

Tithys Limited

Report and financial statements 31 December 2005

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Tithys Limited

Board of Directors and other officers

Board of Directors

Arta Antoniou
Spyroulla Papaeracleous
Stelios Triantafyllides

Company Secretary

A.T.S. Services Limited
2-4 Arch. Makarios Avenue III
Capital Center, 9th Floor
CY-1065 Nicosia
Cyprus

Registered office

2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1065 Nicosia
Cyprus

Tithys Limited

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2005.

Principal activities

2 The principal activities of the Company, which are unchanged from last year, are those of an investment holding company, the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans and the provision of consultancy type of services to fellow group companies.

Review of developments, position and performance of the Company's business

3 During the year the Company had a profit for the year of €983,414 in comparison to profit for the year 2004 of €1,239,446. The decrease was mainly due to a decrease of consultancy fee income from €1,437,535 to €909,754 partially compensated by an increase in dividend income from €20,785 in 2004 to €222,921 in 2005. The financial position of the Company as presented in the financial statements is considered satisfactory. The Board of Directors expects that the Company's profitability will continue in future, and does not expect any significant changes in the activities of the Company for the foreseeable future.

Principal risks and uncertainties

4 The Company's principal risk or uncertainties are stated in Note 3.

Results

5 The Company's results for the year are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the profit for the year is retained.

Share capital

6 There were no changes in the share capital of the Company.

Board of Directors

7 The members of the Board of Directors at 31 December 2005 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2005.

8 In accordance with the Company's Articles of Association all Directors will continue in office.

9 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Tithys Limited

Report of the Board of Directors (continued)

Events after the balance sheet date

10 There were no material events which occurred after the end of the financial year.

Branches

11 The Company did not operate through any branches during the year.

Auditors

12 The auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

Stelios Triantafyllides
Director

Nicosia

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Report of the auditors to the members of Tithys Limited

Report on the financial statements

1 We have audited the financial statements of Tithys Limited on pages 6 to 17, which comprise the balance sheet as at 31 December 2005 and the income statement, statement of changes in equity and cash flow statement for the year then ended and the related notes. These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 We conducted our audit in accordance 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 and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the financial statements give a true and fair view of the financial position of Tithys Limited as of 31 December 2005 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Law, Cap. 113.

(4)


Board Members: Phidias K. Piliides (CEO), Demos N. Papadopoulos (Deputy CEO), Tassos I. Televisantides, Panikos N. Tsalika, Christos C. Sarris, Stephanos D. Staphanides, Costas I. Hadjioannanidou, George Fotiadou, Christos M. Nicolaidis, Angelos M. Louza, Vasilis Hadjivassiliou, Sissy A. C. Michail, Costas L. Mavroukides, Christos M. Themistocleous, Panikos Kouris, Nicos A. Neophytou, George M. Leizou, Andreoulla S. Pittas, Andreas I. Constantinides, Timothy D. Osborne, Paskalis G. Evangelou, Lianos M. Theodorou, Stelios Constantinou, Tassos Procopios, Theo Papperis, Constantinos Constantinou, Petros C. Petrakis, Philippou C. Sotiriou, Evgenios V. Evgenios, Christos Tsolakis, Nicos A. Theodoulou, Nikos T. Nikolaidis, Cleo A. Papadopolou, Marios S. Androu, Nicos P. Chitziades, Azan Tavris, Constantinos Tsiotas, Stavros A. Kartamis
Directors of Operations: Adrianos Ioussou, Andreoulla Armitidou, Achilleas Chrysanthou, George Skagourides, Benetos A. Charalambous, Chris Odysseos, Demetris V. Psaltis, Constantinos I. Kopsalis

4 Without qualifying our opinion we draw attention to the fact that at 31 December 2005 and during the year 2005 the Company had balances and entered into transactions with related parties in the normal course of business. Related parties may enter into transactions which unrelated parties would not and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Report on other legal requirements

5 Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 and 3 is consistent with the financial statements.


PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia, 13 February 2006

Tithys Limited

Income statement for the year ended 31 December 2005

	Note	2005 €	2004 €
Consultancy fee income		909,754	1,437,535
Dividend income		222,921	20,785
Other gains	5	55,772	39,761
Administrative expenses		(189,963)	(175,030)
Operating profit		998,484	1,323,051
Finance income/(costs)	6	46,666	(31,526)
Profit before tax		1,045,150	1,291,525
Tax	8	(57,329)	(52,079)
Profit for the year		987,821	1,239,446

The notes on pages 10 to 17 are an integral part of these financial statements.


Tithys Limited

Balance sheet at 31 December 2005

	Note	2005 €	2004 €
Assets			
Non - current assets			
Investment in subsidiary undertaking	10	42,726,928	42,726,928
Current assets			
Other receivables	11	66,812	180,607
Tax recoverable		4,407	
Cash and cash equivalents	12	3,175,135	2,079,744
		<u>3,246,354</u>	<u>2,260,351</u>
Total assets		<u>45,973,282</u>	<u>44,987,279</u>
Equity and liabilities			
Capital and reserves			
Share capital	13	52,194	52,194
Share premium	13	42,221,636	42,221,636
Retained earnings		3,687,667	2,699,846
		<u>45,961,497</u>	<u>44,973,676</u>
Current liabilities			
Other payables	14	6,634	9,728
Current tax liabilities		5,151	3,875
Total liabilities		<u>11,785</u>	<u>13,603</u>
Total equity and liabilities		<u>45,973,282</u>	<u>44,987,279</u>

On 13 February 2006 the Board of Directors of Tithys Limited authorised these financial statements for issue.

