213	-	-
Investment properties	10	-	-	7,226	7,161
Investments in subsidiaries	28	-	-	512,615	512,728
Available-for-sale financial assets	11	4,277	1,421	107	107
Non current receivables	13	8,146	5,415	1,603	2,420
Deferred income tax assets	19	746	2,988	3,761	2,005
Non-current assets		**1,258,004**	**1,084,412**	**773,605**	**757,892**
Inventories	14	175,954	136,193	64,685	57,933
Receivables and prepayments	15	272,418	231,374	131,475	89,396
Available-for-sale financial assets	11	2,346	3,380	942	1,141
Cash and cash equivalents	16	95,142	78,408	17	21
Current assets		**545,860**	**449,355**	**197,119**	**148,491**
TOTAL ASSETS		**1,803,864**	**1,533,767**	**970,724**	**906,383**
LIABILITIES					
Long-term borrowings	18	425,025	408,083	62,203	62,378
Deferred income tax liabilities	19	143,509	120,696	34,219	44,410
Retirement benefit obligations	20	38,937	39,642	23,293	24,114
Non current provisions	21	14,136	18,045	3,418	3,749
Other non-current liabilities	12	9,601	9,840	7,450	6,210
Non-current liabilities		**631,208**	**596,306**	**130,583**	**140,861**
Short-term borrowings	18	64,538	85,029	48,996	56,643
Trade and other payables	17	136,259	114,257	51,805	56,276
Current income tax liabilities		27,600	17,052	17,786	7,526
Current provisions	21	4,477	1,016	-	-
Shareholders for dividend		51,012	44,121	51,012	44,121
Current liabilities		**283,886**	**261,475**	**169,599**	**164,566**
Total liabilities (a)		**915,094**	**857,781**	**300,182**	**305,427**
Share capital	24	191,524	187,844	191,524	187,844
Other reserves	25	389,923	274,552	458,573	392,667
Retained earnings		290,943	188,123	20,445	20,445
Share capital & reserves		**872,390**	**650,519**	**670,542**	**600,956**
Minority interest	30	16,380	25,467	-	-
Total equity (b)		**888,770**	**675,986**	**670,542**	**600,956**
TOTAL EQUITY AND LIABILITIES (a+b)		**1,803,864**	**1,533,767**	**970,724**	**906,383**

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Income Statement

(all amounts in Euro thousands)

	Notes	Group As at 31 December 2005	Group As at 31 December 2004	Company As at 31 December 2005	Company As at 31 December 2004
Turnover	1	1,341,727	1,142,474	439,713	430,680
Cost of sales		-852,579	-726,190	-265,067	-252,172
Gross profit		489,148	416,284	174,646	178,508
Other operating income/ (expense)		-591	-3,814	4,516	-244
Administrative expenses		-79,974	-74,686	-32,378	-29,874
Selling and marketing expenses		-19,410	-19,312	-3,870	-3,621
Earnings before interest, taxes and depreciation		**389,173**	**318,472**	**142,914**	**144,769**
Depreciation & amortization		-72,015	-63,647	-10,672	-10,314
Earnings before interest and taxes	2	**317,158**	**254,825**	**132,242**	**134,455**
Income from participations		1,008	405	29,175	13,773
Finance costs - net	3	-25,098	-12,625	-16,400	721
Profit before taxes		**293,068**	**242,605**	**145,017**	**148,949**
Less: taxes	5	-80,018	-62,948	-39,207	-44,600
Profit after taxes		**213,050**	**179,657**	**105,810**	**104,349**
Attributable to:					
Titan Cement S.A. shareholders		210,128	176,951	105,810	104,349
Minority interest		2,922	2,706	-	-
Basic earnings per issued share (in €)	6	**2.50**	**2.11**	**1.26**	**1.24**
Diluted earnings per issued share (in €)	6	**2.49**	**2.10**	**1.25**	**1.24**

Statement of Changes in Shareholders' Equity

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Group *(all amounts in Euro thousands)*	Notes	Ordinary shares	Share Premium	Preferred Ordinary shares	Share Options	Fair value and other reserves	Retained earnings	Minority interest	Total
Year ended 31 December 2004									
Balance at 1 January 2004		**91,637**	**17,095**	**9,083**	**-**	**311,722**	**100,746**	**52,568**	**582,851**
Exchange gains / (losses) on translation of financial statements of foreign operation		-	-	-	-	-32,379	-	-	-32,379
Buy-out of minority interest	30	-	-	-	-	-	-	-28,842	-28,842
Movement on investment hedge net of deferred tax	22	-	-	-	-	2,278	-	-	2,278
Dividends	7	-	-	-	-	-	-43,747	-965	-44,712
Net profit per income statement		-	-	-	-	-	176,951	2,706	179,657
Available-for-sale investments		-	-	-	-	499	-	-	499
Goodwill written-off	9	-	-	-	-	-	13,751	-	13,751
Capitalisation of reserves	24	61,091	-	6,055	-	-67,146	-	-	-
Share Capital increase due to share options exercised	24	393	2,490	-	-	-	-	-	2,883
Transfer to reserves	25	-	-	-	-	59,578	-59,578	-	-
Balance at 31 December 2004		**153,121**	**19,585**	**15,138**	**-**	**274,552**	**188,123**	**25,467**	**675,986**
Year ended 31 December 2005									
Balance at 1 January 2005		**153,121**	**19,585**	**15,138**	**-**	**274,552**	**188,123**	**25,467**	**675,986**
Exchange gains / (losses) on translation of financial statements of foreign operation		-	-	-	-	40,429	4,579	-2,113	42,895
Movement on investment hedge net of deferred tax	22	-	-	-	-	10,694	-	-	10,694
Dividends	7	-	-	-	-	-	-50,598	-1,011	-51,609
Net profit per income statement		-	-	-	-	-	210,128	2,922	213,050
Fair value gains from subsidiaries that operate in hyperinflation economies		-	-	-	-	2,959	-	914	3,873
Subsidiary's equity reduction portion to minority interest		-	-	-	-	-	-	-9,799	-9,799
Share Capital increase due to share options exercised	24	401	2,548	-	-	-	-	-	2,949
Provision for share options (IFRS 2)		-	-	-	731	-	-	-	731
Transfer to reserves	25	-	-	-	-	61,289	-61,289	-	-
Balance at 31 December 2005		**153,522**	**22,133**	**15,138**	**731**	**389,923**	**290,943**	**16,380**	**888,770**

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Company *(all amounts in Euro thousands)*	Notes	Ordinary shares	Share Premium	Preferred Ordinary shares	Share Options	Fair value and other reserves	Retained earnings	Total
Year ended 31 December 2004								
Balance at 1 January 2004		**91,637**	**17,095**	**9,083**	**-**	**399,782**	**17,596**	**535,193**
Movement on investment hedge net of deferred tax	22	-	-	-	-	2,278	-	2,278
Dividends	7	-	-	-	-	-	-43,747	-43,747
Net profit per income statement		-	-	-	-	-	104,349	104,349
Capitalisation of reserves	24	61,091	-	6,055	-	-67,146	-	-
Share Capital increase due to share options exercised	24	393	2,490	-	-	-	-	2,883
Transfer to reserves	25	-	-	-	-	57,753	-57,753	-
Balance at 31 December 2004		**153,121**	**19,585**	**15,138**	**-**	**392,667**	**20,445**	**600,956**
Year ended 31 December 2005								
Balance at 1 January 2005		**153,121**	**19,585**	**15,138**	**-**	**392,667**	**20,445**	**600,956**
Movement on investment hedge net of deferred tax	22	-	-	-	-	10,694	-	10,694
Dividends	7	-	-	-	-	-	-50,598	-50,598
Net profit per income statement		-	-	-	-	-	105,810	105,810
Share Capital increase due to share options exercised	24	401	2,548	-	-	-	-	2,949
Provision for share options (IFRS 2)		-	-	-	731	-	-	731
Transfer to reserves	25	-	-	-	-	55,212	-55,212	-
Balance at 31 December 2005		**153,522**	**22,133**	**15,138**	**731**	**458,573**	**20,445**	**670,542**

Cash Flow Statement

(all amounts in Euro thousands)	Notes	Group As at 31 December		Company As at 31 December	
		2005	2004	2005	2004
Cash flows from operating activities					
Cash generated from operations	26	317,887	399,309	100,476	251,917
Interest received		3,752	10,249	145	18
Income tax paid		-28,818	-58,941	-22,631	-46,894
Net cash generated from operating activities		292,821	350,617	77,990	205,041
Cash flows from investing activities					
Purchase of tangible and intangible assets	8, 9	-145,646	-149,563	-26,795	-29,771
Proceeds from the sale of property, plant and equipment	26	2,266	3,098	481	407
Proceeds from dividends		1,008	405	14,173	13,773
Disposal/(Acquisition) of subsidiaries, net of cash	31	-1,708	-77,268	-	-86,996
Proceeds from disposal of available-for-sale financial assets		10,119	2,516	-	154
Purchase of available-for-sale financial assets		-1,175	-2,743	-16	-217
Decrease/(increase) in long-term receivables		-4,109	-1,350	817	191
Net cash flows from investing activities		-139,245	-224,905	-11,340	-102,459
Net cash flows after investing activities		**153,576**	**125,712**	**66,650**	**102,582**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	24	2,949	2,883	2,949	2,883
Proceeds from government grants		1,584	1,357	1,584	1,482
Interest paid		-32,723	-21,638	-6,990	-5,413
Dividends paid		-44,718	-41,863	-43,707	-40,899
Proceeds from borrowings		126,126	109,681	21,982	-
Payments of borrowings		-194,616	-179,563	-42,472	-60,852
Net cash flows from financing activities		-141,398	-129,143	-66,654	-102,799
Net increase/(decrease) in cash and cash equivalents		12,178	-3,431	-4	-217
Cash and cash equivalents at beginning of the period	16	78,408	72,354	21	238
Effects of exchange rate changes		4,556	9,485	-	-
Cash and cash equivalents at end of the period	16	95,142	78,408	17	21

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I Index to accounting policies **Page**

2 Index to financial risk management

3 Index to critical accounting estimates and judgements

1. Accounting Policies

General information

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

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

These financial statements have been approved for issue by the Board of Directors on 22 February, 2006.

Summary of significant accounting policies

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

A Basis of preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), including International Reporting Standards ("IAS"), and the interpretations issued by the International Financial Reporting Interpretations Committee, that have been approved by the European Union, and IFRS that have been issued by the International Accounting Standards Board ("IASB").

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

As the Group and the Company are not impacted by the sections that relate to hedging of deposit portfolios, as reflected in the IAS 39 approved by the EC, these financial statements have been prepared in compliance with IFRS that have been approved by the EC and IFRS that have been issued by the IASB.

IFRS 1 "First-time Adoption of International Financial Reporting Standards", has been applied in preparing the financial statements with effect from 1st January 2004. IAS 1 "Presentation of Financial Statements" requires the presentation of comparative information for at least the prior corresponding period to the current period being presented. Therefore the Group's and Company's first time adoption balance sheet under IFRS is that of the 1st January 2003 (date of first adoption of IFRS). The Group and the Company has taken the exemption available under IFRS 1 to only apply IAS 32 (revised) "Financial Instruments: Disclosure and Presentation" and IAS 39 (revised) "Financial Instruments: Recognition and Measurement" from 1 January 2005.

Reconciliations and descriptions of the effect of the transition from Greek GAAP to IFRS on the Group's equity and its net income are given in note 29.

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

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Critical accounting estimates and judgments on page 57.**

New standards, interpretations and amendments to published standards

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's current and subsequent accounting periods. Managements estimation of the impact of these new standards, interpretations and amendments is as follows:

> IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006).

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and as sufficient information exists that allows the application of defined benefit accounting, with respect to a multi-employer plan in which certain employees of the Group's subsidiaries in the USA participate, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Group and the Company will apply this amendment from annual periods beginning 1 January 2006.

> IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions (effective from 1 January 2006).

The amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intra-group transactions that would qualify as a hedged item in the consolidated financial statements.

> IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006).

This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group and the Company believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group and the Company should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The Group and the Company will apply this amendment from annual periods beginning 1 January 2006.

> IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006).

This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group and the Company.

> **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006).**

These amendments are not relevant to the Group's operations, as the Group does not carry out exploration for and evaluation of mineral resources.

> **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007).**

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. IFRS 7 replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", and disclosure requirements in IAS 32 "Financial Instruments: Disclosure and Presentation." It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

> **IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006).**

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Group's operations.

> **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006).**

IFRIC 5 is not relevant to the Group's operations.

> **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005).**

IFRIC 6 is not relevant to the Group's operations.

B Consolidation

(1) Subsidiaries

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

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

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

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

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

(2) Joint ventures (Jointly controlled entities)

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

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

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

C Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

(3) Group companies

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

> **Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.**

> **Income and expenses for each income statement are translated at average exchange rates.**

> **All resulting exchange differences are recognised as a separate component of equity.**

> **On the disposal of a foreign operation, the cumulative exchange differences relating to that particular foreign operation, deferred in the separate component of equity, are recognised in the income statement as part of the gain or loss on sale.**

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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

D Property, plant and equipment

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

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

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

Buildings	Up to 50 years
Plant and machinery years	Up to 40 years
Motor vehicles	5 to 15 years
Office equipment (incl. computer equipment and software) furniture and fittings	3 to 10 years
Minor value assets	Up to 2 years

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

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

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

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

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

E Investment properties

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

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

F Intangible assets

(1) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each territory of operation by each primary reporting segment.

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

(2) Computer software

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

Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 2 years.

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(3) Other intangible assets

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

G Impairment of assets

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

H Investments

Equity investments in subsidiaries, joint ventures and associates are measured at cost less impairment (See note B above – Consolidation). Trading investments are classified as available-for-sale current assets and are measured at fair value, with fair value gains and losses recognised in equity unless realised, in which case these are recognised in the income statement.

I Leases – where a Group entity is the lessee

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

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

J Inventories

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

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

K Trade receivables

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

L Cash and cash equivalents

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

M Share capital

(1) Ordinary shares and non-redeemable non-voting preferred shares with minimum statutory non-discretionary dividend features are classified as equity.

(2) Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(3) Where the Company or its subsidiaries purchases the Company's own equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

N Borrowings

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

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

O Deferred income taxes

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

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

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

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

P Employee benefits

(1) Pension and other retirement obligations

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

The liability in respect of defined benefit pension or retirement plans, including certain unfunded termination indemnity benefit plans, is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets (where funded) together with adjustments for actuarial gains/ losses and past service cost. The defined benefit obligation is calculated at periodic intervals not exceeding two years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates applicable to high quality corporate bonds or government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the related employees.

