

INTERTITAN S.A.

Balance Sheet

As at 31 December

<u>ASSETS</u>	Notes	2005	2004
Property, plant and equipment	7	380,640	406,249
Non current receivables	8	76,580	76,580
Non-current assets		457,220	482,829
Inventories	9	282,232	333,599
Receivables and prepayments	10	2,432,654	2,406,334
Cash and cash equivalents	11	1,418,239	674,363
Current assets		4,133,125	3,414,296
Total assets		4,590,345	3,897,125
<u>LIABILITIES</u>			
Deferred tax	13	4,804	4,804
Non-current liabilities		4,804	4,804
Trade and other payables	12	521,510	224,332
Current liabilities		521,510	224,332
Total liabilities (a)		526,314	229,136
Share capital	14	4,138,266	4,138,266
Other reserves	15	9,966	9,966
Retained earnings		-84,201	-480,243
Total equity (b)		4,064,031	3,667,989
TOTAL EQUITY AND LIABILITIES (a+b)		4,590,345	3,897,125

Income Statement

		As at 31 December	
	Notes	2005	2004
Turnover		6,743,879	6,234,253
Cost of sales		-5,945,005	-5,336,405
Gross profit		798,874	897,848
Other operating expenses		21,292	33,558
Administrative expenses		-343,083	-271,831
Earnings before interest, taxes and depreciation		477,083	659,575
Depreciation & amortization	7	-91,751	-94,211
Earnings before interest and taxes	3	385,332	565,364
Finance (cost) / income	4	10,710	-1,172
Profit before taxes		396,042	564,192
Less: taxes	6	0	33,120
Profit after taxes		396,042	597,312

Statement of Changes in Shareholders' Equity

	Notes	Ordinary shares	Fair value and other reserves	Retained earnings	Total
Year ended 31 December 2004					
Opening balance		4,138,266	9,966	-1,077,555	3,070,677
Net profit per income statement		0	0	597,312	597,312
Closing Balance at 31 December 2004		4,138,266	9,966	-480,243	3,667,989
Year ended 31 December 2005					
Opening balance		4,138,266	9,966	-480,243	3,667,989
Net profit per income statement		0	0	396,042	396,042
Closing Balance at 31 December 2005		4,138,266	9,966	-84,201	4,064,031

Cash Flow Statement

		Year ended 31 December	
notes	2005	2004	
Cash flows from operating activities			
Cash generated from operations	795,507	587,767	
Interest received	17,983	5,985	
Income taxes paid	0	-9,142	
<i>Net cash generated from operating activities</i>	813,490	584,610	
Cash flows from investing activities			
purchase of tangible and intangible assets	-66,194	-112,652	
Proceeds from sale of property, plant and equipment and intangible assets	3,853	2,118	
Decrease/(increase) in long term receivables	0	-5,379	
<i>Net cash generated from investing activities</i>	-62,341	-115,913	
Cash flows from financing activities			
Interest paid	-7,273	-3,720	
Repayments of borrowings	0	-1,708	
<i>Net cash flows from financing activities</i>	-7,273	-5,428	
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	743,876	463,269	
Cash and cash equivalents at beginning of the period	674,363	211,094	
Cash and cash equivalents at end of the period	1,418,239	674,363	

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FINANCIAL STATEMENTS FOR THE YEAR ENDING 31/12/2005

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1. Accounting principles

General information

INTERTITAN (“the company”), deals in the trading of cement. The company has a branch in France and is a subsidiary of TITAN CEMENT CO SA which is listed on the ATHENS STOCK EXCHANGE.

Financial statements were approved by the board of directors on February 20, 2006.

Summary of significant accounting principles

The basic accounting principles adopted for the compilation of these financial statements are cited below:

A. Basis of compilation

The financial statements that have been compiled according to International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and interpretations that have been issued by the Interpretations Committee of International Financial Information Standards, as they have been adopted by the European Union as well as the IFRS that have been issued by the Council of International Accounting Standards.

All IFRS that have been issued by the Council of International Accounting Standards and are valid at the compilation of these financial statements have been adopted by the European Council through the procedure of ratification of the European Committee (EC), except for International Accounting Standard 39 (Financial Acknowledgment and Survey Tools). After the proposal of the Accounting Standardization Committee, the Council adopted Regulations 2086/2004 and 1864/2005 that demand the use of International Accounting Standard 39, except for specific clauses that concern the compensation of portfolio deposits, beginning on January 1st, 2005 for all companies listed in the stock exchange.

