**NAFTITAN SA**

# Balance Sheet

| | | As at 31 December | |
|---|---|---|---|
| **ASSETS** | **Notes** | **2005** | **2004** |
| Property, plant and equipment | 6 | 1.975,69 | 3.382,09 |
| Intangible assets | 7 | 3.703,02 | 5.289,77 |
| Non current receivables | 8 | 404,74 | 1.584,74 |
| **Non-current assets** | | **6.083,45** | **10.256,60** |
| Receivables and prepayments | 9 | 293.278,58 | 155.478,00 |
| Cash and cash equivalents | 10 | 6.202,75 | 8.418,47 |
| **Current assets** | | **299.481,33** | **163.896,47** |
| ***Total assets*** | | **305.564,78** | **174.153,07** |
| **LIABILITIES** | | | |
| Retirement benefit obligations | 13 | 146.244,66 | 0,00 |
| ***Non-current liabilities*** | | **146.244,66** | **0,00** |
| Trade and other payables | 11 | 78.796,80 | 82.218,26 |
| Current income tax liabilities | 5 | 14.346,56 | 0,00 |
| ***Current liabilities*** | | **93.143,36** | **82.218,26** |
| **Total liabilities (a)** | | **239.388,02** | **82.218,26** |
| Share capital | 15 | 58.800,00 | 58.800,00 |
| Other reserves | 16 | 23.106,54 | 23.106,54 |
| Retained earnings | | -15.729,78 | 10.028,27 |
| **Total equity (b)** | | **66.176,76** | **91.934,81** |
| **TOTAL EQUITY AND LIABILITIES (a+b)** | | **305.564,78** | **174.153,07** |

These financial statements have been approved for puplishing from the Board of Directors on 25/01/2006

# Income Statement

| | Notes | As at 31 December 2005 | 2004 |
|---|---|---|---|
| Turnover | | 902.709,19 | 1.177.541,85 |
| Cost of sales | | -706.167,37 | -821.966,80 |
| **Gross profit** | | **196.541,82** | **355.575,05** |
| Other operating expenses | | -146.003,62 | -293.855,00 |
| Administrative expenses | | -48.792,00 | -50.343,00 |
| **Earnings before interest, taxes and depreciation** | | **1.746,20** | **11.377,05** |
| Depreciation & amortization | | -2.993,15 | -2.421,00 |
| **Earnings before interest and taxes** | 2 | **-1.246,95** | **8.956,05** |
| Finance (cost) / income | 3 | -164,54 | -88,00 |
| **Profit before taxes** | | **-1.411,49** | **8.868,05** |
| Less: taxes | 5 | -14.346,56 | -3.101,77 |
| **Profit after taxes** | | **-15.758,05** | **5.766,28** |

# Statement of Changes in Shareholders' Equity

| | Notes | Ordinary shares | Fair value and other reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| **Year ended 31 December 2004** | | | | | |
| Opening balance | | 58.800,00 | 22.578,53 | 4.790,00 | 86.168,53 |
| Net profit per income statement | | | 528,01 | 5.238,27 | 5.766,28 |
| **Closing Balance at 31 Decenber 2004** | | 58.800,00 | 23.106,54 | 10.028,27 | 91.934,81 |
| | | | | | |
| **Year ended 31 December 2005** | | | | | |
| Opening balance | | 58.800,00 | 23.106,54 | 10.028,27 | 91.934,81 |
| Net profit per income statement | | | | -15.758,05 | -15.758,05 |
| Dividends | | | | -10.000,00 | -10.000,00 |
| **Closing Balance at 31 December 2005** | | 58.800,00 | 23.106,54 | -15.729,78 | 66.176,76 |