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

(2) Termination benefits

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

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

(3) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

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

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

(4) Equity compensation benefits

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

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

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

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

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

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

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R Provisions

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

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

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

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

S Environmental rehabilitation costs

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

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

T Revenue recognition

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

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

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

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

U Dividends

Dividends are recorded in the financial statements when declared.

V Segment reporting

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

2. Financial Risk Management

A Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

Risk management is carried out by a central treasury department (The Corporate Treasury Department) under policies approved by the Board of Directors. The Corporate Treasury Department operates as a service department that provides services to all businesses within the Group, co-ordinates access to both domestic and international financial markets and manages the financial risks relating to the Group's operations. This includes identifying, evaluating and if necessary, hedging financial risks in close co-operation with the various entities within the Group. The Corporate Treasury Department does not undertake any transactions of a speculative nature or which are unrelated to the Group's trading activities.

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

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

(1) Foreign exchange risk

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

Exposures are managed through the use of natural hedges as well as forward exchange contracts. It is the policy of the Group to use as natural hedges any material foreign currency loans against underlying investments in foreign subsidiaries whose net assets are exposed to currency translation risk, when possible. Hence currency exposure to the net assets of the Group's subsidiaries in the United States of America is managed primarily through borrowings denominated in US Dollars. In other markets where the Group operates, such as Egypt and certain Balkan countries the Group assesses the financing needs of the business and where possible matches the currency of financing with the underlying asset exposure. The exception to this is Egypt where the Group has an asset exposure in Egyptian pounds and a financing obligation in Japanese Yen. The Group has determined that the cost of refinancing the Yen obligation to Egyptian pounds is prohibitive. To more effectively manage this exposure, the Yen obligation has been switched to US Dollars through forward exchange contracts.

(2) Interest rate risk

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

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

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

(3) Credit risk

The Group has no significant concentrations of credit risk. Trade accounts receivable consist mainly of a large, widespread customer base. All Group companies monitor the financial position of their debtors on an ongoing basis.

Where considered appropriate, credit guarantee insurance cover is purchased. The granting of credit is controlled by application and account limits. Appropriate provision for impairment losses is made for specific credit risks and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee insurance or a doubtful debt provision.

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

(4) Liquidity risk

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business.

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

B Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), or (2) a hedge of a forecast transaction or of a firm commitment (cash flow hedge), or (3) a hedge of a net investment in a foreign entity on the date a derivative contract is entered into. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS.

Gains and losses on subsequent measurement

Gains and losses on subsequent measurement are recognised as follows:

- Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in the net profit or loss for the period in which it arises.
- Gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency denominated transactions, are recognised immediately in net profit or loss.
- Gains and losses from measuring cash flow hedging instruments, including cash flow hedges for forecasted foreign currency denominated transactions and for interest rate swaps, are initially recognised directly in equity. Should the hedged firm commitment or forecasted transaction result in the recognition of an asset or a liability, then the cumulative amount recognised in equity is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecasted transaction affects profit or loss.
- When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss is recognised in the income statement immediately.
- Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in equity.
- The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on 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.

Offset

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

C Fair value estimation

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

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt.

Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

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

3. Critical accounting estimates and judgements

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

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

A Estimated impairment of goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note F (I). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (refer to note 9 below).

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

B Income taxes

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Notes to the financial statements

Index to the notes to the financial statements

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1. Segment information

Primary Geographical segments

Although the Group's three main business segments are managed on a wordwide basis, they operate in four main geographical areas Greece is the home country of the parent company which is also the main operating company. The areas of operation are principally cement, blocks, ready mix and aggregates, and porcelain activities.

For the year ended 31 December 2005

(all amounts in Euro thousands)	Greece and the European Union	North America	South Eastern Europe	Eastern Mediterra-nean	Total
ASSETS					
Non-current assets	305,758	681,308	153,686	117,252	1,258,004
Current assets	246,406	150,382	112,498	36,574	545,860
TOTAL ASSETS	**552,164**	**831,690**	**266,184**	**153,826**	**1,803,864**
LIABILITIES					
Non-current liabilities	138,363	427,212	3,691	61,942	631,208
Current liabilities	197,937	43,532	18,506	23,911	283,886
TOTAL LIABILITIES	**336,300**	**470,744**	**22,197**	**85,853**	**915,094**

For the year ended 31 December 2004

(all amounts in Euro thousands)	Greece and the European Union	North America	South Eastern Europe	Eastern Mediterra-nean	Total
ASSETS					
Non-current assets	288,912	545,594	151,846	98,060	1,084,412
Current assets	208,221	105,736	73,077	62,320	449,355
TOTAL ASSETS	**497,133**	**651,330**	**224,923**	**160,380**	**1,533,767**
LIABILITIES					
Non-current liabilities	152,439	351,419	2,800	89,648	596,306
Current liabilities	183,991	32,787	14,739	29,958	261,475
TOTAL LIABILITIES	**336,430**	**384,206**	**17,539**	**119,606**	**857,781**

For the year ended 31 December 2005

Primary Geographical segments

(all amounts in Euro thousands)	Greece and the European Union	North America	South Eastern Europe	Eastern Mediterra-nean	Total
Gross turnover	546,077	605,127	157,996	52,448	1,361,648
Inter-segment turnover	-19,672	-200	-49	-	-19,921
Turnover	526,405	604,927	157,947	52,448	1,341,727
Earnings before interest, taxes and depreciation	**165,715**	**139,477**	**56,311**	**27,670**	**389,173**
Depreciation & amortization	-13,770	-40,806	-8,708	-8,731	-72,015
Earnings before interest and taxes	**151,945**	**98,671**	**47,603**	**18,939**	**317,158**
Income from participations	-	-	1,008	-	1,008
Finance costs - net	-14,573	-17,622	572	6,525	-25,098
Profit before taxes	**137,372**	**81,049**	**49,183**	**25,464**	**293,068**
Less: taxes	-44,409	-30,216	-5,871	478	-80,018
Profit after taxes	**92,963**	**50,833**	**43,312**	**25,942**	**213,050**
Attributable to:					
Titan Cement S.A. shareholders	92,958	50,833	40,418	25,919	210,128
Minority interest	5	-	2,894	23	2,922

I. Segment information (continued)

	Greece and the European Union	North America	South Eastern Europe	Eastern Mediterranean	Total
Capital expenditure	39,473	89,941	14,118	2,203	145,735
Impairment of goodwill	3,928	-	4,000	-	7,928
Impairment charge/(credit) for bad and doubtful debts	1,728	294	-32	-36	1,954

Secondary Business segments

	Cement	Blocks, ready mix and aggregates	Other	Total
Turnover	773,051	551,121	17,555	1,341,727
Earnings before interest, taxes and depreciation	349,772	95,014	-55,613	389,173
Earnings before interest and taxes	300,641	74,383	-57,866	317,158
Total assets	1,422,085	368,658	13,121	1,803,864
Capital expenditure	96,253	47,241	2,241	145,735

For the year ended 31 December 2004

Primary Geographical segments

(all amounts in Euro thousands)	Greece and the European Union	North America	South Eastern Europe	Eastern Mediterranean	Total
Gross turnover	546,358	437,065	126,959	39,061	1,149,443
Inter-segment turnover	-6,835	-99	-35	-	-6,969
Turnover	539,523	436,966	126,924	39,061	1,142,474
Earnings before interest, taxes and depreciation	**172,859**	**79,377**	**47,734**	**18,502**	**318,472**
Depreciation & amortization	-14,160	-33,994	-7,703	-7,790	-63,647
Earnings before interest and taxes	**158,699**	**45,383**	**40,031**	**10,712**	**254,825**
Income from participations	-	-	405	-	405
Finance costs - net	1,201	-9,744	8	-4,090	-12,625
Profit before taxes	**159,900**	**35,639**	**40,444**	**6,622**	**242,605**
Less: taxes	-54,005	-4,538	-4,401	-4	-62,948
Profit after taxes	**105,895**	**31,101**	**36,043**	**6,618**	**179,657**
Attributable to:					
Titan Cement S.A. shareholders	106,016	31,101	33,216	6,618	176,951
Minority interest	-121	-	2,827	-	2,706

	Greece and the European Union	North America	South Eastern Europe	Eastern Mediterranean	Total
Capital expenditure	35,665	103,501	17,533	2,031	158,730
Impairment charge for property,plant and equipment	-	-	-	491	491
Impairment charge/(credit) for bad and doubtful debts	2,336	-483	-313	-	1,540

Secondary Business segments

	Cement	Blocks, ready mix and aggregates	Other	Total
Turnover	665,550	460,622	16,302	1,142,474
Earnings before interest, taxes and depreciation	294,259	83,467	-59,254	318,472
Earnings before interest and taxes	253,341	63,446	-61,962	254,825
Total assets	1,206,176	312,686	14,905	1,533,767
Capital expenditure	151,656	7,066	8	158,730

At 31 December 2004, the Group was organised on a worldwide basis into three main business segments as detailed above.

Cement includes cement and cementitious materials.

Other operations of the Group mainly comprise porcelain, shipping and transport activities. Neither of which are of a sufficient size to be reported separately.

Turnover is based on the country in which the customer is located and comprises the sale of goods and services. There are sales between the segments. Total assets and capital expenditure are presented at the geographical segment of the owner company.

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2. Profit from operations

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

(all amounts in Euro thousands)	Group 2005	Group 2004	Company 2005	Company 2004
Depreciation on property, plant and equipment (Note 8)				
Owned assets	69,320	58,270	11,016	10,604
Leased assets under finance leases	340	1,772	-	-
	69,660	60,042	11,016	10,604
Amortisation of government grants received	-430	-228	-344	-290
	69,230	**59,814**	**10,672**	**10,314**
Stripping amortisation	1,347	-	-	-
Impairment charge for property, plant and equipment (Note 8)	-	491	-	-
Profit / (loss) on disposal of property, plant and equipment	376	2,295	-69	235
Amortisation of intangibles (Note 9)	1,438	3,833	-	-
Operating lease rentals - motor vehicles	-	5,136	-	-
Repairs and maintenance expenditure on property, plant and equipment	80,092	65,405	16,961	17,747
Costs of inventories recognized as an expense in Cost of Sales				
Raw materials	126,826	111,654	31,982	29,964
Maintenance stores	72,923	69,013	59,208	53,449
Finished goods	193,290	152,865	3,815	369
	393,039	**333,532**	**95,005**	**83,782**
Gain from sale of trading and other investments	-	-405	-	-
Trade receivables - impairment charge for bad and doubtful debts (Note 15)	1,954	1,540	-794	2,734
Staff costs (Note 4)	232,146	215,682	66,421	64,298
Profit on disposal of subsidiaries (Note 31)	-	-1,811	-	-

3. Finance costs - Net

(all amounts in Euro thousands)	Group 2005	Group 2004	Company 2005	Company 2004
Interest income	4,204	6,143	516	1,141
Exchange differences gains/(losses)	5,096	3,463	-9,686	5,053
Interest expense	-32,393	-26,958	-7,939	-5,413
Gains/(losses) on financial instruments	-2,239	1,857	709	-60
Finance leases	-304	-690	-	-
	-25,636	**-16,185**	**-16,400**	**721**
Less: Interest capitalized	538	3,561	-	-
Finance costs - net	**-25,098**	**-12,625**	**-16,400**	**721**

4. Staff costs

(all amounts in Euro thousands)	Group 2005	Group 2004	Company 2005	Company 2004
Wages, salaries and social security costs	221,807	199,141	59,307	57,099
Profit sharing	2,950	2,650	2,950	2,650
Pension costs - defined benefit plans, (see note 20)	942	615	-	-
Other post retirement and termination benefits - defined benefit plans (e.g. Staff leaving indemnities and post employment medical insurance), (see note 20)	6,447	13,276	4,164	4,549
Total staff costs	**232,146**	**215,682**	**66,421**	**64,298**
The employees in the Group are employed on a full-time basis.				
Greece	1,834	1,844	1,135	1,158
Overseas	3,847	3,784	-	-
	5,681	**5,628**	**1,135**	**1,158**

5. Income tax expense

(all amounts in Euro thousands)	Group				Company			
	2005		2004		2005		2004	
Current tax	54,504	18.60%	46,642	19.23%	34,908	24.07%	33,792	22.69%
Deferred tax (Note 19)	25,514	8.71%	16,306	6.72%	4,299	2.96%	10,808	7.26%
	80,018	**27.30%**	**62,948**	**25.95%**	**39,207**	**27.04%**	**44,600**	**29.94%**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

(all amounts in Euro thousands)	Group				Company			
	2005		2004		2005		2004	
Profit before tax	**293,068**		**242,605**		**145,017**		**148,949**	
Tax calculated at the statutory tax rate of 32% (2004: 35%)	93,782	32.00%	84,912	35.00%	46,405	32.00%	52,132	35.00%
Income not subject to tax	-45,680	-15.59%	-40,788	-16.81%	-12,118	-8.36%	-20,125	-13.51%
Expenses not deductible for tax purposes	28,161	9.61%	21,373	8.81%	298	0.21%	-1,470	-0.99%
Assessed losses and utilization of previously unrecognized tax losses	-1,946	-0.66%	57	0.02%	-	-	-	-
Other taxes	8,940	3.05%	3,760	1.55%	4,622	3.19%	14,063	9.44%
Effect of different tax rates in other countries	-5,081	-1.73%	-6,244	-2.57%	-	-	-	-
Withholding tax on dividends	-		-150	-0.06%	-	-	-	-
Under provision prior years	1,842	0.63%	28	0.01%	-	-	-	-
Effective tax charge	**80,018**	**27.30%**	**62,948**	**25.95%**	**39,207**	**27.04%**	**44,600**	**29.94%**

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6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders, after taking into account the preferred ordinary dividend attributable to preferred ordinary shareholders, by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, if any (see Note 24).

