

Balance Sheet

		As at 31 December	
ASSETS	Notes	2005	2004
		€	€
Property, plant and equipment	7	307.047,41	77.256,99
Intangible assets	8	94.155,63	107.606,43
Non current receivables	9	33.123,21	27.924,92
Non-current assets		434.326,25	212.788,34
Inventories	10	649.586,97	486.579,50
Receivables and prepayments	11	924.177,15	1.060.437,58
Cash and cash equivalents	12	71.958,58	59.989,60
Current assets		1.645.722,70	1.607.006,68
Total assets		2.080.048,95	1.819.795,02
Liabilities			
Retirement benefit obligations	15	1.339.306,97	3.113.276,38
Other non-current liabilities	16	0,00	182.435,00
Non-current liabilities		1.339.306,97	3.295.711,38
Trade and other payables	13	1.045.928,23	720.394,65
Current income tax liabilities		79.729,53	93.304,53
Current liabilities		1.125.657,76	813.699,18
Total liabilities (a)		2.464.964,73	4.109.410,56
Capital and reserves			
Share capital	18	780.000,00	780.000,00
Other reserves	19	121.561,48	121.561,48
Retained earnings		-1.286.477,26	-3.191.177,02
Total equity (b)		-384.915,78	-2.289.615,54
TOTAL EQUITY AND LIABILITIES (a+b)		2.080.048,95	1.819.795,02

These financial statements have been approved for issue by the Board of Directors on 13th March 2006.
Notes on pages 5-31 are part of these Financial Statements.

Income Statement

		As at 31 December	
Notes	2005	2004	
	€	€	
Turnover	8.432.761,52	7.392.507,03	
Cost of sales	-3.465.279,83	-4.303.515,54	
Gross profit	4.967.481,69	3.088.991,49	
Other operating income/ (expense)	-64.449,70	-3.101.036,72	
Administrative expenses	-745.134,49	-789.662,39	
Selling and marketing expenses	-2.101.379,84	-1.898.045,37	
Earnings before interest, taxes and depreciation	2.056.517,66	-2.699.752,99	
Depreciation & amortization	-70.332,98	-66.646,72	
Earnings before interest and taxes	1.986.184,68	-2.766.399,71	
Finance costs - net	-1.755,39	-1.757,86	
Profit before taxes	1.984.429,29	-2.768.157,57	
Less: taxes	-79.729,53	-122.545,64	
Profit after taxes	1.904.699,76	-2.890.703,21	

Notes on pages 5-31 are part of these Financial Statements.

Statement of Changes in Shareholders' Equity

	Ordinary shares	Fair value and other reserves	Retained earnings	Total
	€	€	€	€
Year ended 31 December 2004				
Balance at 1 January 2004	780.000,00		-178.912,33	601.087,67
Net profit/(loss) per income statement			-2.890.703,21	-2.890.703,21
Transfer to reserves	-	121.561,48	-121.561,48	0,00
Balance at 31 December 2004	780.000,00	121.561,48	-3.191.177,02	-2.289.615,54
Year ended 31 December 2005				
Balance at 1 January 2005	780.000,00	121.561,48	-3.191.177,02	-2.289.615,54
Net profit per income statement			1.904.699,76	1.904.699,76
Balance at 31 December 2005	780.000,00	121.561,48	-1.286.477,26	-384.915,78

Notes on pages 5-31 are part of these Financial Statements.

Cash Flow Statement

		Year ended 31 December	
		2005	2004
		€	€
Cash flows from operating activities			
Cash generated from operations			
		474.905,02	-82.474,01
		-169.310,34	11.484,53
		<u>305.594,68</u>	<u>-70.989,48</u>
<i>Net cash generated from operating activities</i>			
Cash flows from investing activities			
		-286.672,02	-7.597,00
		-5.198,29	154,08
		<u>-291.870,31</u>	<u>-7.442,92</u>
<i>Net cash generated from investing activities</i>			
Cash flows from financing activities			
	4	-1.755,39	-1.757,00
		<u>-1.755,39</u>	<u>-1.757,00</u>
<i>Net cash flows from financing activities</i>			
Net increase/(decrease) in cash and cash equivalents and bank overdrafts			
		11.968,98	-80.189,40
	12	59.989,60	140.179,00
		<u>71.958,58</u>	<u>59.989,60</u>
Cash and cash equivalents at end of the period			
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Notes on pages 5-31 are part of these Financial Statements.