**NAFTITAN SA**

# Cash Flow Statement

| | notes | Year ended 31 December | |
|---|---|---|---|
| | | **2005** | **2004** |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 17 | 6.773,28 | -5.169,91 |
| Interest received | | 5,00 | |
| Income taxes paid | | | -3.098,00 |
| ***Net cash generated from operating activities*** | | ***6.778,28*** | ***-8.267,91*** |
| **Cash flows from investing activities** | | | |
| purchase of tangible and intangible assets | 6 , 7 | | -2.538,00 |
| Decrease/(increase) in long term receivables | | 1.180,00 | -706,52 |
| ***Net cash generated from investing activities*** | | ***1.180,00*** | ***-3.244,52*** |
| **Cash flows from financing activities** | | | |
| Interest paid | | -174,00 | -88,00 |
| Dividend paid | | -10.000,00 | 10.000,00 |
| ***Net cash flows from financing activities*** | | ***-10.174,00*** | ***9.912,00*** |
| **Net increase/(decrease) in cash and cash equivalends and bank overdrafts** | | -2.215,72 | -1.600,43 |
| Cash and cash equivalents at beginning of the period | | 8.418,47 | 10.018,47 |
| **Cash and cash equivalents at end of the period** | 10 | **6.202,75** | **8.418,04** |

## Accounting principles

### General information

NAFTITAN NAVAL ENTERPRISES AND TRANSPORT S.A. was established in Greece on December 5, 1979 and is subject to clauses of Law 2190/1920 as were supplemented and are in effect today. The company deals with the management of the ships of the "TITAN" Group in exchange for management fees.

### Summary of significant accounting principles

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

### *A. Basis of compilation*

The company has applied IFRS 1 that is mentioned in the adaptation of IFRS for the first time.

The principles listed below have been applied to all fiscal years cited.

The reconciliation of accounts and description of consequences of the conversion of Greek Statutory Statements to IFRS to the net equity and the net income of the company is cited in note 29.

The financial statements have been compiled according to historical cost.

### *B. Tangible assets*

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

### *C. Intangible assets*

Computer software
Expenditures made for the development and maintenance of computer programs are presented at their historical acquisition cost after the deduction of accumulated depreciation.

### *D. Receivables*

Accounts receivable are acknowledges 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.

### *E. Cash and cash equivalents*

The basic financial data of current assets are receivables and cash. Receivables from commercial activities appear at their nominal value. The Board of Directors regularly examines the ability to collect and initiates projections when deemed necessary. Receivables are written off of the financial results when considered doubtful.
According to the estimation of the board of the directors, provisions for doubtful receivables were not necessary.

### *F. Deferred Tax Assets*

Provisions for deferred tax assets were not made as the company has no taxable profits.

### *G. Acknowledgement of income*

The company's income is derived from the management of the ships belonging to the maritime companies of the group as well as the rendering of services to the mother company "TITAN CEMENT CO. S.A.".

### *H. 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.

## 2. Finance Risk Management

### *A. Credit risk*

The company faces no significant credit risks. Receivables from clients are from the mother company and the maritime companies.

## Notes to the financial statements

**Index to notes to the financial statements** **Page**

## 2. Profit from operations

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

| | 2005 | 2004 |
|---|---|---|
| Depreciation on property, plant and equipment (Note 6) | | |
| Owned assets | 1.406,40 | 835,00 |
| | 1.406,40 | 835,00 |
| (Profit) / loss on disposal of property, plant and equipment | | |
| Depreciation on Intangible assets | 1.586,75 | 1.586,00 |
| Staff costs (Note 4) | 699.008,00 | 817.940,00 |

## 3. Finance (costs) / income

| | 2005 | 2004 |
|---|---|---|
| Interest income | 5,00 | |
| Interest expense | -169,54 | -88,00 |
| **Net financing (costs)/income** | **-164,54** | **-88,00** |

## 4. Staff costs

| | 2005 | 2004 |
|---|---|---|
| Wages and salaries | 587.985,00 | 640.500,00 |
| Social security costs | 111.023,00 | 177.440,00 |
| **Total** | **699.008,00** | **817.940,00** |
| | | |
| Average number of employees: | | |
| Office staff | 11,00 | 11,00 |
| **Total** | **11,00** | **11,00** |