(all amounts in Euro thousands unless otherwise stated)	Group		Company	
	2005	2004	2005	2004
Net profit for the year attributable to Titan S.A. shareholders	210,128	176,951	105,810	104,349
Less: Preferred ordinary dividend	-4,541	-3,936	-4,541	-3,936
Net profit attributable to ordinary shareholders	205,587	173,015	101,269	100,413
Weighted average number of ordinary shares in issue.	76,568,635	76,372,046	76,568,635	76,372,046
Basic earnings per ordinary share, according to IAS 33 (expressed in €)	2.69	2.27	1.32	1.31
Net profit for the year attributable to Titan S.A. shareholders	210,128	176,951	105,810	104,349
Weighted average number of ordinary shares in issue	76,568,635	76,372,046	76,568,635	76,372,046
Weighted average number of preferred shares in issue	7,568,960	7,568,960	7,568,960	7,568,960
Total weighted average number of shares in issue	84,137,595	83,941,006	84,137,595	83,941,006
Basic earnings per ordinary and preferred share (expressed in €)	2.50	2.11	1.26	1.24

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

(all amounts in Euro thousands unless otherwise stated)	Group		Company	
	2005	2004	2005	2004
Net profit used to determine diluted earnings per ordinary share	205,587	173,015	101,269	100,413
Weighted average number of ordinary shares in issue	76,568,635	76,372,046	76,568,635	76,372,046
Adjustment for:				
Share options	264,686	188,329	264,686	188,329
Weighted average number of ordinary shares for diluted earnings per share	76,833,321	76,560,375	76,833,321	76,560,375
Diluted earnings per ordinary share, according to IAS 33 (expressed in €)	2.68	2.26	1.32	1.31
Net profit for the year attributable to Titan S.A. shareholders used to determine diluted earnings per share	210,128	176,951	105,810	104,349
Weighted average number of ordinary shares for diluted earnings per share	76,833,321	76,560,375	76,833,321	76,560,375
Weighted average number of preferred shares in issue	7,568,960	7,568,960	7,568,960	7,568,960
Total weighted average number of shares in issue for diluted earnings per share	84,402,281	84,129,335	84,402,281	84,129,335
Diluted earnings per ordinary and preferred share (expressed in €)	2.49	2.10	1.25	1.24

7. Dividend per share

The Board of Directors have proposed a dividend in respect of 2005 of € 0.60 per share (2004: € 0.52 per share) amounting to a total dividend of € 50,598,074.40 (2004: € 43,747,196.48). This is expected to be ratified at the Annual General Meeting to be held in May 2006. The consolidated financial statements reflect these dividends payable, which are accounted for in shareholders' equity as appropriations of retained earnings in the years ending 31 December 2005 and 2004.

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8. Property, plant and equipment

Group *(all amounts in Euro thousands)*	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under construction	Total
Year ended 31 December 2004								
Opening net book amount	97,900	74,648	133,370	347,014	35,833	10,197	197,271	896,233
Additions	643	3,873	11,171	30,780	3,039	3,243	96,195	148,944
Disposals (Note 26)	-1	-239	-52	-460	-39	-12	-	-803
Subsidiary purchased	526	-	4,964	16,191	1,607	682	-	23,970
Disposal of subsidiary	-	-	-1,840	-2,931	-248	-463	-180	-5,662
Reclassification of assets to other categories	-	6,948	4,270	195,590	23,153	1,009	-225,862	5,108
Impairment charges (Note 2)	-	-	-	-	-462	-	-29	-491
Transfer to assets held for sale (Note 14)	-	-	-710	-140	-12	-7	-1,500	-2,369
Transfers from inventories (Note 14)	-	-	-	1,262	19	-	-	1,281
Depreciation charge (Note 2, 26)	-2,281	-465	-7,652	-35,767	-9,750	-2,355	-	-58,270
Exchange differences	-5,507	-2,979	-7,098	-21,862	7,203	311	-12,387	-42,319
Closing net book amount	91,280	81,786	136,423	529,677	60,343	12,605	53,508	965,622
Leased assets under finance leases								
Opening net book amount	- -	-	-	-	12,633	-	-	12,633
Additions	-	-	-	9,786	-	-	-	9,786
Reclassification of assets to other categories	-	-	-	-1,113	-3,996	-	-	-5,109
Exchange differences	-	-	-	-1,266	-7,519	-	-	-8,785
Depreciation charge (Note 2, 26)	-	-	-	-654	-1,118	-	-	-1,772
Closing net book amount	-	-	-	6,753	-	-	-	6,753
At 31 December 2004								
Cost	101,924	84,524	231,694	806,319	123,531	31,046	53,508	1,432,546
Accumulated depreciation	-10,644	-2,738	-95,271	-269,889	-63,188	-18,441	-	-460,171
Net book amount	91,280	81,786	136,423	536,430	60,343	12,605	53,508	972,375
Year ended 31 December 2005								
Opening net book amount	91,280	81,786	136,423	529,677	60,343	12,605	53,508	965,622
Additions	450	1,187	7,576	18,323	4,350	2,243	111,606	145,735
Disposals (Note 26)	-	-11	-79	-417	-684	21	-83	-1,253
Reclassification of assets to other categories	166	4,466	8,462	24,411	17,384	1,189	-56,078	-
Transfers from inventories (Note 14)	-	-	-	-341	-	-	-	-341
Revaluations	152	82	1,741	1,018	66	10	150	3,219
Interest capitalized	-	-	-	-	-	-	538	538
Write-off	-275	-26	-91	-182	-23	-39	-	-636
Depreciation charge (Note 2, 26)	-2,542	-844	-8,111	-43,693	-12,341	-1,789	-	-69,320
Exchange differences	12,814	10,567	10,645	59,466	5,615	-3,522	3,255	98,840
Closing net book amount	102,045	97,207	156,566	588,262	74,710	10,718	112,896	1,142,404
Leased assets under finance leases								
Opening net book amount	-	-	-	6,753	-	-	-	6,753
Exchange differences	-	-	-	1,028	-	-	-	1,028
Depreciation charge (Note 2, 26)	-	-	-	-340	-	-	-	-340
Closing net book amount	-	-	-	7,441	-	-	-	7,441
At 31 December 2005								
Cost	116,696	101,207	266,483	928,277	151,016	29,358	112,896	1,705,933
Accumulated depreciation	-14,651	-4,000	-109,917	-332,574	-76,306	-18,640	-	-556,088
Net book amount	102,045	97,207	156,566	595,703	74,710	10,718	112,896	1,149,845

The Group has no pledges on the Group's owned assets.

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8. Property, plant and equipment (continued)

Company *(all amounts in Euro thousands)*	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under construction	Total
Year ended 31 December 2004								
Opening net book amount	528	4,935	46,598	138,591	1,578	6,995	13,990	213,215
Additions	216	435	5,247	21,158	172	2,543	-	29,771
Disposals (Note 26)	-2	-	-10	-93	-54	-13	-	-172
Reclassification of assets to other categories	166	-166	-	3,209	-	-	-3,209	-
Transfers from inventories (Note 14)	-	-	-	1,262	-	-	-	1,262
Depreciation charge (Note 2, 26)	-38	-	-1,775	-7,344	-452	-996	-	-10,605
Closing net book amount	870	5,204	50,060	156,783	1,244	8,529	10,781	233,471
At 31 December 2004								
Cost	1,147	5,204	79,219	241,017	6,193	18,685	10,781	362,246
Accumulated depreciation	-277	-	-29,159	-84,234	-4,949	-10,156	-	-128,775
Net book amount	870	5,204	50,060	156,783	1,244	8,529	10,781	233,471
Year ended 31 December 2005								
Opening net book amount	870	5,204	50,060	156,783	1,244	8,529	10,781	233,471
Additions	265	394	3,052	12,366	114	1,417	9,187	26,795
Disposals (Note 26)	-274	-26	-92	-5	-103	-51	-	-551
Reclassification of assets to other categories	-	-	-49	-	-	-16	-	-65
Transfers from inventories (Note 14)	-	-	-	-341	-	-	-	-341
Depreciation charge (Note 2, 26)	-46	-	-1,598	-8,002	-283	-1,087	-	-11,016
Closing net book amount	815	5,572	51,373	160,801	972	8,792	19,968	248,293
At 31 December 2005								
Cost	1,087	5,572	82,115	252,982	5,989	19,880	19,968	387,593
Accumulated depreciation	-272	-	-30,742	-92,181	-5,017	-11,088	-	-139,300
Net book amount	815	5,572	51,373	160,801	972	8,792	19,968	248,293

9. Intangible assets

Group *(all amounts in Euro thousands)*	Goodwill	Other intangible assets	Total
Year ended 31 December 2004			
Opening carrying amount	**50,433**	**9,710**	**60,143**
Additions	-	619	619
Subsidiaries acquired - increase participation	49,130	-	49,130
Goodwill impairment	-5,000	-	-5,000
Subsidiaries disposed	-8,344	-	-8,344
Negative goodwill written-off against equity	13,751	-	13,751
Amortization charge (Note 2,26)	-	-3,833	-3,833
Exchange differences	-2,935	-1,318	-4,253
Closing carrying amount	**97,035**	**5,178**	**102,213**
Year ended 31 December 2005			
Opening carrying amount	**97,035**	**5,178**	**102,213**
Additions	-	89	89
Subsidiaries acquired - increase participation	2,180	-	2,180
Written- off	-3,928	-223	-4,151
Goodwill impairment	-4,000	-	-4,000
Reclassifications	-3,074	3,074	-
Amortization charge (Note 2,26)	-	-1,438	-1,438
Exchange differences	-1,115	1,212	97
Closing carrying amount	**87,098**	**7,892**	**94,990**

Impairment testing of goodwill that has an indefinite life

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

Carrying amount of goodwill (by geographical segment):

(all amounts in Euro thousands)	2005	2004
Greece and the European Union	6,889	9,305
South Eastern Europe	54,273	61,797
Eastern Mediterranean	12,818	15,749
North America	13,118	10,184
	87,098	97,035

Carrying amount of goodwill (by business segment):

Cement	77,082	84,580
Blocks, ready mix and aggregates	9,012	11,451
Porcelain, shipping and transport activities	1,004	1,004
	87,098	97,035

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

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

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

Key assumptions used for value in use calculations:

Discount rate:	10% - 18%
Sales growth:	6% - 12%
Gross margin:	40% - 50%
Perpetuity growth:	3%

10. Investment properties

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

Company

(all amounts in Euro thousands)

	2005	2004
At beginning of year	**7,161**	**7,372**
Gain / (loss) from measurement at fair value	-	-37
Reclassification of assets from / to other categories	65	-174
At end of year	**7,226**	**7,161**

11. Available-for-sale financial assets

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
At beginning of year	**4,801**	**3,670**	**1,248**	**1,213**
Additions	1,175	3,402	299	257
Disposals	-2,122	-2,922	-498	-222
Revaluations	2,960	636	-	-
Exchange differences	-191	15	-	-
At end of year	**6,623**	**4,801**	**1,049**	**1,248**
Analysis of available-for-sale financial assets:				
Non-current portion	4,277	1,421	107	107
Current portion	2,346	3,380	942	1,141
	6,623	**4,801**	**1,049**	**1,248**
Available-for-sale financial assets include the following:				
Listed securities	4,120	3,553	-	-
Non listed securities	2,503	1,248	1,049	1,248
	6,623	**4,801**	**1,049**	**1,248**

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

12. Other-non current liabilities

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Government grants	7,841	6,781	7,450	6,210
Deferred income	1,760	3,059	-	-
	9,601	**9,840**	**7,450**	**6,210**

Analysis of Government grants:

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
At beginning of year	**6,781**	**5,326**	**6,210**	**5,018**
Subsidiary purchased	232	326	-	-
Additions	1,584	1,357	1,584	1,482
Written-off	-326	-	-	-
Depreciation	-430	-228	-344	-290
At end of year	**7,841**	**6,781**	**7,450**	**6,210**

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

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

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

13. Non-current receivables

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Utility deposits	1,831	2,290	1,603	2,420
Quarry restoration prepayments	3,049	2,521	-	-
Other non-current assets	3,266	604	-	-
	8,146	**5,415**	**1,603**	**2,420**

14. Inventories

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Inventories				
Raw materials	24,715	19,004	17,787	15,125
Maintenance stores	95,919	74,271	32,981	30,121
Finished goods	64,950	50,691	15,708	16,081
	185,584	143,966	66,476	61,327
Less: Provision for obsolete inventory	-9,971	-8,861	-2,132	-2,132
	175,613	**135,105**	**64,344**	**59,195**
Property, plant and equipment held for sale (Note 8)	-	2,369	-	-
Transfer of major spare parts and stand by equipment to property, plant and equipment (Note 8)	341	-1,281	341	-1,262
	175,954	**136,193**	**64,685**	**57,933**

The Group has not pledged its inventories as collateral.

15. Receivables and prepayments

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Trade receivables	251,061	194,951	121,567	88,961
Less: Provision for doubtfull debts	-10,739	-9,800	-5,751	-6,545
	240,322	185,151	115,816	82,416
Prepayments & other receivables	39,739	51,442	15,659	6,980
Less: Provision for impairment of other receivables	-7,643	-8,716	-	-
	32,096	42,726	15,659	6,980
Forward foreign exchange contracts at fair value (Note 22)	-	3,497	-	-
	272,418	**231,374**	**131,475**	**89,396**

Analysis of provisions

(all amounts in Euro thousands)	Provision for doubtfull debts		Provision for impairment of other receivables	
	Group	Company	Group	Company
Balance at 1 January 2005	9,800	6,545	8,716	-
Additions	2,294	-	-	-
Amount not utilized	-340	-794	-	-
Utilized during the year	-1,247	-	-1,073	-
Exchange differences	232	-	-	-
Balance at 31 December 2005	**10,739**	**5,751**	**7,643**	**-**

16. Cash and cash equivalents

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Cash at bank and in hand	334	321	12	19
Short-term bank deposits	94,808	78,087	5	2
	95,142	**78,408**	**17**	**21**

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

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17. Trade and other payables

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Trade payables	79,220	54,363	26,005	24,472
Trade payables to related parties (Note 27)	-	-	6,623	11,539
Other payables	16,391	14,552	10,520	9,837
Accrued expenses	19,798	23,135	3,241	1,601
Social security	4,493	4,498	2,751	2,699
Debtors down payments/advances	4,657	5,578	934	1,162
Forward foreign exchange contracts (Note 22)	3,722	888	-	483
Other taxes	7,978	11,243	1,731	4,483
	136,259	**114,257**	**51,805**	**56,276**

Other payables comprise mainly of insurance and employee benefit payables.