The present financial statements have been compiled according to IFRS as have been issued by the Council of International Accounting Standards and have been adopted by the European Union. The company is not influenced by the clauses that concern the compensation of portfolio deposits, as presented in International Accounting Standard 39.

IFRS 1, that is mentioned in the adoption of IFRS for the first time has been applied in the preparation of financial statements of the company since January 1st, 2004. IFRS 1, that is mentioned in the adoption of IFRS for the first time has been applied in the preparation of financial statements of the company since January 1st, 2004. The balance sheet of the company at the beginning of the application of IFRS is considered to be January 1st, 2003 (date of conversion to IFRS). The company has used its right to exclude itself according to IFRS 1 in order to apply the revised IAS 32 (Financial Means: Notification and Presentation) and the revised IAS 39 (Financial Means: Acknowledgement and Survey).

Reconciliation of accounts and descriptions of the consequences of conversion from Greek Accounting Standards to IFRS in net equity as well as in net income of the company are cited in note 16.

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The financial statements have been compiled according to the principle of historical cost.

B. Tangible assets

Tangible assets are depicted at historical cost of acquisition after the deduction of accumulated depreciation.

The cost includes expenses directly related to the purchase of fixed assets as well as the cost of environmental restoration to the degree to that it has been recorded as a provision. Latter expenditures are recorded as increase in accounting value of tangible assets or as separate asset only in the case that it is possible to have additional financial benefits coming into the company and the cost can be reliably surveyed. Additional expenditures are depreciated in the shortest time period that arises: between the beneficial life of the financial asset in question and the amount of time that intercedes until the next scheduled improvement of the asset.

The constant method of depreciation according to estimated beneficial life span of the asset is applied to all tangible assets until a negative value arises. The estimated beneficial life spans of the most significant categories of assets are as follows:

Buildings	up to 50 years
Machinery /Installations	up to 40 years
Transportation equipment	5 - 15 years
Office equipment (including computer hardware and software) and furniture	3- 10 years
Other fixed assets of small value	up to 2 years

When a fixed asset is composed of various parts which have a different life span, the parts are recorded as individual assets.

The salvage value as well as the life span of assets are reconsidered and readjusted, when considered necessary, at the time of the closing of the balance sheet. When the undepreciated value of an asset is greater than the recoverable value, then the value of the asset is readjusted to the level of the recoverable value.

Profits and losses that arise from the sale of fixed assets are determined by the difference that arises between the income and the undepreciated value in the books and is included in operating income.

Interest that is derived from loans for the purchase of fixed assets are capitalized in the fiscal year in which they arise.

C. Leasing- the company as a lessee

Leases for which a significant part of the risks and benefits of the leased asset remain with the lessee are classified as operational leases. The amounts paid for the repayment of installments of the above leases are recorded in the income statement at a steady rate for the entire duration of the lease.

D. Inventories

Inventories are depicted at the smallest value between acquisition cost and net liquidation value. The cost is determined using the method of average gradual condition.

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Proper provisions are made for excessive, useless inventories and inventories with a very low circulation speed. The reduction in value of inventories and other losses from inventories are recorded in the results statements during the period in which they appear.

E. Receivables

Accounts receivable are acknowledged at their current value. When the company has objective indications that it will not collect the amounts owed to it, according to the limitations restrictions of each agreement, it formulates a provision for the write off of the receivable. The amount of the provision is recorded as expenditure in the Income Statement.

F. Cash and cash equivalents

Cash and cash equivalents are depicted in the balance sheet at acquisition value. For the cash flow statement, cash equivalents and cash include: cash, time deposits, investments that can be liquidated in three months or less and over-withdrawals. Over-withdrawals are depicted in liabilities as short-term loan liabilities.

G. Deferred tax assets

Provisions for deferred income tax assets were reached entirely by the method of calculation based on the balance sheet and taking into consideration the temporary differences that arise between the taxed based asset or liability data and the corresponding amounts that appear in the financial statements.

Deferred tax receivables are acknowledged to the degree that the future taxable profits may be used to settle temporary differences.

Deferred income tax is determined by the use of tax coefficients valid on the date of the compilation of the balance sheet and that are expected to be applied when the current asset that is related to the deferred income tax is implemented or when the related to the deferred tax liabilities are taken care of. The deferred tax is recorded in the income statement, unless it is related to accounts that directly influence the net equity in which case the deferred tax is also recorded in net equity.