Notes to the annual financial statements for the year ended 31 December 2005

Accounting Policies and Financial Risk Management

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Notes to the annual financial statements for the year ended 31 December 2005

1. Accounting Policies

General information

IONIA S.A provides personnel to TITAN CEMENT S.A for the production and distribution of porcelain products and tableware. IONIA S.A. owns 7 retail stores in Athens and Thessaloniki and is a subsidiary company of TITAN CEMENT S.A.

These financial statements have been approved for issue by the Board of Directors on 13th March 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 Company is 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 Company's first time adoption balance sheet under IFRS is that of the 1st January 2003 (date of first adoption of IFRS). 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 Company's equity and its net income are given in note 22.

These financial statements have been prepared under the historical cost convention

B 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. 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:

Notes to the annual financial statements for the year ended 31 December 2005

Buildings	Up to 12 years
Motor vehicles	5 to 7 years
Office equipment (incl. computer equipment and software) furniture and fittings	3 to 5 years
Minor value assets	Up to 1 year

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 period incurred.

C Intangible assets

Leaseholds are shown at historical cost. Their cost is amortised using the straight-line method over their useful lives, which are the same with the period of the retail stores' lease. This period can not exceed 12 years.

D 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).

E 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 excessive, 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.

F 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 Company 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.

G Cash and cash equivalents

Notes to the annual financial statements for the year ended 31 December 2005

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, 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.

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

H 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 it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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.

I Employee benefits

(1) Pension and other retirement obligations

The Company has an obligation in respect of defined benefit plant in accordance with local requirements.

The liability in respect of defined benefit pension 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.

(2) Bonus plans

A liability for employee benefits in the form of 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 bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

J Revenue recognition

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and

Notes to the annual financial statements for the year ended 31 December 2005

discounts. 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 Company.

Dividends are recognised when the right to receive payment is established.

K Dividends

Dividends are recorded in the financial statements when declared.

L Comparative figures and rounding

Certain prior year amounts have been reclassified to conform to the current year presentation. Differences between amounts presented in the financial statement and the corresponding amount in the note results from rounding differences.

2. Financial Risk Management

(A) Credit risk

The company has no significant concentrations of credit risk. Trade accounts receivable consist mainly of a large, widespread customer base. The company monitors the financial position of its 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.

(B) 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 company 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 company has sufficient undrawn call/demand borrowing facilities that could be utilised to fund any potential shortfall in cash resources.

(C) 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. Profit from operations

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

	2005 €	2004 €
Depreciation on property, plant and equipment (Note 7)		
Owned assets	56.882,18	53.017,79
	<u>56.882,18</u>	<u>53.017,79</u>
Amortisation of intangibles (Note 8)	13.450,80	13.450,80
Repairs and maintenance expenditure on property, plant and equipment	20.835,67	17.865,43
Costs of inventories recognized as an expense in Cost of Sales		
Maintenance stores	33.604,77	50.202,78
Finished goods	955.498,09	791.670,05
	<u>989.102,86</u>	<u>841.872,83</u>
Trade receivables - impairment charge for bad and doubtful debts	-	1.565,28
Staff costs (Note 5)	4.565.673,57	8.243.879,93

4. Finance costs - Net

	2005 €	2004 €
Interest income	7.725,63	3.301,96
Interest expense	-1.755,39	-1.757,86
Net financing costs	5.970,24	1.544,10

5. Staff costs

	2005 €	2004 €
Wages & salaries	3.522.535,18	3.926.573,95
Social security costs	906.891,76	1.065.856,92
Pension costs - defined benefit plans	72.175,33	3.131.965,13
Other post employment benefits	64.071,30	119.483,93
Total	4.565.673,57	8.243.879,93
Average number of employees:		
Office staff	95	95
Labourers	24	58
Total	119	153

6. Income tax expense

	2005		2004	
	€		€	
Current tax	79.729,53	4,02%	138.305,54	-5,00%
Deferred tax (Note 14)		0,00%	-15.759,90	0,57%
	79.729,53	4,02%	122.545,64	-4,43%