18. Borrowings

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Current				
Loans in local currency - (€ denominated)	23,973	15,438	13,483	9,686
Loans in foreign currency	39,966	69,078	35,513	46,957
Finance lease liabilities	599	513	-	-
	64,538	85,029	48,996	56,643
Non-current				
Bank borrowings (Loans in foreign currency)	419,747	402,076	62,203	62,378
Other borrowings in foreign currencies	-	917	-	-
Finance lease liabilities	5,278	5,090	-	-
	425,025	408,083	62,203	62,378
Total borrowings	**489,563**	**493,112**	**111,199**	**119,021**

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

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

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Up to 2 years	48,832	50,578	-	14,683
Between 2 and 5 years	90,437	67,390	62,203	47,695
Over 5 years	280,478	284,108	-	-
	419,747	**402,076**	**62,203**	**62,378**

The effective interest rates as per the Profit and Loss account are as follows:

	Group		Company	
	2005	2004	2005	2004
Bank borrowings (foreign currency - USD)	5.95%	6.01%	4.26%	2.52%
Bank borrowings (foreign currency - JPY)	3.32%	3.42%	-	-
Bank borrowings (foreign currency - EGP)	11.03%	11.98%	-	-
Bank borrowings (foreign currency - GBP)	6.45%	-	6.45%	-
Bank borrowings (foreign currency - BGN)	5.86%	4.90%	5.97%	-
Bank borrowings (local currency - €)	3.15%	2.48%	3.11%	3.07%
Finance lease liabilities	5.14%	5.14%	-	-

Bank borrowings in foreign currencies:	Group		Company	
(all amounts in Local Currency thousands)	2005	2004	2005	2004
USD	446,249	436,998	84,965	148,926
JPY	4,120,976	9,120,449	-	-
EGP	228,580	129,979	-	-
GBP	92	-	92	-
BGN	50,000	6,800	50,000	-

18. Borrowings (continued)

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

(all amounts in Euro thousands)	Group	
	2005	2004
Finance lease liabilities - minimum lease payments		
Not later than 1 year	887	641
Later than 1 year and not later than 5 years	3,549	6,385
Later than 5 years	2,765	-
	7,201	7,026
Future finance charges on finance leases	-1,324	-1,423
Present value of finance lease liabilities	5,877	5,603
Present value of finance lease liabilities is as follows:		
Not later than 1 year	724	512
Later than 1 year and not later than 5 years	2,896	5,091
Later than 5 years	2,257	-
	5,877	5,603

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

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

19. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rates that apply to the countries where the companies of the group operate. The amounts shown in the balance sheet are to be recovered or settled in periods of more than 12 months from 31st December 2005.

The movement on the deferred income tax account is as follows:

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
At beginning of year	**117,708**	**116,554**	**42,405**	**30,525**
Income statement charge (Note 5)	25,514	16,306	4,299	10,808
Exchange differences	15,787	-16,224	-	-
Tax charged to equity	-16,246	1,072	-16,246	1,072
At end of year	**142,763**	**117,708**	**30,458**	**42,405**

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

Analysis of deferred tax liabilities (before set - offs)

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Property, plant and equipment	159,383	134,294	27,967	23,368
Provisions	3,253	-929	3,350	1,236
Receivables and prepayments	913	790	-	-
Currency translation differences on derivative hedged position	2,902	19,806	2,902	19,806
	166,451	**153,961**	**34,219**	**44,410**
Analysis of deferred tax assets				
(all amounts in Euro thousands)				
Intangible assets	-1,445	-517	-	-
Tax losses	-2,637	-20,482	-	-
Inventories	-812	-2,074	-	-
Post-employment and termination benefits	-1,885	-1,698	-	-
Receivables and prepayments	-2,630	-911	-1,086	-
Other	-18	-797	-	-
Government grants	-2,667	-1,903	-1,422	-688
Provisions	-6,155	-2,617	-594	-
Trade and other payables	-4,780	-3,937	-	-
Currency translation differences on derivative hedged position	-659	-1,317	-659	-1,317
	-23,688	**-36,253**	**-3,761**	**-2,005**
Net deferred tax liability	**142,763**	**117,708**	**30,458**	**42,405**

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19. Deferred income taxes (continued)

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

Group *(all amounts in Euro thousands)*	1 January 2005	(Credited)/ charged to net profit	(Credited)/ charged to equity	Exchange differences	31 December 2005
Deferred tax liabilities					
Property, plant and equipment	134,294	7,788	-	17,301	159,383
Provisions	-929	2,114	-	2,068	3,253
Receivables and prepayments	790	1	-	122	913
Currency translation differences on derivative hedged position	19,806	-	-16,904	-	2,902
	153,961	**9,903**	**-16,904**	**19,491**	**166,451**
Deferred tax assets					
Intangible assets	-517	-892	-	-36	-1,445
Tax losses	-20,482	20,422	-	-2,577	-2,637
Inventories	-2,074	1,582	-	-320	-812
Post-employment and termination benefits	-1,698	75	-	-262	-1,885
Receivables and prepayments	-911	-1,597	-	-122	-2,630
Other	-797	-16	-	795	-18
Government grants	-1,903	-586	-	-178	-2,667
Provisions	-2,617	-3,141	-	-397	-6,155
Trade and other payables	-3,937	-235	-	-608	-4,780
Currency translation differences on derivative hedged position	-1,317	-	658	-	-659
	-36,253	**15,612**	**658**	**-3,705**	**-23,688**
Net deferred tax liability	**117,708**	**25,515**	**-16,246**	**15,786**	**142,763**

Company *(all amounts in Euro thousands)*	1 January 2005	(Credited)/ charged to net profit	(Credited)/ charged to equity	Exchange differences	31 December 2005
Deferred tax liabilities					
Property, plant and equipment	23,368	4,599	-	-	27,967
Provisions	1,236	2,114	-	-	3,350
Currency translation differences on derivative hedged position	19,806	-	-16,904	-	2,902
	44,410	**6,713**	**-16,904**	**-**	**34,219**
Deferred tax assets					
Receivables and prepayments	-	-1,086	-	-	-1,086
Government grants	-688	-734	-	-	-1,422
Provisions	-	-594	-	-	-594
Currency translation differences on derivative hedged position	-1,317	-	658	-	-659
	-2,005	**-2,414**	**658**	**-**	**-3,761**
Net deferred tax liability	**42,405**	**4,299**	**-16,246**	**-**	**30,458**

19. Deferred income taxes (continued)

Group *(all amounts in Euro thousands)*	1 January 2004	(Credited)/ charged to net profit	(Credited)/ charged to equity	Exchange differences	31 December 2004
Deferred tax liabilities					
Property, plant and equipment	124,839	4,831	-	4,624	134,294
Other	-	568	-	-568	-
Provisions	1,906	-5,708	-	2,873	-929
Receivables and prepayments	29	730	-	31	790
Inventories	52	-53	-	1	-
Convertible loans	201	-19	-	-182	-
Government grants	106	-173	-	67	-
Currency translation differences on derivative hedged position	18,734	-	1,072	-	19,806
	145,867	**176**	**1,072**	**6,846**	**153,961**
Deferred tax assets					
Forward exchange contracts	-122	122	-	-	-
Intangible assets	-718	201	-	-	-517
Tax losses	-9,538	3,214	-	-14,158	-20,482
Inventories	-2,888	814	-	-	-2,074
Post-employment and termination benefits	-3,777	2,079	-	-	-1,698
Receivables and prepayments	-235	-676	-	-	-911
Other	-641	-144	-	-12	-797
Government grants	-1,160	-678	-	-65	-1,903
Provisions	-8,584	14,802	-	-8,835	-2,617
Accrued expenses	-333	333	-	-	-
Trade and other payables	-	-3,937	-	-	-3,937
Currency translation differences on derivative hedged position	-1,317	-	-	-	-1,317
	-29,313	**16,130**	**-**	**-23,070**	**-36,253**
Net deferred tax liability	**116,554**	**16,306**	**1,072**	**-16,224**	**117,708**

Company *(all amounts in Euro thousands)*	1 January 2004	(Credited)/ charged to net profit	(Credited)/ charged to equity	Exchange differences	31 December 2004
Deferred tax liabilities					
Property, plant and equipment	13,796	9,572	-	-	23,368
Provisions	-	1,236	-	-	1,236
Currency translation differences on derivative hedged position	18,734	-	1,072	-	19,806
	32,530	**10,808**	**1,072**	**-**	**44,410**
Deferred tax assets					
Government grants	-688	-	-	-	-688
Currency translation differences on derivative hedged position	-1,317	-	-	-	-1,317
	-2,005	**-**	**-**	**-**	**-2,005**
Net deferred tax liability	**30,525**	**10,808**	**1,072**	**-**	**42,405**

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

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20. Retirement and termination benefit obligations

Greece

In respect of the Greek entities within the Group, Greek labor legislation requires that the payment of retirement and termination indemnities be based on the number of years of service to the Company by the employees and their final remuneration. The Group grants retirement indemnities which exceed the legal requirements. These retirement indemnities are unfunded and the liabilities arising from such obligations are actuarially valued by an independent firm of actuaries. The last actuarial valuation was undertaken in January 2005. The principal actuarial assumptions used were a discount rate of 4%, future salary increases of between 5% and 6% and future pension increases of 3% per annum.

USA

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

Multi-employer plan

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

Excess benefit plan

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

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

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

	Group		Company	
	2005	2004	2005	2004
(all amounts in Euro thousands)				
Current service cost	2,395	1,536	1,590	1,054
Interest cost	2,317	2,406	1,389	1,305
Past service cost	-	247	-	171
Actuarial loss / (gain)	672	449	871	1,231
	5,384	**4,638**	**3,850**	**3,761**
Expected return on plan assets	-750	-771	-	-
Net periodic cost	**4,634**	**3,867**	**3,850**	**3,761**
Additional provision required/(provision not utilized)	2,435	9,115	-	-
Additional post retirement and termination benefits paid out, not provided for	320	908	314	788
Amounts recognised in the income statement	**7,389**	**13,891**	**4,164 -**	**4,549**
Actual return on plan assets	712	685	-	-
Present value of the liability recignised in the balance sheet	**45,339**	**46,655**	**33,035**	**34,728**
Movement in the liability recognized in the balance sheet:				
(all amounts in Euro thousands)				
At beginning of year	**39,642**	**32,444**	**24,114**	**25,518**
Total expense - as shown above	4,634	3,867	3,850	3,761
Additional provision required/(provision not utilized)	2,435	9,115	-	-
Benefits paid during the year	-7,774	-5,784	-4,671	-5,165
At end of year	**38,937**	**39,642**	**23,293**	**24,114**

21. Provisions

Group *(all amounts in Euro thousands)*		1 January 2005	Additions	Used during year	Exchange differences	Balance at 31 December 2005
Provisions for rehabilitation of quarries	a	6,073	756	-	810	7,639
Provisions for other taxes	b	1,659	742	-	298	2,699
Litigation provisions	c	3,430	2,072	-2,496	194	3,200
Other provisions	d	7,899	-	-2,915	91	5,075
		19,061	**3,570**	**-5,411**	**1,393**	**18,613**

(all amounts in Euro thousands)	2005	2004
Non current provisions	14,136	18,045
Current provisions	4,477	1,016
	18,613	**19,061**

Company *(all amounts in Euro thousands)*		1 January 2005	Additions	Used during year	Exchange differences	Balance at 31 December 2005
Other provisions	d	3,749	-	-331	-	3,418
		3,749	**-**	**-331**	**-**	**3,418**

(all amounts in Euro thousands)	2005	2004
Non current provisions	3,418	3,749
Current provisions	-	-
	3,418	**3,749**

a. This provision represents the present value of the estimated costs to reclaim quarry sites and other similar post-closure obligations.

b. This provision relates to future obligations that may result from tax audits

c. This provision has been established with respect to claims made against certain companies in the Group by third parties.

d. Comprises other provisions relating to other risks none of which are individually material to the Group

22. Financial instruments

Derivative financial instruments	Group		Company	
(all amounts in Euro thousands)	2005	2004	2005	2004
Liabilities				
Forward foreign exchange contracts at fair value (Note 17)	3,722	888	-	483
Assets				
Forward foreign exchange contracts at fair value (Note 15)	-	3,497	-	-

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

Commitments to buy and sell foreign currencies:

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

	Foreign Amount		Average Rate to the Yen/$	
(all amounts in local currency thousands)	2005	2004	2005	2004
Subsidiaries				
Japanese Yen (Bought)	12,201,000	19,750,000	110.77	104.99
Japanese Yen (Sold)	8,075,000	10,050,000	113.96	103.71

Hedging of net investment in foreign subsidiary

Foreign currency debt of US $ 20 million (2004: US $ 60 million) recorded by the Group has been designated as a hedge of the net investment in Titan America. The fair value of the borrowing at 31 December 2005 was € 16,953,463 (2004: € 44,049,629). The foreign exchange loss of € 5,551,242 (2004: gain of € 3,349,619) on translation of the borrowing to Euro at the balance sheet date was recognised in shareholders' equity. The cumulative exchange gain at 31 December 2005 recognized in shareholders' equity amounted to € 45,318,420 (2004: € 34,623,818).

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23. Contingencies and Commitments

Contingencies	**Group**		**Company**	
(all amounts in Euro thousands)	**2005**	**2004**	**2005**	**2004**
Guarantees to third parties on behalf of subsidiaries	109,088	119,225	393,480	337,418
Bank guarantee letters	3,343	5,673	2,162	4,610
Guarantees given in respect of government grants relating to property, plant and equipment	11,023	6,680	11,023	6,680
Other guarantees	14,518	14,459	12,980	11,485
	137,972	**146,037**	**419,645**	**360,193**

The Group and the Company has contingent liabilities arising in the ordinary course of business. There are no litigations which may have an important and material impact on the financial status of the Group. The financial years, referred to in note 34, have not been audited by the tax authorities and therefore the tax obligations of the Company and its subsidiaries for those years have not yet been finalized.

There is a pending lawsuit regarding the claim from several employees of Cementarnica USJE A.D. concerning the participation of employees in it's profit. In accordance with the Collective Agreement and Labor Relation law in the FYROM, the legal procedure will determine to what extent the employees will participate the subsidiaries profit. This amount is not material to the Group's results.

As part of the Kyoto Protocol, the European Union has committed itself to reduce gas emissions which produce the greenhouse effect. Within this context a Community Directive was issued that foresees the commercialisation of CO_2 emission licences. The directive has been transposed to Greek Legislation, impacting among other industries the cement industry. The Company has been made aware of its allocation, from 1 January 2005, in terms of the National Allocation Plan for CO_2 emissions; however certificates have not been issued. In the event that the allocated amount will be lower than the Company's present emissions, the Company will incur costs by either having to acquire rights or via an investment in equipment that reduces the emission of the gas, otherwise it will be subject to penalties. Presently the Company believes that it will not incur such an obligation, once the handing of the CO_2 emission licenses becomes effective.