H. Acknowledgement of income

Income includes the value of the sale of merchandise and services, excluded from value added tax (VAT), returns and discounts. The income from sales of goods is recorded when the risks and the benefits that stem from the ownership of the goods are transferred to the buyer (usually with the delivery and acceptance on his behalf) and the collection of the corresponding amount is almost certain.

Income that comes from services is acknowledged as accrued according to relative agreements.

Income from interest is recorded at determined time intervals, first taking into consideration the owed capital and the real interest rate valid until the end of the period, since there is a certainty that this income will be collected by the company.

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I. Dividends

Dividends are recorded in the financial statements of the fiscal year in which the proposal for appropriation is made by the board of directors.

J. Comparative date and rounding-off

Certain comparative funds were reclassified in order to be comparable to the corresponding funds in the current fiscal year. Differences that appear between the amounts in the financial statements and the corresponding amounts in the notes are attributed to rounding off.

K. Significant accounting assessment and judgement of the board of directors

Assessments and judgments of the board of directors are re-examined constantly and are based on historical events and expectations of future events that are considered to be reasonable according to the current situation.

Significant accounting assessments and acknowledgements

The company continues to make estimations and acknowledgements in relation to the development of future events. The estimations and acknowledgements that contain significant risk of inflicting essential adjustments to accounting values of fixed assets and liabilities within the next 12 months are the following:

Company assessment is necessary for the determination of the provision for income tax. There are many transactions and calculations for which the final determination of tax is uncertain. If the final tax is different from that originally acknowledged, the difference will influence income tax and the provision for deferred tax of the period.

Determinative assessments by the board of directors for the application of accounting principles

There are no areas where the assessments of the board of directors regarding accounting principles need to be used.

2. Finance risk management

A. Credit risks

The company faces no significant credit risk. Receivables from clients originate from a wide range of clients. The financial status of clients is monitored constantly by the company.

When considered necessary, additional insurance coverage is requested as collateral. A special computer program controls the amount of credit rendered as well as the credit limit of the accounts. For certain credit risks, provisions are made for losses from depreciation. At the end of the year, the board

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FINANCIAL STATEMENTS FOR THE YEAR ENDING 31/12/2005

of directors presumed that there was no essential credit risk that could not be covered by some assurance or by some provision for doubtful receivables.

B. Liquidity risks

Prudent management of liquidity is accomplished by the existence of the proper combination of cash liquidity and approved bank credit.

The company manages risks that can arise from the lack of sufficient liquidity by assuring that bank credit is always available for use.

Existing unused approved bank credit towards the company is sufficient in order to face any possible lack of funds.

C. Interest rate risks

The operating income and the cash flow of the company are not significantly influenced by the fluctuation in interest rates. Exposure to the risk of interest rates for liabilities and investments are monitored on a budget basis.

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3. Profit from operations

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

	2005	2004
Depreciation on property, plant and equipment (Note 8)	91,751	94,211
(Profit) / loss on disposal of property, plant and equipment	3,800	0
Staff costs (Note 4)	310,984	283,483

4. Finance (costs) / income

	2005	2004
Interest income	17,983	3,860
Interest expense	-7,273	-5,032
Net financing (costs)/income	10,710	-1,172

5. Staff costs

	2005	2004
Wages and salaries	216,481	195,115
Social security costs	94,503	88,368
Total	310,984	283,483
Average number of employees:		
Office staff	7	6
Total	7	6

6. Income tax expense

	2005		2004	
Current tax		0.00%	2,880	0.51%
Deferred tax (Note 16)		0.00%	-36,000	-6.38%
	0	0.00%	-33,120	-5.87%

The tax on the profit before tax differs from the theoretical amount that would arise using the tax rate as follows:

	2005		2004	
Profit before tax	396,042		564,192	
Tax calculated at the statutory tax rate of 32%	126,733	32.00%	197,467	35.00%
Income not subject to tax	-126,733	-32.00%	-197,467	-35.00%
Other taxes		0.00%	-33,120	-5.87%
Effective tax charge	0	0.00%	-33,120	-5.87%