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

	2005		2004	
	€		€	
Profit/ (loss) before tax	1.984.429,29		-2.768.157,57	
Tax calculated at the statutory tax rate of 32%(2004: 35%)	79.729,53	32,00%	138.305,54	35,00%
Other taxes	-	0,00%	15.759,90	0,57%
Effective tax charge	79.729,53	4,02%	122.545,64	-4,43%

7. Property, plant and equipment

	Buildings	Motor vehicles	Office furniture, fixtures and equipment	Total
	€	€	€	€
Year ended 31 December 2004				
Opening net book amount	93.525,78	0,01	29.151,99	122.677,78
Additions	-	0,00	7.597,00	7.597,00
Depreciation charge (Note 3)	-33.217,88		-19.799,91	-53.017,79
Closing net book amount	<u>60.307,90</u>	<u>0,01</u>	<u>16.949,08</u>	<u>77.256,99</u>
At 31 December 2004				
Cost	301.384,72	1.702,13	198.873,89	501.960,74
Accumulated depreciation	241.076,82	1.702,12	181.924,81	424.703,75
Net book amount	<u>60.307,90</u>	<u>0,01</u>	<u>16.949,08</u>	<u>77.256,99</u>
Year ended 31 December 2005				
Opening net book amount	60.307,90	0,01	16.949,08	77.256,99
Additions	264.921,07	0,00	21.751,53	286.672,60
Depreciation charge (Note 3)	-34.980,53	0,00	-21.901,65	-56.882,18
Closing net book amount	<u>290.248,44</u>	<u>0,01</u>	<u>16.798,96</u>	<u>307.047,41</u>
At 31 December 2005				
Cost	566.305,79	1.702,13	220.625,42	788.633,34
Accumulated depreciation	276.057,35	1.702,12	203.826,46	481.585,93
Net book amount	<u>290.248,44</u>	<u>0,01</u>	<u>16.798,96</u>	<u>307.047,41</u>

The Company has no pledges on the owned assets.

8. Intangible assets

	Leaseholds	Total
Year ended 31 December 2004		
Opening carrying amount	121.057,23	121.057,23
Amortization charge (Note 3,20)	<u>-13.450,80</u>	<u>-13.450,80</u>
Closing carrying amount	<u>107.606,43</u>	<u>107.606,43</u>
Year ended 31 December 2005		
Opening carrying amount	107.606,43	107.606,43
Amortization charge (Note 3,20)	<u>-13.450,80</u>	<u>-13.450,80</u>
Closing carrying amount	<u>94.155,63</u>	<u>94.155,63</u>

9. Non-current receivables

	2005	2004
	€	€
Utility deposits	1.910,02	1.533,89
Other non-current assets	31.213,19	26.391,03
	<u>33.123,21</u>	<u>27.924,92</u>

10. Inventories

	2005	2004
	€	€
Inventories		
Finished goods	649.586,97	486.579,50
	<u>649.586,97</u>	<u>486.579,50</u>

The Company has not pledged its inventories as collateral.

No provision for inventory impairment has been made because there are no impaired inventories.

11. Receivables and prepayments

	2005	2004
	€	€
Trade receivables	615.434,58	824.187,03
Prepayments	3.057,12	1.740,15
Other receivables	305.685,45	234.510,40
	<u>924.177,15</u>	<u>1.060.437,58</u>

Accounting value of receivables is almost the same with their actual value.

11a. Receivables and prepayments-intercompany

	2005	2004
	€	€
Trade receivables - Titan S.A	545.284,37	770.970,13
Trade receivables - Intermpeton S.A	1.380,57	2.025,60
	<u>546.664,94</u>	<u>772.995,73</u>

Accounting value of receivables is almost the same with their actual value.

12. Cash and cash equivalents

	2005	2004
	€	€
Cash at bank and in hand	25.490,57	22.816,47
Short-term bank deposits	46.468,01	37.173,13
	<u>71.958,58</u>	<u>59.989,60</u>

Short-term bank deposits comprise primarily of current deposits. There was no interest from short-term deposits.

13. Trade and other payables

	2005	2004
	€	€
Trade payables	412.020,55	180.212,28
Accrued expenses	7.647,76	4.229,02
Social security	216.936,42	268.185,96
Debtors down payments/advances	7.786,14	3.920,40
Other taxes	401.537,36	263.846,99
	1.045.928,23	720.394,65

13a. No payables comprise of other companies within the Group.

14. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 32% (2004:35%)

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

	2005	2004
	€	€
At beginning of year	-	56.280,39
Income statement charge	-	-56.280,39
At end of year	<u>0,00</u>	<u>0,00</u>

No deferred income tax calculation has been made for years 2004 and 2005 , as the company has no temporary differences between tax and accounting books.

15. Retirement and termination benefit obligations

Greece

Greek labor legislation requires that the payment of retirement and termination indemnities be based on the number of years of service to the Company by the employees and their final remuneration. IONIA S.A., according to the Group policy, 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.

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:

	2005
	€
Current service cost	95.987,31
Interest cost	76.379,08
Actuarial loss / (gain)	-100.190,80
	<u>72.175,59</u>
Total charge was allocated as follows:	
Administrative and other operating expenses	
Present value of liability	2.035.398,98
Actuarial non-recognized (gain/loss)	-696.092,01
Liability in balance sheet	<u>1.339.306,97</u>
Movement in the liability recognized in the balance sheet:	
At beginning of year	3.113.276,38
Total expense - as shown above	72.175,59
Additional provision required/(provision not utilized)	0,00
Benefits paid during the year	1.846.145,00
At end of year	<u>1.339.306,97</u>

16. Provisions for other liabilities and charges

Current

	2005	2004
	€	€
At beginning of year	182.435,00	0,00
Movement for the year	<u>-182.435,00</u>	<u>182.435,00</u>
At end of year	<u>0,00</u>	<u>182.435,00</u>

The company has not made any provision for the year 2005.

17. Contingencies and Commitments
Contingencies

The company IONIA S.A does not have contingent liabilities arising in the ordinary course of business. There are no litigations which may have an important and material impact on the financial company's position. Fiscal years 2002-2005 have not been audited by tax authorities, consequently these fiscal years are not definitive.

18. Share capital

	Number of ordinary shares	Ordinary Shares	Total number of shares	Total
		€		€
At 31 December 2004	260.000	260.000	260.000	260.000
At 31 December 2005	260.000	260.000	260.000	260.000

The total authorized number of ordinary shares is 260.000 shares (2004: 260.000 shares) with a par value of €3,00 per share (2004: €3,00 per share). All issued shares are fully paid.

19. Fair value and other reserves

	Reserves under special laws €	Total €
Balance at 1 January 2004	0,00	0,00
Other	121.561,48	121.561,48
Balance at 1 January 2005	<u>121.561,48</u>	<u>121.561,48</u>
Year ended 31 December 2005	<u><u>121.561,48</u></u>	<u><u>121.561,48</u></u>

Untaxable reserve consists of provisions for doubtful debts which have been transferred to reserves, according to law No. 3296/2004.

20. Cash generated from operations

	2005	2004
	€	€
Net Profit for the year as per income statements	1.984.429,29	-2.768.157,57
Adjustments for:		
Depreciation (Note 7)	56.882,18	53.018,78
Amortization of government grants received (Note 8)	13.450,80	13.450,80
Provision for retirement and termination benefit obligations	72.175,33	3.113.276,38
Interest income and net foreign exchange transaction gains (Note 3)	1.755,39	1.757,00
Other non-current liabilities		182.435,00
Changes in working capital:		
Increase in inventories	-163.008,05	-56.535,50
Increase in trade and other receivables	-1.703.046,16	-223.416,35
(Decrease) / increase in trade and other payables	212.266,24	-398.302,55
Cash generated from operations	474.905,02	-82.474,01

21 . Related party transactions

GREECE

The company is controlled by Titan Cement S.A. who owns 100 % of the ordinary shares.

Various transactions are entered into by the Company 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 Company 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)	2005	2004
i) Sales of goods and services		
Sale of goods to related parties:		
ERGOBETON S.A.	0,00	1.101,21
TITAN S.A.	0,00	32.466,42
INTERBETON S.A.	0,00	3.461,97
Sale of services to TITAN S.A.	7.173.771,93	6.184.913,90
ii)Purchases of goods and services		
Purchase of goods from TITAN S.A.	956.744,78	777.347,50
iii)Year-end balances arising from purchases of goods and services		
Payables to related parties	0,00	451,91
Receivables from related parties:		
TITAN S.A.	545.284,37	770.970,13
INTERBETON S.A.	1.380,57	2.025,60
iv)Key management compensation		
Salaries and other short-term employee benefits	703.978,05	705.579,57
v)Contingencies and commitments (see Notes 16)		