Included in the tax exempt reserves are reserves that have been created by the Company and certain of its Greek subsidiaries following the application of paragraph 2 of L.3220/2004. The European Commission, following its recent Directive 2006/C20/05 that these tax exempt reserves have the form of a government subsidy, has requested the Greek Government to comment. If the European Commission finally concludes that the relevant reserves are a form of government subsidy then the affected Group companies will be required to submit to the taxation authorities the applicable income tax. As the outcome of the discussions between the Greek Government and the European Commission are uncertain at this time the Group is not in a position to determine the likely financial impact and has not provided for this contingent liability.

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

Contingent assets

Litigation between our subsidiary INTERTITAN S.A and the French state is pending before the competent French administrative court of appeal in regard to a claim of our subsidiary against the French state for damages, which at first instance had been accepted for € 2,663,375.40 plus interest.

Commitments

Capital commitments

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

	Group		**Company**	
(all amounts in Euro thousands)	**2005**	**2004**	**2005**	**2004**
Property, plant and equipment	29,503	46,178	18,101	10,116
Total	**29,503**	**46,178**	**18,101**	**10,116**

Purchase commitments

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

Operating lease commitments - where a Group Company is the lessee

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

(all amounts in Euro thousands)	**Group**	
	2005	**2004**
Not later than 2 years	6,510	7,539
Later than 2 years and not later than 5 years	3,063	3,550
Later than 5 years	3,728	3,551
	13,301	**14,640**

24. Share capital

(all amounts are shown in Euro thousands unless otherwise stated)	Number of ordinary shares	Ordinary Shares	Share premium	Share options	Number of pre-ferred ordinary shares	Preferred ordinary shares	Total number of shares	Total
At 1 January 2004	38,181,932	91,637	17,095	-	3,784,480	9,083	41,966,412	117,815
Capitalization of reserves (Note 25)	38,181,932	61,091	-	-	3,784,480	6,055	41,966,412	67,146
Issue of shares - share option scheme	196,400	393	2,490	-	-	-	196,400	2,883
At 31 December 2004	76,560,264	153,121	19,585	-	7,568,960	15,138	84,129,224	187,844
Share options (IFRS 2)	-	-	-	731	-	-	-	731
Issue of shares - share option scheme	200,900	401	2,548	-	-	-	200,900	2,949
At 31 December 2005	76,761,164	153,522	22,133	731	7,568,960	15,138	84,330,124	191,524

The par value of ordinary and preferred shares is € 2.00 per share (2004: € 2.00 per share). All issued shares are fully paid.
The trading price of the Titan Cement ordinary shares were € 34.50 and € 21.80 at December 31, 2005 and 2004, respectively.

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

	2005			2004		
	Old scheme	New scheme	Total	Old scheme	New scheme	Total
At 1 January	283,600	111,480	395,080	250,700	-	250,700
Share split	-	-	-	229,300	-	229,300
Granted	-	133,110	133,110	-	111,480	111,480
Exercised	-200,900	-	-200,900	-196,400	-	-196,400
At 31 December	82,700	244,590	327,290	283,600	111,480	395,080

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

		2005			2004		
Expiration date	**Exercise price**	**Old scheme**	**New scheme**	**Total**	**Old scheme**	**New scheme**	**Total**
2006	€ 14.68	-	-	-	33,300	-	33,300
2007	€ 14.68	82,400	-	82,400	250,300	-	250,300
2007	€ 2.00	-	111,480	111,480	-	111,480	111,480
2008	€ 2.00	-	133,110	133,110	-	-	-
		82,400	244,590	326,990	283,600	111,480	395,080

Old scheme

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

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

As a result of the decision taken at the Annual General Meeting on May 24, 2004 to reduce the nominal value per share (share split), it was decided at the Shareholders' General Meeting held on June 8, 2004 to modify this share option scheme by doubling the number of shares to 480,000 and to reduce the exercise price from € 29.35 to €14.68 per share. During the year under review, forty-one executives exercised options for 200,900 (2004: 196,400) shares.
The remaining options for 82,700 (2004: 283,600) shares have not yet been exercised. During the 2005 financial year, members of the board exercised their rights for 30,800 shares (2004: 24,800 shares).

New scheme

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

1) One-third of options granted vest based on an individuals performance at the completion of the three year period

2) One-third of options granted vest based on the Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year period

3) One-third of options granted vest based on the Titan Cement's stock performance relative to that of twelve predefined cement producing companies during the three year period.

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

The fair value of the options granted under the new scheme, determined using the Black-Scholes valuation model, was €30.76 (2004: €18.44) per option.
The significant inputs into the valuation model were share price at grant date of €34.50 (2004: €21.80), expected volatility of share price 21.6% (2004: 22.5%), dividend yield of 1.9% (2004: 2.4%) and an annual risk free rate of 2.8% (2004: 2.3%).

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25. Fair value and other reserves

Group *(all amounts in Euro thousands)*	Legal reserve	Special reserve	Contingency reserve	Tax exempt reserves under special laws	Revaluation reserve	Currency translation differences on derivative hedging position	Translation Reserve	Total
Balance at 1 January 2004	**59,227**	**3,693**	**146,245**	**186,585**	**-**	**32,346**	**-116,374**	**311,722**
Capitalization of reserves (Note 24)	-	-	27	-67,173	-	-	-	-67,146
Movement in currency translation reserve	-	-	-	-	-	-	-32,379	-32,379
Available-for-sale investments	499	-	-	-	-	-	-	499
Movement on investment hedge net of deferred tax	-	-	-	-	-	2,278	-	2,278
Transfer from retained earnings	4,737	-	20,357	34,484	-	-	-	59,578
Balance at 31 December 2004	**64,463**	**3,693**	**166,629**	**153,896**	**-**	**34,624**	**-148,753**	**274,552**
Movement in currency translation reserve	-	-	-	-	-	-	40,429	40,429
Fair value gains from subsidiaries which operate in hyper-inflation economies	-	-	-	-	2,959	-	-	2,959
Movement on investment hedge net of deferred tax	-	-	-	-	-	10,694	-	10,694
Transfer from retained earnings	-11,874	-56	76,055	-8,050	-	-	5,214	61,289
Balance at 31 December 2005	**52,589**	**3,637**	**242,684**	**145,846**	**2,959**	**45,318**	**-103,110**	**389,923**

Company *(all amounts in Euro thousands)*	Legal reserve	Special reserve	Contingency reserve	Tax exempt reserves under special laws	Revaluation reserve	Currency translation differences on derivative hedging position	Total
Balance at 1 January 2004	**35,282**	**1,769**	**174,425**	**155,960**	**-**	**32,346**	**399,782**
Capitalization of reserves (Note 24)	-	-	-	-67,146	-	-	-67,146
Movement on investment hedge net of deferred tax	-	-	-	-	-	2,278	2,278
Transfer from retained earnings	4,737	-	18,532	34,484	-	-	57,753
Balance at 31 December 2004	**40,019**	**1,769**	**192,957**	**123,298**	**-**	**34,624**	**392,667**
Movement on investment hedge net of deferred tax	-	-	-	-	-	10,694	10,694
Transfer from retained earnings	5,273	-	39,141	10,798	-	-	55,212
Balance at 31 December 2005	**45,292**	**1,769**	**232,098**	**134,096**	**-**	**45,318**	**458,573**

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

26. Cash generated from operations

(all amounts in Euro thousands)	Group		Company	
	2005	2004	2005	2004
Net Profit for the year as per income statements	213,050	179,657	105,810	104,349
Adjustments for:				
Tax (Note 5)	80,018	62,948	39,207	44,600
Depreciation (Note 8)	69,660	60,042	11,016	10,604
Amortization of intangibles (Note 9)	1,438	3,833	-	-
Amortization of government grants received	-430	-228	-344	-290
Stripping amortization	1,347	-	-	-
Impairment charges (Note 8)	-	491	-	-
Provision for impairment of goodwill - write offs	8,152	-	-	-
(Profit)/ loss on sale of property, plant and equipment	-376	-2,295	69	-235
Provision for impairment of debtors charged to income statement (Note 15)	1,954	1,540	-794	2,734
Provision for inventory obsolescence	-429	-	-	-
Other provisions	3,570	776	-2	-
Provision for retirement and termination benefit obligations	7,069	12,982	3,850	3,761
Impairment of investment property	-	-	-	37
Profit on disposal of subsidiaries	-	-1,811	-	-
Profit on sale of trading and other investments	-7,998	-	-	-
Interest income and net foreign exchange transaction gains	-22,842	-12,115	-201	-6,540
Dividend income	-1,008	-405	-29,175	-13,773
Interest expense and net foreign exchange transaction losses	46,692	30,962	17,678	6,842
Loss on financial instruments	10,238	-	-	483
Gains on financial instruments	-3	-1,577	-708	-423
Interest capitalized to fixed assets	-538	-3,561	-	-
Tax discount due to one off payment	-451	-1,084	-369	-1,083
Share stock options	731	-	516	-
Changes in working capital:				
Decrease / (increase) in inventories	-39,310	-17,908	-6,752	-11,186
Decrease / (increase) in trade and other receivables	-41,625	100,152	-30,497	107,918
(Decrease) / increase in trade and other payables	-11,022	-13,090	-8,828	4,119
Cash generated from operations	**317,887**	**399,309**	**100,476**	**251,917**

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

Net book amount (Note 8)	1,890	803	550	172
(Loss) / Profit on sale of property, plant and equipment	376	2,295	-69	235
Proceeds from the sale of property, plant and equipment	**2,266**	**3,098**	**481**	**407**
Non cash transactions				

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27. Related party transactions

The Group is controlled by Titan Cement S.A. ("The Company") who owns 100% of the Group's ordinary shares. Group directors own 17.3% (2004: 17,3%) of the Company's shares while the remaining 82.7% (2004: 82.7%) of the shares are widely held by the public (which includes institutional investors).

Various transactions are entered into by the Company and its subsidiaries during the year with related parties. These transactions occurred under terms that are no less favorable than those entered into with third parties, at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. For the years ended 31 December 2005 and 31 December 2004, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent. Intra-group transactions are eliminated on consolidation. Related party transactions exclusively reflect transactions between the companies of the group.

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

(all amounts in Euro thousands)	**2005**	**2004**
i) Sales of goods and services		
Sale of goods to subsidiaries	97,721	75,331
Sale of services to subsidiaries and joint ventures	981	516
Use of assets by subsidiaries, rental income	52	27
ii) Purchases of goods and services		
Purchase of goods from subsidiaries	8,036	12,041
Purchase of services from subsidiaries	20,105	19,069
iii) Year-end balances arising from purchases of goods and services		
Payables to related parties (Note 17)	6,623	11,539
Receivables from related parties	39,432	15,053
iv) Key management compensation		
Salaries and other short-term employee benefits	3,602	3,548
Post-employment benefits	107	86
v) Directors		
Executive members on the Board of Directors	6	6
Non-executive members on the Board of Directors	9	9

vi) Contingencies and commitments (see Note 23)

28. Principal subsidiaries and joint ventures

Shareholding in subsidiaries and joint ventures

Subsidiary and joint venture name	Country of incorporation	Nature of business	% of direct invest-ment	% of indirect investment
Full consolidation method				
Titan Cement S.A	**Greece**	**Cement Producer**	**Parent company**	
Albacem S.A.	Greece	Import & Distribution of Cement	100.000	-
Interbeton Construction Materials S.A.	Greece	Ready Mix & Aggregates	99.679	0.321
Intercement S.A.	Greece	Trading Company	99.950	0.050
Intertitan Trading International S.A.	Greece	Trading Company	99.995	0.005
Ionia S.A.	Greece	Porcelain	100.000	-
Lakmos S.A.	Greece	Trading Company	99.950	0.050
Quarries Gournon S.A.	Greece	Quarries & Aggregates	54.930	45.070
Tagarades Community Quarries S.A.	Greece	Quarries & Aggregates	-	79.928
Quarries Korinthias S.A.	Greece	Quarries & Aggregates	-	100.000
Leecem S.A.	Greece	Trading Company	9.744	90.256
Titan Cement International Trading S.A.	Greece	Trading Company	99.800	0.200
Titan Atlantic Cement Industrial and Commercial S.A.	Greece	Investment Holding Company	99.817	0.183
Aeolian Maritime Company	Greece	Shipping	100.000	-
Achaiki Maritime Company	Greece	Shipping	100.000	-
Kimolos Maritime Company*	Greece	Shipping	100.000	-
Naftitan S.A.	Greece	Shipping	99.900	0.100
Polikos Maritime Company	Greece	Shipping	100.000	-
Granitoid AD	Bulgaria	Trading Company	-	99.669
Zlatna Panega Beton EOOD	Bulgaria	Ready Mix	-	99.989
Zlatna Panega Cement AD	Bulgaria	Cement Producer	-	99.989
Fintitan SRL	Italy	Import & Distribution of Cement	100.000	-
Separation Technologies Canada Ltd	Canada	Converter of waste material into fly ash	-	100.000
Aemos Cement Ltd	Cyprus	Investment Holding Company	100.000	-
Balkcem Ltd	Cyprus	Investment Holding Company	-	100.000
Iapetos Ltd	Cyprus	Investment Holding Company	100.000	-
Rea Cement Ltd	Cyprus	Investment Holding Company	-	100.000
Themis Holdings Ltd	Cyprus	Investment Holding Company	-	51.006
Tithys Ltd	Cyprus	Investment Holding Company	-	100.000
Separation Technologies U.K. Ltd	U.K	Converter of waste material into fly ash	-	100.000
Titan cement U.K. Ltd	U.K	Import & Distribution of Cement	100.000	-
Essex Cement Co. LLC	U.S.A.	Trading Company	-	100.000
Markfield America LLC	U.S.A.	Insurance Company	-	100.000
Pennsuco Cement Co LLC	U.S.A.	Cement Producer	-	100.000
Roanoke Cement Co. LLC	U.S.A.	Cement Producer	-	100.000
Separation Technologies LLC	U.S.A.	Converter of waste material into fly ash	-	100.000
Standard Concrete LLC	U.S.A.	Trading Company	-	100.000
Tarmac America LLC	U.S.A.	Cement Producer	-	100.000
Titan Virginia Ready Mix LLC	U.S.A.	Ready Mix	-	100.000
Titan America LLC	U.S.A.	Investment Holding Company	-	100.000
Cementara Kosjeric AD	Serbia & Montenegro	Cement Producer	-	74.280
Usje Cementarnica AD	F.Y.R.O.M	Cement Producer	-	94.835
Proportional method				
Alexandria Portland Cement Co. S.A.E	Egypt	Cement Producer	-	48.640
Beni Suef Cement Co.S.A.E.	Egypt	Cement Producer	-	49.932
Blue Circle Cement Egypt S.A.E.	Egypt	Cement Producer	-	48.490
Four M Titan Silo Co. LLC	Egypt	Cement Silo Operations	-	49.322
Misrieen Titan Trade & Distribution	Egypt	Cement Silo Operations	-	49.470
East Cement Trade Ltd	Cyprus	Investment Holding Company	-	50.000
Balkan Cement Enterprises Ltd	Cyprus	Investment Holding Company	-	51.006
Alexandria Development Co.Ltd	U.K. (Channel Islands)	Investment Holding Company	-	50.000
Lafarge Titan Egyptian Inv. Ltd	U.K. (Channel Islands)	Investment Holding Company	-	50.000