## 5. Income tax expense

| | 2005 | | 2004 | |
|---|---|---|---|---|
| Current tax | 14.346,56 | 0,00% | 3.101,77 | 34,98% |
| Deferred tax (Note 16) | | 0,00% | | 0,00% |
| | **14.346,56** | **0,00%** | **3.101,77** | **34,98%** |

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 | -1.411,49 | | 8.868,05 | |
| Tax calculated at the statutory tax rate of 32% | -451,84 | 0,00% | 3.103,82 | 35,00% |
| Income not subject to tax | | 0,00% | -2,05 | -0,02% |
| Expenses not deductible for tax purposes | 14.798,40 | 0,00% | | 0,00% |
| Other taxes | | 0,00% | | 0,00% |
| **Effective tax charge** | **14.346,56** | | **3.101,77** | **34,98%** |

# 6. Property, plant and equipment

| | Office furniture, fixtures and equipment | Total |
|---|---|---|
| **Year ended 31 December 2004** | | |
| **Opening balance** | 1.679,09 | 1.679,09 |
| Additions | 2.538,00 | 2.538,00 |
| Reclassification of assets to other categories | | 0,00 |
| Depreciation charge (Note 2) | -835,00 | -835,00 |
| **Closing  balace** | 3.382,09 | 3.382,09 |
| **At 31 December 2004** | | |
| Cost | 6.562,41 | 6.562,41 |
| Accumulated depreciation | 3.180,32 | 3.180,32 |
| **Net book amount** | 3.382,09 | 3.382,09 |
| **Year ended 31 December 2005** | | |
| **Opening  balance** | 3.382,09 | 3.382,09 |
| Depreciation charge (Note 2) | -1.406,40 | -1.406,40 |
| Depreciation charge of merged companies | | 0,00 |
| **Closing balance** | 1.975,69 | 1.975,69 |
| **At 31 December 2005** | | |
| Cost | 6.562,41 | 6.562,41 |
| Accumulated depreciation | 4.586,72 | 4.586,72 |
| **Net book amount** | 1.975,69 | 1.975,69 |

The Company has no pledges on its owned assets.

# 7. Intangible assets

| | Other intangible assets | Total |
|---|---|---|
| **Year ended 31 December 2004** | | |
| **Opening carrying amount** | **6.875,77** | **6.875,77** |
| Deprceciations | -1.586,00 | -1.586,00 |
| **Closing carrying amount** | **5.289,77** | **5.289,77** |
| | | |
| **Year ended 31 December 2005** | | |
| **Opening carrying amount** | **5.289,77** | **5.289,77** |
| depreciations | -1.586,75 | -1.586,75 |
| **Closing carrying amount** | **3.703,02** | **3.703,02** |

## 8. Non-current receivables

| | 2005 | 2004 |
|---|---|---|
| Other non-current assets | 404,74 | 1.584,74 |
| | **404,74** | **1.584,74** |

The Company has not pledged its inventories as collateral.

## 9. Receivables and prepayments

| | 2005 | 2004 |
|---|---|---|
| Other trade receivables from related parties (Note18) | 261.960,71 | 139.945,45 |
| Other receivables | 31.317,87 | 15.532,55 |
| | **293.278,58** | **155.478,00** |

## 10. Cash and cash equivalents

| | 2005 | 2004 |
|---|---|---|
| Cash at bank and in hand | 496,21 | 289,91 |
| Short-term bank deposits | 5.706,54 | 8.128,56 |
| | **6.202,75** | **8.418,47** |

# 11. Trade and other payables

| | 2005 | 2004 |
|---|---|---|
| Trade payables | 11.251,82 | 31.691,98 |
| Social security | 21.690,03 | 49.130,48 |
| Other taxes | 45.854,95 | 1.395,80 |
| | **78.796,80** | **82.218,26** |