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

Reconciliation of Equity at 31 December 2004

	<i>Greek GAAP</i>	<i>Effect of transition to IFRS</i>	<i>IFRS</i>
<i>Assets</i>			
<i>Non-current assets</i>			
Property, plant and equipment	77.256,99	0,00	77.256,99
Receivables	107.606,43	0,00	107.606,43
	27.924,92	0,00	27.924,92
	212.788,34	0,00	212.788,34
<i>Current assets</i>			
Inventories	486.579,50	0,00	486.579,50
Receivables and prepayments	1.060.437,58	0,00	1.060.437,58
Cash and cash equivalents	59.989,60	0,00	59.989,60
	1.607.006,68	0,00	1.607.006,68
<i>Total assets</i>	1.819.795,02	0,00	1.819.795,02
<i>Shareholders' Equity</i>			
<i>Capital and reserves</i>			
Share capital	780.000,00	0,00	780.000,00
Fair value and other reserves	121.561,48	0,00	121.561,48
Retained earnings	-77.900,64	-3.113.276,38	-3.191.177,02
<i>Equity attributable to TITAN S.A. Shareholders</i>	823.660,84	-3.113.276,38	-2.289.615,54
<i>Total equity</i>	823.660,84	-3.113.276,38	-2.289.615,54
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Retirement and termination benefit obligations	0,00	3.113.276,38	3.113.276,38
Provisions for other liabilities and charges	182.435,00	0,00	182.435,00
	182.435,00	3.113.276,38	3.295.711,38
<i>Current liabilities</i>			
Trade and other payables	720.394,65	0,00	720.394,65
Current tax liabilities	93.304,53	0,00	93.304,53
	813.699,18	0,00	813.699,18
<i>Total liabilities</i>	996.134,18	3.113.276,38	4.109.410,56
<i>Total equity and liabilities</i>	1.819.795,02	0,00	1.819.795,02

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

Reconciliation of Profit and Loss for the year ended 31 December 2004

	<i>Greek GAAP</i>	<i>Effect of transition to IFRS</i>	<i>IFRS</i>
Sales	7.392.507,03	0,00	7.392.507,03
Cost of sales	-4.370.162,26	0,00	-4.370.162,26
Gross profit	3.022.344,77	0,00	3.022.344,77
Other operating income	0,00	9.529,93	9.529,93
Administrative expenses	-788.275,27	-1.387,12	-789.662,39
Distribution costs	-1.898.045,37	0,00	-1.898.045,37
Other operating expenses	0,00	-3.113.868,61	-3.113.868,61
Operating profit	336.024,13	-3.105.725,80	-2.769.701,67
Finance costs - net	1.544,10	0,00	1.544,10
Profit before tax	337.568,23	-3.105.725,80	-2.768.157,57
Income tax expense	-138.305,54	15.759,90	-122.545,64
Profit after tax	199.262,69	-3.089.965,90	-2.890.703,21
Extraordinary item	130.499,18	-130.499,18	0,00
Net profit	329.761,87	-3.220.465,08	-2.890.703,21

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

Reconciliation of Equity

As previously reported in Greek statutory financial statements at 31 December 2004	823.660,84
Adjusted for:	
Recognition of additional provision relating to staff termination and post-retirement benefits	
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)	-3.113.276,38
As restated to conform with the requirements of IFRS at 31 December 2004	-2.289.615,54

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

Reconciliation of Net Income

As previously reported in Greek statutory financial statements at 31 December 2004	329.761,87
Adjusted for:	
Recognition of deferred tax charge	15.759,90
Reversal / recognition of additional provision relating to staff termination and post-retirement benefits	-3.113.276,38
Other	-122.948,60
As restated to conform with the requirements of IFRS at 31 December 2004	<u>-2.890.703,21</u>

23. 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 Ionia S.A.

We have audited the accompanying financial statements of Ionia S.A. (the “Company”) set out on pages 1 to 25 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 26 to 29, 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 

PricewaterhouseCoopers S.A.
Certified Auditors and Accountants
268 Kifissias Avenue
152 32 Halandri

SOEL Reg. No. 113

Athens, 16 February 2005
The Certified Auditor

Kyriacos Riris
SOEL Reg. No. 12111