** Under liquidation*

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29. Reconciliation to International Financial Reporting Standards ("IFRS")

Reconciliation of Equity at 31 December 2004

(all amounts in Euro thousands)	Group			Company		
	Greek GAAP	Effect of transition to IFRS	IFRS	Greek GAAP	Effect of transition to IFRS	IFRS
Assets						
Property, plant and equipment	807,018	165,357	972,375	166,346	67,125	233,471
Intangible assets	23,765	78,448	102,213	-	-	-
Investment properties	-	-	-	-	7,161	7,161
Investment (participations)	27,587	-27,587	-	513,348	-620	512,728
Other investments	181	1,240	1,421	107	-	107
Non current receivables	16,340	-10,925	5,415	2,420	-	2,420
Deferred tax assets	-	2,988	2,988	-	2,005	2,005
Non-current assets	**874,891**	**209,521**	**1,084,412**	**682,221**	**75,671**	**757,892**
Inventories	130,573	5,620	136,193	61,327	-3,394	57,933
Receivables and prepayments	256,952	-25,578	231,374	112,739	-23,343	89,396
Trading and other investments	5,111	-1,731	3,380	1,141	-	1,141
Cash and cash equivalents	47,929	30,479	78,408	21	-	21
Current assets	**440,565**	**8,790**	**449,355**	**175,228**	**-26,737**	**148,491**
Total assets	**1,315,456**	**218,311**	**1,533,767**	**857,449**	**48,934**	**906,383**
Liabilities						
Long term borrowings	326,335	81,748	408,083	62,378	-	62,378
Deferred income tax liabilities	-	120,696	120,696	-	44,410	44,410
Retirement and termination benefit obligations	24,643	14,999	39,642	22,882	1,232	24,114
Provisions for other liabilities and charges	138,663	-120,618	18,045	37,950	-34,201	3,749
Other non current liabilities	-	9,840	9,840	-	6,210	6,210
Non-current liabilities	**489,641**	**106,665**	**596,306**	**123,210**	**17,651**	**140,861**
Short term borrowings	64,726	20,303	85,029	56,643	-	56,643
Trade and other payables	120,258	-6,001	114,257	50,355	5,921	56,276
Current tax liabilities	60,575	-43,523	17,052	28,808	-21,282	7,526
Current provisions	-	1,016	1,016	-	-	-
Dividends for shareholders	44,121	-	44,121	44,121	-	44,121
Current liabilities	**289,680**	**-28,205**	**261,475**	**179,927**	**-15,361**	**164,566**
Total liabilities (a)	**779,321**	**78,460**	**857,781**	**303,137**	**2,290**	**305,427**
Share capital	187,844	-	187,844	187,844	-	187,844
Reserves	322,745	139,930	462,675	366,468	46,644	413,112
Share capital & reserves	**510,589**	**139,930**	**650,519**	**554,312**	**46,644**	**600,956**
Minority Interest	25,546	-79	25,467	-	-	-
Total equity (b)	**536,135**	**139,851**	**675,986**	**554,312**	**46,644**	**600,956**
Total equity and liabilities (a+b)	**1,315,456**	**218,311**	**1,533,767**	**857,449**	**48,934**	**906,383**

29. Reconciliation to International Financial Reporting Standards ("IFRS") (continued)

Reconciliation of Profit and Loss for the period 1/1 - 31/12/2004

(all amounts in Euro thousands)	Group			Company		
	Greek GAAP	Effect of transition to IFRS	IFRS	Greek GAAP	Effect of transition to IFRS	IFRS
Turnover	1,104,381	38,093	1,142,474	430,680	-	430,680
Cost of sales	-800,679	74,489	-726,190	-295,777	43,605	-252,172
Gross profit	303,702	112,582	416,284	134,903	43,605	178,508
Other operating income/ (expense)	19,401	-23,215	-3,814	5,541	-5,785	-244
Administrative expenses	-67,797	-6,889	-74,686	-29,726	-148	-29,874
Selling and marketing expenses	-23,333	4,021	-19,312	-3,622	1	-3,621
Earnings before interest, taxes and depreciation	**231,973**	**86,499**	**318,472**	**107,096**	**37,673**	**144,769**
Depreciation & amortization	-151	-63,496	-63,647	-141	-10,173	-10,314
Earnings before interest and taxes	**231,822**	**23,003**	**254,825**	**106,955**	**27,500**	**134,455**
Finance costs - net	-18,339	6,119	-12,220	8,417	6,077	14,494
Extraordinary items - net	16,956	-16,956	-	19,789	-19,789	-
Profit/(loss) before income tax (EBT)	**230,439**	**12,166**	**242,605**	**135,161**	**13,788**	**148,949**
Income tax net	-58,685	-4,263	-62,948	-31,011	-13,589	-44,600
Profit for the period	**171,754**	**7,903**	**179,657**	**104,150**	**199**	**104,349**
Attributable to:						
Titan Cement S.A shareholders	168,923	8,028	176,951	104,150	199	104,349
Minority interest	2,831	-125	2,706	-	-	-

Reconciliation of Equity

(all amounts in Euro thousands)	Group	Company
As previously reported in Greek statutory financial statements at 31 December 2004	**510.589**	**554.312**
Adjusted for:		
Recognition of deferred tax liabilities	-29,124	-42,404
Change in economic useful lives of property, plant and equipment and restatement to historical cost basis	87,894	73,024
Adjustment for provisions accounts according to I.A.S	-25,320	-10,909
Revision to amortization of government grants based on IFRS revised economic useful lives of appropriate assets and reclassification of government grants from equity to deferred income (non-current liabilities)	-4,211	-6,210
Reclassification of unrealized foreign currency gains to equity relating to US dollar loan used as a hedge against the investment in US subsidiaries	33,641	33,626
Derecognition of intangible assets (previously recognized under Greek GAAP)	-2,574	-
Differences arising from the method of accounting for Egyptian operations	1,226	-
Reclassification of goodwill from reserves (equity) to assets (non-current assets) and difference arising from the translation of goodwill denominated in foreign currency and amortization of goodwill over economic useful lives	85,372	-
Differences between Greek GAAP and IFRS exchange gains / losses on translation of financial statements of foreign entities	-6,475	-
Recognition of derivative instruments (FEC's) at fair values	-483	-483
Other	-16	-
As restated to conform with the requirements of IFRS at 31 December 2004	**650,519**	**600,956**

Reconciliation of Net Income

(all amounts in Euro thousands)	Group	Company
As previously reported in Greek statutory financial statements at 31 December 2004	**168,923**	**104,150**
Adjusted for:		
Change in economic useful lives of property, plant and equipment	30,089	28,875
Recognition of deferred tax charge	-3,931	-10,808
Reversal / recognition of additional provision relating to staff termination and post-retirement benefits	2,412	9,499
Reversal of amount relating to the provision for impairment of investments	5,000	-
Reversal of goodwill amortization	2,097	-
Recognition of unrealized foreign currency gains / (losses) in net income	4,721	4,706
Difference in accounting for minority share of profits	143	-
Recognition of derivative instruments (FEC's) at fair values	-172	-172
Reclassification to the hedging reserve (equity) of the realized gain pertaining to the US dollar loan repayment and other foreign exchange differences	-13,853	-13,836
Additional provisions for the impairment to trade debtors	-15,943	-15,492
Accrual for management bonuses for the year under review	-2,650	-2,650
Difference between Greek GAAP and IFRS in profit realized from the disposals of subsidiaries	596	-
Other	-481	77
As restated to conform with the requirements of IFRS at 31 December 2004	**176,951**	**104,349**

30. Minority Interests

(all amounts in Euro thousands)	2005	2004
At beginning of year	**25,467**	**52,569**
Buy-out of minority interest	-	-28,842
Share of net profit of subsidiaries (per income statement)	2,922	2,705
Dividends	-1,011	-965
Subsidiary's equity reduction portion to minority interest	-9,799	-
Reclasifications from subsidiaries that operate in hyperinflationary economies (IAS 29)	914	-
Exchange differences	-2,113	-
At end of year	**16,380**	**25,467**

31. Acquisition and disposal of subsidiaries

During the year under review, the Group had not disposed of any subsidiaries.

The subsidiaries BETOKAT ABETE and PAVLIDES BROS. READY MIX ABEE were merged with INTERBETON CONSTRUCTION MATERIALS S.A. at 2.7.2005 and 28.12.2005 respectively.

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

(all amounts in Euro thousands)

Acquisition percentage at:	1.4.2005	31.12.2005
	86.32%	**13.68%**
Assets		
Current assets	1,089	995
Inventory	30	2,093
Receivables & prepayments	816	836
Cash & cash equivalents	279	2
Total assets	**2,214**	**3,926**
Liabilities		
Long term borrowings	123	-
Other liabilities & taxes payable	1,536	1,565
Total liabilities	**1,659**	**1,565**
Net assets	**555**	**2,361**
Net assets relating to Group's portion	479	323
Goodwill (recognised in the income statement)	1,238	-51
Total	**1,717**	**272**
Composed of		
Cash outflow for acquisition of subsidiary	1,717	272
Cash & cash equivalents of acquired subsidiary	-279	-2
Total cash outflow for subsidiary acquisition	**1,438**	**270**

32. Interest in joint ventures

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

(all amounts in Euro thousands)	2005	2004
Property, plant and equipment	102,618	85,865
Intangibles and long-term receivables	14,804	17,195
Current assets	30,278	45,104
	147,700	148,164
Non-current interest bearing borrowings	58,973	81,249
Other long-term liabilities	918	863
Provisions	4,757	9,691
Minority interests	142	91
Current non-interest bearing borrowings	4,453	20,303
Other short-term liabilities	11,049	9,804
	80,292	122,001
Net assets	**67,408**	**26,163**
Profit / (Loss) after tax	**36,024**	**5,085**

There are no contingencies relating to the Group's interest in the joint venture. The average number of employees in the joint venture in 2005 was 809 (2004: 877).

33. Post balance sheet events

There are no events after 31 December 2005 considered to be material to the financial position of both the Group and the Company.

34. Fiscal years unaudited by the tax authorities

Titan Cement S.A	2002-2005	Rea Cement Ltd	2004-2005
Albacem S.A.	2003-2005	Themis Holdings Ltd	2004-2005
Interbeton Construction Materials S.A.	2000-2005	Tithys Ltd	2003-2005
Intercement S.A.	2003-2005	Separation Technologies U.K. Ltd	(a)
Intertitan Trading International S.A.	2000-2005	Titan Cement U.K. Ltd	(a)
Ionia S.A.	2002-2005	Essex Cement Co. LLC	2001-2005
Lakmos S.A.	2003-2005	Markfield America LLC	2001-2005
Quarries Gournon S.A.	2000-2005	Pennsuco Cement Co. LLC	2001-2005
Tagarades Community Quarries S.A.	2003-2005	Roanoke Cement Co. LLC	2001-2005
Quarries Korinthias S.A.	2005	Separation Technologies LLC	2001-2005
Leecem S.A.	2003-2005	Standard Concrete LLC	2001-2005
Titan Cement International Trading S.A.	2001-2005	Tarmac America LLC	2001-2005
Titan Atlantic Cement Industrial and Commercial S.A.	2001-2005	Titan Virginia Ready Mix LLC	2001-2005
Aeolian Maritime Company	2000-2005	Titan America LLC	2001-2005
Achaiki Maritime Company	2000-2005	Cementara Kosjeric AD	2000-2005
Kimolos Maritime Company	2000-2005	Usje Cementarnica AD	2004-2005
Naftitan S.A.	2003-2005	Alexandria Portland Cement Co. S.A.E	2002-2005
Polikos Maritime Company	2000-2005	Beni Suef Cement Co.S.A.E.	1999-2005
Granitoid AD	2003-2005	Blue Circle Cement Egypt S.A.E.	(a)
Zlatna Panega Beton EOOD	2002-2005	Four M Titan Silo Co. LLC	1997-2005
Zlatna Panega Cement AD	2005	Misrieen Titan Trade & Distribution	(a)
Fintitan SRL	(a)	East Cement Trade Ltd	2003-2005
Separation Technologies Canada Ltd	2004-2005	Balkan Cement Enterprises Ltd	2003-2005
Aemos Cement Ltd	2000,03-05	Alexandria Development Co.Ltd	(a)
Balkcem Ltd	2002-2005	Lafarge Titan Egyptian Inv. Ltd	(a)
Iapetos Ltd	2000,03-05		

(a) Under special tax status

TITAN CEMENT COMPANY S.A.