## 12. Deferred tax

The company does´t calculate deferred income taxes because there are not temporary differences

# 13. 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. 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 2006. 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 | 23.803,52 |
| Interest cost | 23.907,84 |
| Actuarial loss / (gain) | 98.533,30 |
| | **146.244,66** |
| Net periodic cost | **146.244,66** |
| Additional provision required/(provision not utilized) | |
| **Amounts recognised in the income statement** | **146.244,66** |
| Total charge was allocated as follows: | |
| Other operating expenses | 146.244,66 |
| | **146.244,66** |
| Movement in the liability recognized in the Balance Sheet: | 146.244,66 |
| **At beginning of year** | |
| Total expense - as shown above | 146.244,66 |
| Additional provision required/(provision not utilized) | |
| Benefits paid during the year | |
| **At end of year** | **146.244,66** |

## 14. Contingencies and Commitments

## Contingencies

There are not subjudice decrees to the company that might have important effect to the financial statement of the company.

For the fiscal years 2004-2005 there is not taxation audit there for these fiscal years have not been definitized yet.

## 15. Share capital

| | Number of ordinary shares | Ordinary Shares | Total |
|---|---|---|---|
| **At 1 January 2004** | 2.000,00 | 58.800,00 | 58.800,00 |
| **At 31 December 2004** | 2.000,00 | 58.800,00 | 58.800,00 |
| **At 31 December 2005** | 2.000,00 | 58.800,00 | 58.800,00 |

All issued shares are fully paid.

# 16.Fair value and other reserves

| | Legal reserve | Special reserve | Reserves under special laws | Total |
|---|---|---|---|---|
| **Year ended 31 December 2004** | | | | |
| Opening balance | 17.852,44 | 1.581,45 | 3.144,64 | 22.578,53 |
| Transfer to reserves from retained earnings | 528,01 | | | 528,01 |
| **Closing Balance at 31 December 2004** | 18.380,45 | 1.581,45 | 3.144,64 | 23.106,54 |
| **Year ended 31 December 2005** | | | | |
| Opening balance | 18.380,45 | 1.581,45 | 3.144,64 | 23.106,54 |
| **Closing Balance at 31 December 2005** | 18.380,45 | 1.581,45 | 3.144,64 | 23.106,54 |

# 17. Cash generated from operations

| | **2005** | **2004** |
|---|---|---|
| Net Profit for the year as per income statements | -1.411,49 | 8.868,05 |
| Adjustments for: | | |
| Depreciation (Note 6) | 1.406,40 | 835,00 |
| Depreciation of intangibles (Note 7) | 1.586,75 | 1.586,00 |
| Provision for retirement and termination benefit obligations | 146.245,00 | |
| Interest expense and net foreign exchange transaction losses | 169,54 | 88,00 |
| Decrease / (increase) in inventories | | |
| Decrease / (increase) in trade and other receivables | -136.095,92 | 97.337,01 |
| (Decrease) / increase in trade and other payables | -5.127,00 | -113.883,97 |
| **Cash generated from operations** | **6.773,28** | **-5.169,91** |

## 18.Intercompany transactions

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

| | | 2005 | 2004 |
|---|---|---|---|
| **i) Sales of goods and services** | | | |
| Sale of goods to Titan S.A | | | |
| Sale of goods to subsidiaries | | | |
| Sale of services to Titan S.A | | 620.710,00 | 815.541,00 |
| Sale of Services to subsidiaries | | 282.000,00 | 362.000,00 |
| | | 902.710,00 | 1.177.541,00 |
| **iii) Year-end balances arising from purchases of goods and services** | | | |
| Receivables from Titan S.A | (Note 9 ) | 261.960,71 | 139.945,45 |