7. Property, plant and equipment

	Buildings	Plant & equipment	Motor vehicles	Office furniture, fixtures and equipment	Total
Year ended 31 December 2004					
Opening balance	351,855	33,121	1,394	3,556	389,926
Additions	111,898	526	228	0	112,652
Disposals (Note 22)	0	-469	0	-1,649	-2,118
Depreciation charge (Note 2)	-74,557	-17,400	-1,469	-785	-94,211
Closing balance	<u>389,196</u>	<u>15,778</u>	<u>153</u>	<u>1,122</u>	<u>406,249</u>
At 31 December 2004					
Cost	1,009,724	604,315	23,074	16,321	1,653,434
Accumulated depreciation	620,528	588,537	22,921	15,199	1,247,185
Net book amount	<u>389,196</u>	<u>15,778</u>	<u>153</u>	<u>1,122</u>	<u>406,249</u>
Year ended 31 December 2005					
Opening balance	389,196	15,778	153	1,122	406,249
Additions	23,850	23,507	0	18,838	66,195
Disposals (Note 22)	0	0	-53	0	-53
Depreciation charge (Note 2)	-78,002	-11,404	-100	-2,245	-91,751
Closing balance	<u>335,044</u>	<u>27,881</u>	<u>0</u>	<u>17,715</u>	<u>380,640</u>
At 31 December 2005					
Cost	1,033,574	627,822	11,282	35,159	1,707,837
Accumulated depreciation	698,530	599,941	11,282	17,444	1,327,197
Net book amount	<u>335,044</u>	<u>27,881</u>	<u>0</u>	<u>17,715</u>	<u>380,640</u>

The Company has no pledges on its owned assets.

8. Non-current receivables

	2005	2004
Rental guaranties	76,580	76580
	<u>76,580</u>	<u>76,580</u>

9. Inventories

	2005	2004
Inventories		
Finished goods	282,232	333,599
	<u>282,232</u>	<u>333,599</u>

The Company has not pledged its inventories as collateral.

10. Receivables and prepayments

	2005	2004
Trade receivables	2,396,616	2,329,210
Prepayments	7,162	0
Other receivables	28,876	77,124
	<u>2,432,654</u>	<u>2,406,334</u>

11. Cash and cash equivalents

	2005	2004
Cash at bank and in hand		
Short-term bank deposits	1,418,239	674,363
	<u>1,418,239</u>	<u>674,363</u>

12. Trade and other payables

	2005	2004
Trade payables	71,451	66,587
Other trade payables to related parties (Note 23)	254,526	0
Accrued expenses	45,029	35,583
Social security	40,625	39,415
Other taxes	109,879	82,747
	<u>521,510</u>	<u>224,332</u>

13. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 29% .
The movement on the deferred income tax account is as follows:

	2005	2004
At beginning of year	4,804	40,804
Income statement charge (Note 5)	0	-36,000
At end of year	<u>4,804</u>	<u>4,804</u>

Analysis of deferred tax liabilities

Non current assets

Non current receivables	4,804	4,804
Total deferred tax liabilities	<u>4,804</u>	<u>4,804</u>

13a. Deferred tax (continued)

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

	1 January 2005	31 December 2005
Analysis of deferred tax liabilities		
Non current liabilities		
Other non current liabilities	4,804	4,804
Total deferred tax liabilities	4,804	4,804

13b. Deferred tax (continued)

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

	1 January 2004	Charged/ (Credited) to net profit	31 December 2004
Analysis of deferred tax liabilities			
Non current liabilities			
Other non current liabilities	40,804	-36,000	4,804
Total deferred tax liabilities	40,804	-36,000	4,804

14. Share capital

	Number of ordinary shares	Ordinary Shares	Total
At 1 January 2004	125,402	4,138,266	4,138,266
At 31 December 2004	125,402	4,138,266	4,138,266
At 31 December 2005	125,402	4,138,266	4,138,266

All issued shares are fully paid.

15.Fair value and other reserves

	Legal reserve	Total
Year ended 31 December 2004		
Opening balance	9,966	9,966
Closing Balance at 31 December 2004	<u>9,966</u>	<u>9,966</u>
Year ended 31 December 2005		
Opening balance	9,966	9,966
Closing Balance at 31 December 2005	<u>9,966</u>	<u>9,966</u>

16. Cash generated from operations

	2005	2004
Net Profit for the year as per income statements	396,042	564,192
Adjustments for:		
Depreciation (Note 6)	91,751	94,211
Profit on sale of property, plant and equipment	-3,800	-
Interest income and net foreign exchange transaction gains	-10,710	-2,265
Changes in working capital:		
Decrease / (increase) in inventories	51,366	118,434
Decrease / (increase) in trade and other receivables	297,178	36,371
(Decrease) / increase in trade and other payables	-26,320	-223,176
	<u>795,507</u>	<u>587,767</u>