SUMMARY FINANCIAL RESULTS for the year ended 31 December 2005
(in terms of article 135 of Law 2190, for companies publishing annual financial statements in accordance with IAS/IFRS)

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

COMPANY'S STATUTORY INFORMATION

Head Office and Registered Address:	22A Halkidos Street - 111 43 Athens
Company's Number in the Register of Societes Anonymes:	6013/06/B/86/90
Supervising Authority:	Ministry of Development (Department for limited companies)
Board of Directors:	Chairman: Andreas Canellopoulos
	Executive Directors: Dimitrios Papalexopoulos - Managing Director, Elias Paniaras, Nellos Canellopoulos, Alexandra Papalexopoulou-Benopoulou, Michael Sigalas.
	Non-executive: Nikolaos Analytis, Konstantinos Karyotis.
	Independent: Dimitrios Krontiras - Deputy Chairman, Efthimios Vidalis, George David, Spyridon Theodoropoulos, Konstantinos Kerameus, Panagiotis Marinopoulos, Apostolos Tamvakakis.
Date of approval of the Financial Statements :	22 February 2006
Auditors firm:	PricewaterhouseCoopers
Name of the auditor:	Kyriacos Riris
Report of the Auditors:	Without qualification
Company's web address:	**www.titan-cement.com**

GROUP STUCTURE

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

Full Consolidation method

	Percentage %	F.Y.U.**
TITAN CEMENT COMPANY S.A., Athens	Parent	2002-2005
ALBACEM S.A., Athens	100.00%	2003-2005
INTERBETON CONSTRUCTIONS MATERIALS S.A., Athens	100.00%	2000-2005
INTERTITAN TRADING INTERNATIONAL S.A., Athens	100.00%	2000-2005
IONIA S.A., Athens	100.00%	2002-2005
INTERCEMENT S.A., Athens	100.00%	2003-2005
QUARRIES GOURNON S.A., Heraklion Crete	100.00% *	2000-2005
QUARRIES OF TAGARADON COMMUNITY, Thessaloniki	79.93% *	2003-2005
LAKMOS S.A., Athens	100.00%	2003-2005
LEECEM S.A., Athens	100.00% *	2003-2005
TITAN CEMENT INTERNATIONAL TRADING S.A., Athens	100.00%	2001-2005
TITAN CEMENT ATLANTIC S.A., Athens	100.00%	2001-2005
NAFTITAN S.A., Athens	100.00%	2003-2005
AEOLIAN MARITIME COMPANY, Athens	100.00%	2000-2005
ACHAIKI MARITIME COMPANY, Athens	100.00%	2000-2005
KIMOLOS MARITIME COMPANY, Athens (under liquidation)	100.00%	2000-2005
POLIKOS MARITIME COMPANY, Athens	100.00%	2000-2005
QUARRIES KORINTHIAS S.A., Korinthos	100.00% *	2005
AEMOS CEMENT LTD, Nicosia Cyprus	100.00%	2000,03-05
BALKCEM LTD, Nicosia Cyprus	100.00% *	2002-2005
IAPETOS LTD, Nicosia Cyprus	100.00%	2000,03-05
REA CEMENT LTD, Nicosia Cyprus	100.00% *	2004-2005
TITHYS LTD, Nicosia Cyprus	100.00% *	2003-2005
THEMIS HOLDINGS LTD, Nicosia Cyprus	51.01% *	2004-2005
FINTITAN SRL, Venice Italy	100.00%	(a)
TITAN CEMENT U.K. LTD, Hull U.K.	100.00%	(a)
SEPARATION TECHNOLOGIES UK LTD, Hull U.K.	100.00% *	(a)
TITAN AMERICA LLC, Delaware U.S.A.	100.00% *	2001-2005
ROANOKE CEMENT CO. LLC, Virginia U.S.A.	100.00% *	2001-2005
TITAN VIRGINIA READY MIX LLC, Delaware U.S.A.	100.00% *	2001-2005
MARKFIELD AMERICA LLC, Virginia U.S.A.	100.00% *	2001-2005
SEPARATION TECHNOLOGIES LLC, Delaware U.S.A.	100.00% *	2001-2005
PENNSUCO CEMENT CO. LLC, Delaware U.S.A.	100.00% *	2001-2005
TARMAC AMERICA LLC, Delaware U.S.A.	100.00% *	2001-2005
STANDARD CONCRETE LLC, Florida U.S.A.	100.00% *	2001-2005
ESSEX CEMENT CO LLC, Delaware U.S.A.	100.00% *	2001-2005
SEPARATION TECHNOL. CAN. LTD, Fredericton NB Canada.	100.00% *	2004-2005
CEMENTARA KOSJERIC AD, Kosjeric Serbia	74.28% *	2000-2005
ZLATNA PANEGA CEMENT AD, Zlatna Bulgaria	99.99% *	2005
ZLATNA PANEGA BETON EOOD, Zlatna Bulgaria	99.99% *	2002-2005
GRANITOID AD, Batanovtsi Bulgaria	99.67% *	2003-2005
USJE CEMENTARNICA AD, Skopje FYROM	94.84% *	2004-2005

Proportionate Consolidation method

	Percentage %	F.Y.U.**
BALKAN CEMENT ENTERPRISES LTD, Nicosia Cyprus	51.01% *	2003-2005
EAST CEMENT TRADE LTD, Nicosia Cyprus	50.00% *	2003-2005
LAFARGE TITAN EGYPTIAN INV.LTD, Channel Islands U.K.	50.00% *	(a)
ALEXANDRIA DEVEL.LTD, Channel Islands U.K.	50.00% *	(a)
FOUR M TITAN SILO COMPANY LLC, Cairo Egypt	49.32% *	1997-2005
MISRIEEN TITAN TRAD. & DISTR., Cairo Egypt	49.47% *	(a)
BENI SUEF CEMENT CO. SAE, Cairo Egypt	49.93% *	1999-2005
ALEXANDRIA PORTLAND CEM.CO SAE, Alexandria Egypt	48.64% *	2002-2005
BLUE CIRCLE CEMENT EGYPT SAE, Alexandria Egypt	48.49% *	(a)

* Companies held indirectly
** F.Y.U.: Fiscal Years Unaudited by the Tax Authorities
(a) Subject to special tax regime

ABRIDGED BALANCE SHEET at 31 December 2005

(Amounts in € thousand)

	Group		Company	
ASSETS	**31/12/2005**	**31/12/2004**	**31/12/2005**	**31/12/2004**
Tangible assets	1,149,845	972,375	255,519	240,632
Intangible assets	94,990	102,213	-	-
Investments and long-term receivables	13,169	9,824	518,086	517,260
Total Non-Current Assets	1,258,004	1,084,412	773,605	757,892
Inventories	175,954	136,193	64,685	57,933
Trade receivables	240,321	185,151	115,816	82,416
Other assets	34,443	49,603	16,601	8,121
Cash and cash equivalents	95,142	78,408	17	21
Total Current Assets	545,860	449,355	197,119	148,491
TOTAL ASSETS	1,803,864	1,533,767	970,724	906,383
LIABILITIES				
Long-term borrowings	425,025	408,083	62,203	62,378
Other long-term liabilities	206,183	188,223	68,380	78,483
Total Non-Current Liabilities	631,208	596,306	130,583	140,861
Short-term bank liabilities	64,538	85,029	48,996	56,643
Trade payables	78,084	59,941	26,005	24,472
Income taxes payable	27,600	17,052	17,786	7,526
Other short-term liabilities	113,664	99,453	76,812	75,925
Total Current Liabilities	283,886	261,475	169,599	164,566
Total liabilities (a)	915,094	857,781	300,182	305,427
Share capital	191,524	187,844	191,524	187,844
Retained earnings and other reserves	680,866	462,675	479,018	413,112
Equity attributable to shareholders (b)	872,390	650,519	670,542	600,956
Minority interest (c)	16,380	25,467	-	-
Total Equity (d) = (b) + (c)	888,770	675,986	670,542	600,956
TOTAL EQUITY AND LIABILITIES (c) = (a) + (d)	1,803,864	1,533,767	970,724	906,383

ABRIDGED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2005

(Amounts in € thousand)

	Group		Company	
	31/12/2005	**31/12/2004**	**31/12/2005**	**31/12/2004**
Equity balance at beginning of the year (1/1/2005 and 1/1/2004 respectively)	675,986	582,851	600,956	535,193
Net profit per income statement after tax	210,128	176,951	105,810	104,349
Net profit attributable to minority interest	2,922	2,706	-	-
Share Capital increase due to share options	3,680	2,883	3,680	2,883
Fair value gains from subsidiaries which operate in hyperinflation economies	3,873	-	-	-
Subsidiary's equity reduction portion to minority interest	-9,799	-	-	-
Acquisitions/(Disposals) of subsidiaries	-	-15,092	-	-
Dividends	-50,598	-43,747	-50,598	-43,747
Dividends paid to minority	-1,011	-965	-	-
Translation differences	42,895	-31,879	-	-
Increase on derivative hedging position	10,694	2,278	10,694	2,278
Equity balance at year end (31/12/2005 and 31/12/2004 respectively)	888,770	675,986	670,542	600,956

ABRIDGED INCOME STATEMENT for the year ended 31 December 2005

(Amounts in € thousand)

	Group		Company	
	1/1-31/12/2005	**1/1-31/12/2004**	**1/1-31/12/2005**	**1/1-31/12/2004**
Turnover	1,341,727	1,142,474	439,713	430,680
Cost of sales	-852,579	-726,190	-265,067	-252,172
Gross profit	489,148	416,284	174,646	178,508
Other operating income / (expense)	-591	-3,814	4,516	-244
Administrative expenses	-79,974	-74,686	-32,378	-29,874
Selling and marketing expenses	-19,410	-19,312	-3,870	-3,621
Earnings before interest, taxes and depreciation	389,173	318,472	142,914	144,769
Depreciation & amortization	-72,015	-63,647	-10,672	-10,314
Earnings before interest and taxes	317,158	254,825	132,242	134,455
Income from participations	1,008	405	29,175	13,773
Finance costs - net	-25,098	-12,625	-16,400	721
Profit before taxes	293,068	242,605	145,017	148,949
Less: taxes	-80,018	-62,948	-39,207	-44,600
Profit after taxes	213,050	179,657	105,810	104,349
Attributable to:				
Shareholders	210,128	176,951	105,810	104,349
Minority interest	2,922	2,706	-	-
Basic earnings per issued share (in €)	2.50	2.11	1.26	1.24
Diluted earnings per issued share (in €)	2.49	2.10	1.25	1.24

CASH FLOW STATEMENT
for the year ended 31 December 2005
(Amounts in € thousand)

	Group		Company	
	1/1-31/12/2005	1/1-31/12/2004	1/1-31/12/2005	1/1-31/12/2004
Cash flows from operating activities				
Profits before taxes	293,068	242,605	145,017	148,949
Adjustments for:				
Depreciation	72,015	63,647	10,672	10,314
Dividends	-1,008	-405	-29,175	-13,773
Interest expense	28,408	12,625	6,845	5,395
Other non cash flow items	17,359	11,683	13,192	180
Operating profit before changes in working capital	409,842	330,155	146,551	151,065
Decrease/(increase) in inventories	-39,308	-17,908	-6,752	-11,186
Decrease/(increase) in trade and other receivables	-41,625	100,152	-30,495	107,919
Increase/(decrease) in trade payables (excluding banks)	-11,022	-13,090	-8,828	4,119
Cash generated from operations	317,887	399,309	100,476	251,917
Interest received	3,752	10,249	145	18
Taxation paid	-28,818	-58,941	-22,631	-46,894
Net cash flows from operating activities	292,821	350,617	77,990	205,041
Cash flows from investing activities				
Purchase of tangible and intangible assets	-145,646	-149,563	-26,795	-29,771
Proceeds from the sale of property, plant and equipment	2,266	3,098	481	407
Proceeds from dividends	1,008	405	14,173	13,773
Disposal/(Acquisition) of subsidiaries, net of cash	-1,708	-77,268	-	-86,996
Proceeds from disposal of available-for-sale financial assets	10,119	2,516	-	154
Purchase of available-for-sale financial assets	-1,175	-2,743	-16	-217
Decrease/(increase) in long-term receivables	-4,109	-1,350	817	191
Net cash flows from investing activities	-139,245	-224,905	-11,340	-102,459
Net cash flows after investing activities	**153,576**	**125,712**	**66,650**	**102,582**
Cash flows from financing activities				
Share capital increase	2,949	2,883	2,949	2,883
Proceeds from government grants	1,584	1,357	1,584	1,482
Interest paid	-32,723	-21,638	-6,990	-5,413
Dividends paid	-44,718	-41,863	-43,707	-40,899
Proceeds from borrowings	126,126	109,681	21,982	-
Payments of borrowings	-194,616	-179,563	-42,472	-60,852
Net cash flows from financing activities	-141,398	-129,143	-66,654	-102,799
Net increase in cash and cash equivalents	**12,178**	**-3,431**	**-4**	**-217**
Cash and cash equivalents at beginning of the period	78,408	72,354	21	238
Effects of exchange rate changes	4,556	9,485	-	-
Cash and cash equivalents at end of the period	95,142	78,408	17	21

DIVIDEND INFORMATION
(Amounts in € thousand)

	Group		Company	
	1/1-31/12/2005	1/1-31/12/2004	1/1-31/12/2005	1/1-31/12/2004
Net profit after taxes	213,050	179,657	105,810	104,349
Minority Interest	-2,922	-2,706	-	-
Prior year retained earnings	188,123	100,745	20,445	17,596
Total retained earnings available for distibution	398,251	277,696	126,255	121,945
Transfers to reserves	-56,710	-45,826	-55,212	-57,753
Proposed dividend for the year €0.60 per share (2004 €0.52)	-50,598	-43,747	-50,598	-43,747
Retained earnings after transfers to reserves and proposed distribution	290,943	188,123	20,445	20,445

b

OTHER IMPORTANT DATA AND INFORMATION

1. According to the Board of Directors resolution of Dec.15th, 2005 and the implementation of the resolution of the shareholders meetings of July 5th, 2000, amended with the decisions of shareholders meetings of June 19th 2002 and of June 8th 2004 the share capital was increased by €402 thousand with cash payments and issuance of 200,900 new registered voting shares, nominal value of €2.00 each, and share price €14.68, relating to the right of higher executives to purchase stock in the company. The Share Premium Account includes the difference of €12.68 per share issued or €2,547,412.00 in total. (Release of the Greek Ministry of Development K2-16064/16.12.2005).
2. There are no pledges on the company's assets.
3. Number of employees at the end of the reporting period: Group: 5,681 (2004: 5,628), Parent Company: 1,135 (2004: 1,158).
4. The companies BETOKAT TRADING AND CONSTRUCTION CO S.A. and READY MIX PAVLIDES BROS CO S.A. was merged with INTERBETON CONSTRUCTIONS MATERIALS S.A. since 2.7.2005 and 28.12.2005 respectively. The latter company was acquired at 1.4.2005
5. Capital expenditure for the year 2005 amounted to: Group € 145.7 m (2004 € 158.7 m), Parent Company € 26.8 m (2004 € 29.8 m).
6. Earnings per share have been calculated based on the average number of shares during the year (i.e. ordinary and preferred).
7. A number of 2004 items have been restated for comparative purposes.
8. Intercompany transactions for the year 2005 and intercompany balances as of 31 December 2005 between the Company and related parties respectively are as follows: Sales of goods and services € 98.8 m, Purchases of goods and services € 28.1 m, Receivables € 39.4 m and Payables € 6.6 m.
9. There are no litigation matters which have a material impact on the financial position of the Company and the Group.