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

### Reconciliation of Balance Sheet at 31 December 2004

| | *Greek GAAP* | *Effect of transition to IFRS* | *IFRS* |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | 3.382,09 | | 3.382,09 |
| Intangible assets | 5.289,77 | | 5.289,77 |
| Non current receivables | 1.584,74 | | 1.584,74 |
| **Non-current assets** | **10.256,60** | | **10.256,60** |
| Receivables and prepayments | 155.478,00 | | 155.478,00 |
| Cash and cash equivalents | 8.418,47 | | 8.418,47 |
| **Total current assets** | **163.896,47** | | **163.896,47** |
| **TOTAL ASSETS** | **174.153,07** | | **174.153,07** |
| **SHAREHOLDERS´EQUITY** | | | |
| Trade and other payables | 79.116,49 | | 79.116,49 |
| Current tax liabilities | 3.101,77 | | 3.101,77 |
| | **82.218,26** | **0,00** | **82.218,26** |
| **Total liabilities(a)** | **82.218,26** | **0,00** | **82.218,26** |
| Share capital | 58.800,00 | | 58.800,00 |
| Fair value and other reserves | 23.106,54 | | 23.106,54 |
| Retained earnings | 10.028,27 | | 10.028,27 |
| **Share capital and reserves(b)** | **91.934,81** | **0,00** | **91.934,81** |
| ***Total equity and liabilities(a+b)*** | **174.153,07** | | **174.153,07** |

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

### Reconciliation of Income Statement for the year ended 31 December 2004

| | *Greek GAAP* | *Effect of transition to IFRS* | *IFRS* |
|---|---|---|---|
| Turnover | 1.177.541,85 | | 1.177.541,85 |
| Cost of sales | -824.387,80 | | -824.387,80 |
| **Gross profit** | **353.154,05** | **0,00** | **353.154,05** |
| Other operating income/ (expense) | 3.583,00 | | 3.583,00 |
| Administrative expenses | -50.343,00 | | -50.343,00 |
| Other operating expenses | -297.438,00 | | -297.438,00 |
| **Earnings before interest, taxes and depreciation** | **8.956,05** | | **8.956,05** |
| **Earnings before interest and taxes** | | | |
| Finance costs - net | -88,00 | | -88,00 |
| **Profit before taxes** | | | |
| Less: taxes | -3.101,77 | | -3.101,77 |
| **Profit after taxes** | **5.766,28** | | **5.766,28** |

## 24. 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** | **91.934,81** |
| **As restated to conform with the requirements of IFRS at 31 December 2004** | **91.934,81** |

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

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

| | |
|---|---|
| **As previously reported in Greek statutoty financial statements at 31 December 2004** | **5.766,28** |
| Adjusted for : | |
| **As restarted to conform with the requirements of IFRS at 31 December 2004** | **5.766,28** |

## 20. Post balance sheet events

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

**Translation from the original issued in Greek Language**

## AUDITORS' REPORT
## To the Shareholders of "NAFTITAN MARITIME AND TRANSPORTATION ENTERPRISES A.E."

We have audited the accompanying financial statements of "NAFTITAN MARITIME AND TRANSPORTATION ENTERPRISES A.E.", 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 the Greek Auditing Standards which are based on the 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, evaluating the overall financial statement presentation as well as assessing the consistency of the Boards of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the aforementioned financial statements give a true and fair view of the financial position of the company as of 31 December, 2005 and of the results of its operations, changes in Shareholders Equity and cash flows for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the afore mentioned financial statements.

Without qualifying our report we draw attention (to note 6) regarding the accounting years 2003 to 2005 which have not been examined by the tax authorities and therefore the company remains contingently liable for additional taxes which may be assessed on the open tax years. Any additional assessment if any resulting from the tax audit can not be estimated and consequently no provision has been made in the account.

25 January, 2006

THE CERTIFIED AUDITOR

KONSTANTINOS KONSTANTINOU
(A.M. SOEL 33801)
**MOORE STEPHENS**
**CHARTERED ACCOUNTANTS**