17. Intercompany transactions

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

	2005	2004
ii) Purchases of goods and services		
Purchase of goods from Titan.S.A	4,706,489	4,294,510
Purchase of services from Titan.S.A	316	285
	<u>4,706,805</u>	<u>4,294,795</u>
iii) Year-end balances arising from purchases of goods and services		
Payables to Titan S.A (Note 11)	<u>254,526</u>	<u>0</u>

18 .Contingencies and Commitments Contingencies

The Company doesn't not have any future liabilities that are due to the the usual nature of business. There are no outstanding court decisions that affect seriously the financial position of the company. The periods 2000, 2001, 2002, 2003, 2004, 2005 remain open to review by the tax authorities and therefore those periods have no yet been finalize

During the tax audit, the tax authorities may have different approaches to certain issues and assess additional tax liabilities which the management of the company might oppose in front of the Greek Jurisdiction, therefore the Company has not made any provisions for the tax periods that remain open.

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

Reconciliation of Balance Sheet at 31 December 2004

	<i>Greek GAAP</i>	<i>Effect of transition to IFRS</i>	<i>IFRS</i>
ASSETS			
Property, plant and equipment	406,250		406,250
Non current receivables	76,580		76,580
Non-current assets	482,830		482,830
Inventories	333,598		333,598
Receivables and prepayments	2,406,334		2,406,334
Cash and cash equivalents	674,363		674,363
Total current assets	3,414,295		3,414,295
TOTAL ASSETS	3,897,125		3,897,125
SHAREHOLDERS' EQUITY			
Deferred tax liabilities	-	4,804	4,804
Other non current liabilities	15,012	-15,012	-
NON- CURRENT LIABILITIES	15,012	-10,208	4,804
Trade and other payables	224,332	-	224,332
Total liabilities(a)	239,344	-10,208	229,136
Share capital	4,138,266	-	4,138,266
Fair value and other reserves	-480,485	10,208	-470,277
Share capital and reserves(b)	3,657,781	10,208	3,667,989
Total equity and liabilities(a+b)	3,897,125	-	3,897,125

**19 Reconciliation to International Financial Reporting Standards ("IFRS")
(continued)**

Reconciliation of Income Statement for the year ended 31 December 2004

	<i>Greek GAAP</i>	<i>Effect of transition to IFRS</i>	<i>IFRS</i>
Turnover	6,234,253	0	6,234,253
Cost of sales	-5,335,077	0	-5,335,077
Gross profit	899,176	0	899,176
Other operating income/ (expense)	0	33,559	33,559
Administrative expenses	-247,114	0	-247,114
Selling and marketing expenses	-26,045	0	-26,045
Earnings before interest, taxes and depreciation	626,017	33,559	659,576
Depreciation & amortization	-94,211	0	-94,211
Earnings before interest and taxes	531,806	33,559	565,365
Deferred taxes	0	36,000	36,000
Finance costs - net	1,064	-2,237	-1,173
Exceptional item	33,558	-33,558	0
Profit before taxes	566,428	33,764	600,192
Less: taxes	-2,880	0	-2,880
Profit after taxes	563,548	33,764	597,312

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

Reconciliation of Equity between Greek statutory financial statements and IFRS

As previously reported in Greek statutory financial statements at 31 December 2004	-480,485
Adjusted for:	
Recognition of deferred tax liabilities	-4,804
Derecognition of intangible assets (previously recognized under Greek GAAP)	15,012
As restated to conform with the requirements of IFRS at 31 December 2004	<u>-470,277</u>

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

Reconciliation of Profit after tax between Greek statutory financial statements and IFRS

As previously reported in Greek statutory financial statements at 31 December 2004	563,548
Adjusted for :	
Deferred tax	36,000
Others	-2,236
As restarted to conform with the requirements of IFRS at 31 December 2004	<u>597,312</u>

20. 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.

REPORT OF THE AUDITORS (translated from the Greek original)

To the Shareholders of Intertitan Trading International S.A.

We have audited the accompanying financial statements of Intertitan Trading International S.A. (the "Company") set out on pages 1 to 19 for the year ended 31 December 2005. These financial statements 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 conform with 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, significant estimates made by management and the consistency of the information included in the Directors' Report, which is presented on pages 20 to 22, with the financial statements 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 financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2005, and of the results of their operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the European Union and the information included with the Directors' Report is consistent with the financial statements.

PRICEWATERHOUSECOOPERS 

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Athens, 17 February 2005
The Certified Auditor

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