Athens, 22 February 2006

Chairman of the Board of Directors	Managing Director	Executive Director - General Manager
ANDREAS L. CANELLOPOULOS	DIMITRIOS TH. PAPALEXOPOULOS	ELIAS I. PANIARAS
I.D.No A010727	I.D.No Ξ163588	I.D.No Θ297060
Chief Financial Officer	Chief Accountant	Financial Consolidation Manager
HOWARD PRINCE-WRIGHT	EMM. CH. MAVRODIMITRAKIS	ATHANASIOS S. DANAS
PASS No P60090793	I.D.No N237613	I.D.No AB006812

REPORT OF THE BOARD OF DIRECTORS OF TITAN CEMENT S.A. ON THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 1/1 – 31/12/2005

2005 was another good year for the Titan Group. In Greece, the expected decrease in domestic cement demand, after the Olympic Games was offset by an increase in exports. Freight and fuel costs remained at high levels which in turn affected costs.

2005 was the first year that the National Allocation Plan of CO_2 Emissions was in force. We have not accounted for emissions in the financial results as certificates have not been received and the accounting treatment has not been finalized. Our Company was prepared in terms of appropriate systems and set up to monitor emissions and the total of carbon dioxide emissions are within the levels allocated. From mid January, the Company also enforced the European Commission Directive on Chromium VI.

The Group benefited once more from the positive contribution of its international operations.

In the U.S.A. market conditions remained buoyant, despite the negative impact of hurricanes that hit Florida during the second half of the year. Pennsuco completed its first year of operation and the modernised plant with its increased production capacity is providing some of the cement needed to feed the continuing growth in demand in Florida. The new cement import terminal in Tampa also completed its first year of operation and in combination with our existing facilities provides us with more flexibility to feed the growth of our activities.

The investment in Separation Technologies, which is holder of proprietary technology for the processing of fly ash, performed well, with increased volumes within the U.S.A and expansion in international markets.

In South-East Europe, demand for cement reached new highs in Bulgaria. In FYROM demand was also ahead of last year and in Serbia we recorded a marginal fall in demand. In Bulgaria an investment program is in execution and will improve capacity, productivity and environmental performance. This we expect to complete by the beginning of 2007.

In Egypt, the results were significantly better than 2004. Domestic demand continued to grow strongly. This in addition to the re-orientation of excess production capacity to exports also allowed prices to increase.

In total the Group sold over 15 million tons of cementitious materials in 2005, over 20 million tons of aggregates and over 5 million m^3 of ready mix concrete.

Group Financial Results

Volumes across all products were ahead of 2004. By market, the USA, Bulgaria and Egypt all performed ahead of expectations. The slow down in the Greek domestic market was not significant relative to expectations and in total was offset by exports.

Group Turnover, EBITDA and Net Profit after Taxes all recorded strong annual growth over the period 2000 through 2005. Turnover has increased at a compounded annual growth rate of over 16% year on year and EBITDA by nearly 15% per annum. Net Profit after Taxes has grown strongly by over 17% per annum.

Total Group cement and cementitious material volumes grew by 7% to over 15 million tons and Aggregates were down marginally by 1% to over 20 million tons. Ready mix volumes were up 8% versus the prior year and totalled more than 5 million cubic meters.

In 2005, Turnover of the Group was over € 1.3 billion, 17% ahead of 2004. EBITDA for the full year was € 389 million, up 22% versus the prior year. The impact of foreign currency translation in 2005 was not material.

Net profit after taxes for the Group in 2005 was € 210 million, up nearly 19% versus the previous year. This performance was driven by our international markets and in particular the U.S.A.

Earning per share was € 2.49 up 18% versus 2004.

Growth from our international regions has more than offset some softness in Greece as a result of the post Olympics slowdown. Greece now represents 39% of turnover and 43% of Operating EBITDA from 43% and 55% respectively in the previous year.

Cement and cementitious materials is core to the group's profitability, in line with our primary objectives of establishing ourselves as major regional cement manufacturer. Cement represents 78% of EBITDA in 2005.

The US dollar strengthened in 2005 and closed the year 13% higher versus the Euro. The Egyptian pound regained ground +5% against the US dollar and 18% against the Euro. There was also a continuing devaluation of the Yugoslav Dinar in Serbia of 8% during the year. No other significant variances in exchange rates were noted. There have been no significant changes in our FX management policy for 2005 and we continue to hedge our US dollar assets through US dollar debt locally and by US dollar loans held at the parent company for a portion of the remainder, mitigating the translation risk on earnings in US dollars.

The main movements on the consolidated balance sheet of the Group as at 31 December 2005 related to Shareholders Equity that increased by 222 million year on year due to the increase in profits for the Group and translation gains on consolidation of our results.

Net debt as of 31 December 2005 was 394 million Euros and reduced by 20 million Euros since the beginning of 2005. Excluding the impact of translation, net debt would have reduced by € 74 million year on year. Net debt includes the debt from our Egyptian subsidiaries, where we continue to hold part of this in Yen that has been swapped to US dollars through forward contacts.

Both leverage and return on invested capital improved significantly over the last nine quarters. Leverage, as measured by Net Debt over Operating EBITDA was 1.01 versus 1.26 on 31st December 2004. Return on Invested Capital, calculated on the basis of Net Profit after Taxes over Average Invested Capital in the year was 18% versus 17% in 2004.

Parent Company Financial Results

The parent company, TITAN CEMENT S.A. realized sales of € 440 million versus € 431 million in the previous year, an increase of 2%.

Net profits, after taxes, amounted to € 106 million, marginally ahead by 1.4% versus 2004, including € 29 million income from participations.

EBITDA for the year reached € 143 million, down by 1.3% versus € 145 million the previous year, mainly due to the fall in profit margins from the rise in fuel costs.

Investments in all our plants continued in 2005 and will also continue this year while other significant investments concerning further environmental protection are also under way.

REPORT OF THE AUDITORS

To the Shareholders of TITAN CEMENT COMPANY S.A.

We have audited the accompanying balance sheet of Titan Cement Company S.A. (the "Company') and the consolidated balance sheet of the Company and its subsidiaries (the "Group") as of 31 December 2005 and the related company and consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements set out on pages 43 to 85 are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Greek Auditing Standards which are based on International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2005, and of the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Athens, 22 February 2006

The Certified Auditor

PricewaterhouseCoopers S.A
Certified Auditors and
Accountants

Kyriacos Riris
SOEL Reg. No. 12111

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REPORT

Article 2, par.4 Law 3016/2002

Regarding Company transactions with affiliated companies,

in accordance to article 2, par. 4 of Codified Law 3016/2002, for 2005.

During 2005, Company's transactions with the previously mentioned companies are as listed below:

I. INFLOWS

A. Sales

1. Cement sales

To	INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	40,469,446.72
	FINTITAN SRL	"	12,790,665.00
	TARMAC AMERICA LLC	"	10,454,260.02
	TITAN CEMENT U.K. LTD	"	9,658,789.95
	TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	"	8,553,738.16
	INTERTITAN S.A.	"	4,706,489.00
	ESSEX CEMENT CO. LLC	"	998,719.46
	CEMENTARNICA USJE AD	"	173,363.00
	CEMENTARA KOSJERIC AD	"	35,935.00
			87,841,406.31

2. Aggregates sales

To	INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	2,140,755.14

3. Solid Fuels sales

To	CEMENTARNICA USJE AD	value in Euro	6,795,923.27

4. Fixed assets sales

To	INTERBETON CONSTRUCTION S.A.	value in Euro	8,560.21

5. Porcelain products sales

To	IONIA S.A.	value in Euro	916,320.00
	INTERBETON CONSTRUCTION MATERIALS S.A.	"	17,253.86
	QUARRIES GOURNON S.A.	"	1,001.00
			934,574.86

B. 1. Provision of computerization and IT services

To	INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	170,000.00
	NAFTITAN S.A.	"	18,665.00
	TITAN CEMENT INTERNATIONAL TRADING CO. S.A	"	4,488.00
	TITAN ATLANTIC CEMENT S.A.	"	1,325.50
	LEECEM S.A.	"	377.00
	INTERTITAN S.A.	"	316.00
			195,171.50

2. Other income from services

To	BENI SUEF CEMENT CO.	value in Euro	421,386.00
	TITAN AMERICA LLC	"	291,939.35
	IONIA S.A.	"	40,426.45
	INTERBETON CONSTRUCTION MATERIALS S.A.	"	29,365.31
	NAFTITAN S.A.	"	2,922.00
			786,039.11

C. Rents and leases

To	INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	52,475.31

Total of inflows	98,754,905.71

II. OUTFLOWS

A. Purchases

1. Aggregates purchases

From INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	7,474,989.00

2. Ready-mix concrete purchases

From INTERBETON CONSTRUCTION MATERIALS S.A.	value in Euro	561,067.00

B. Services

1. Freight and transportation costs

To ACHAIKI M.C.	value in Euro	5,979,322.51
POLIKOS M.C.	"	4,220,558.79
AEOLIAN M.C.	"	2,109,700.00
		12,309,581.30

2. Services for the production of porcelain

To IONIA S.A.	value in Euro	7,173,771.93

3. Various payments from services

To NAFTITAN S.A.	value in Euro	620,709.19
Total of outflows		28,140,118.42

III. BALANCES

The balances at 31.12.2005 are as follows:

	DEBIT BALANCE	CREDIT BALANCE
INTERBETON CONSTRUCTION MATERIALS S.A.	18,667,826.02	
INTERTITAN S.A.	254,526.00	
QUARRIES GOURNON S.A.	505,685.73	
LEECEM S.A.	73.78	
TITAN CEMENT INTERNATIONAL TRADING CO. S.A.	1,254,911.05	
FINTITAN SRL	6,374,541.00	
TITAN CEMENT U.K. LTD	3,747,856.80	
CEMENTARNICA USJE AD	1,459,067.76	
BENI SUEF CEMENT CO.	1,535,093.58	
CEMENTARA KOSJERIC AD	2,570.40	
TARMAC AMERICA LLC	2,221,160.46	
TITAN AMERICA LLC	260,963.92	
ZLATNA PANEGA CEMENT AD	220.77	
TITAN ATLANTIC CEMENT S.A.	3,147,647.05	
AEOLIAN M.C.		699,140.40
ACHAIKI M.C.		2,813,606.05
IONIA S.A.		545,749.44
KIMOLOS M.C.		193,340.71
NAFTITAN S.A.		261,960.70
POLIKOS M.C.		2,108,960.49
	39,432,144.32	6,622,757.79

Note:

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

True Copy from the Book of Minutes of the Board of Directors

Athens, March 21, 2006

TITAN CEMENT S.A.

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INFORMATION ACCORDING TO ARTICLE 10 OF LAW 3401/2005

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

19/1/2005	Issuance of new shares from the share capital increase due to the exercise of the stock option
19/1/2005	Schedule of intended corporate actions
8/2/2005	Filling of additional financial information
24/2/2005	Filling of additional financial information
24/2/2005	Announcement of the Q4 2004 financial results
24/2/2005	Announcement of the Q4 2004 consolidated financial results
24/2/2005	Press release regarding the Q4 2004 financial results
28/2/2005	Schedule of intended corporate actions
11/3/2005	Filling of additional financial information
5/4/2005	Answer to the Athens Exchange
15/4/2005	Answer to the Athens Exchange
18/4/2005	Announcement of the Annual General Meeting of Shareholders
18/4/2005	Announcement of the full year 2004 financial results
18/4/2005	Announcement of the full year 2004 consolidated financial results
19/4/2005	Announcement of other significant information
10/5/2005	Press release regarding the Q1 2005 financial results
10/5/2005	Filling of additional financial information
12/5/2005	Ex-dividend date
13/5/2005	Annual General Meeting of Shareholders Resolutions
10/6/2005	Parent Company financial and other information for 1st quarter 2005 in accordance with IFRS
13/6/2005	Group financial and other information for 1st quarter 2005 in accordance with IFRS
21/6/2005	Presentation on TITAN's recent developments to the Association of Greek Institutional Investors
21/7/2005	Transaction Notification
21/7/2005	Transaction Notification
25/7/2005	Transaction Notification
25/7/2005	Transaction Notification
25/8/2005	Press release regarding the 1st Half 2005 financial results
25/8/2005	Parent Company financial and other information for 1st half 2005 in accordance with IFRS
25/8/2005	Group financial and other information for 1st half 2005 in accordance with IFRS
30/8/2005	Transaction Notification
30/8/2005	Transaction Notification
31/8/2005	Transaction Notification
5/9/2005	Transaction Notification
5/9/2005	Transaction Notification
5/9/2005	Transaction Notification
5/9/2005	Transaction Notification
5/9/2005	Transaction Notification
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6/9/2005	Transaction Notification
6/9/2005	Transaction Notification
7/9/2005	Transaction Notification
8/9/2005	Transaction Notification
9/9/2005	Transaction Notification
28/9/2005	Transaction Notification
11/10/2005	Confirmation-Clarification on published articles
4/11/2005	Transaction Notification
9/11/2005	Transaction Notification
9/11/2005	Transaction Notification
10/11/2005	Transaction Notification
10/11/2005	Transaction Notification

11/11/2005	Announcement of other significant information
14/11/2005	Transaction Notification
14/11/2005	Transaction Notification
14/11/2005	Transaction Notification
16/11/2005	Transaction Notification
16/11/2005	Transaction Notification
16/11/2005	Transaction Notification
16/11/2005	Transaction Notification
17/11/2005	Transaction Notification
17/11/2005	Transaction Notification
18/11/2005	Transaction Notification
21/11/2005	Transaction Notification
25/11/2005	Press release regarding the 9 months 2005 financial results
25/11/2005	Parent Company financial and other information for the 9 months 2005 in accordance with IFRS
25/11/2005	Group financial and other information for the 9 months 2005 in accordance with IFRS
30/11/2005	Transaction Notification
1/12/2005	Announcement regarding the change of the Finance Director Greece Region
5/12/2005	Transaction Notification
6/12/2005	Transaction Notification
7/12/2005	Transaction Notification
8/12/2005	Transaction Notification
8/12/2005	Information according to Law 3401 regarding the stock option plan to the Company's officers
9/12/2005	Transaction Notification
15/12/2005	Issuance of new shares from the share capital increase due to the exercise of stock option
15/12/2005	Transaction Notification
19/12/2005	Transaction Notification
19/12/2005	Transaction Notification
21/12/2005	Issuance of new shares from the share capital increase due to the exercise of the stock option
23/12/2005	Transaction Notification
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30/12/2005	Transaction Notification

The annual financial statements, the auditors reports and the Board of Directors reports of the companies included in the consolidated financial statements are available on the Company's website titan-cement.com