Stelios Triantafyllides, Director


Arta Antoniou, Director

The notes on pages 10 to 17 are an integral part of these financial statements.

Tithys Limited

Statement of changes in equity for the year ended 31 December 2005

	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2004	52,194	42,221,636	1,460,400	43,734,230
Profit for the year	-	-	1,239,446	1,239,446
Balance at 31 December 2004/1 January 2005	<u>52,194</u>	<u>42,221,636</u>	<u>2,699,846</u>	<u>44,973,676</u>
Profit for the year	-	-	987,821	987,821
Balance at 31 December 2005	<u>52,194</u>	<u>42,221,636</u>	<u>3,687,667</u>	<u>45,961,497</u>

The notes on pages 10 to 17 are an integral part of these financial statements.

Tithys Limited

Cash flow statement for the year ended 31 December 2005

	Note	2005 €	2004 €
Cash flows from operating activities			
Profit before tax		1,045,150	1,291,525
Adjustments for:			
Interest income	5	(55,772)	(39,761)
Dividend income		(222,921)	(20,785)
		<u>766,457</u>	<u>1,230,979</u>
Changes in working capital:			
Other receivables		113,795	2,123,894
Other payables		(3,094)	4,983
		<u>877,158</u>	<u>3,359,856</u>
Cash generated from operating activities		<u>877,158</u>	<u>3,359,856</u>
Tax paid		(60,460)	(144,838)
		<u>816,698</u>	<u>3,215,018</u>
Cash flows from investing activities			
Acquisition of investment in subsidiary undertaking	10	-	(1,621,833)
Interest received		55,772	39,761
Dividends received		222,921	20,785
		<u>278,693</u>	<u>(1,561,287)</u>
Net cash from/(used in) investing activities		<u>278,693</u>	<u>(1,561,287)</u>
Net increase in cash and bank balances		<u>1,095,391</u>	<u>1,653,731</u>
Cash and bank balances at the beginning of year		<u>2,079,744</u>	<u>426,013</u>
Cash and bank balances at the end of year	12	<u><u>3,175,135</u></u>	<u><u>2,079,744</u></u>

The notes on pages 10 to 17 are an integral part of these financial statements.

Tithys Limited

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113. Its registered office is at 2 – 4 Arch. Makarios III Avenue, Nicosia, Cyprus.

Principal activities

The principal activities of the Company are those of an investment holding company, the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans and the provision of consultancy type of services to fellow group companies.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of Tithys Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRS

In the current year the Company adopted all new and revised IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2005.

This adoption did not result in substantial changes to the Company's accounting policies.

Tithys Limited

2 Summary of accounting policies (continued)

Revenue recognition

Revenue comprises the fair value for the sale of services, net of value added tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

(a) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Dividend income

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

Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured and presented in Euro (€) for the following reasons:

- The majority of assets and liabilities and majority of transaction of the Company were, and in the future are expected to be, denominated, executed and settled in €.
- Due to the nature of the Company's business, key economic and operational decisions are based in €.
- The functional currency of the ultimate parent company, Titan Cement S.A. which significantly influences the Company's key economic and operational decisions is the €.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange 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.

Tithys Limited

2 Summary of accounting policies (continued)

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Share capital

Ordinary shares are classified as equity.

Consolidated financial statements

Consolidated financial statements, which would include the financial statements of the Company and its subsidiary undertaking, have not been prepared because the Company is a wholly owned subsidiary itself and it does not need to prepare consolidated financial statements as these will be prepared by its ultimate parent company Titan Cement S.A., a company incorporated in Greece. This exemption is permitted by International Accounting Standard IAS27 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” and the requirements of the Cyprus Companies Law, Cap. 113. Consolidated financial statements can be obtained from Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

Investment in subsidiary undertaking

The investment in subsidiary undertaking is stated at cost less any permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense when the diminution is identified.

Receivables from subsidiary undertaking

Receivables from subsidiary undertaking are stated at their transacted values as they are on demand. Management believes that their fair value is not materially different from their transacted value.

Tithys Limited

3 Financial risk management

(a) Financial risk factors

The Company's activities expose it to currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage this risk are discussed below.

(i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. At balance sheet date the Company held cash and cash equivalents denominated in US Dollar the equivalent of (2005:€416,956) (2004: €593,269). The Company's policy is not to enter into any currency hedging transactions.

The foreign exchange transactions gains/(losses) recognised in the income statement were in 2005 €46,666 (and loss of €31,526 in 2004) and related to financing activities.

(b) Fair value estimation

The nominal value 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 Company for similar financial instruments.

4 Critical accounting estimates and judgement

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.

(a) Critical accounting estimates and assumptions

The Company 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.

Tithys Limited

4 Critical accounting estimates and judgement (continued)

(a) Critical accounting estimates and assumptions (continued)

(i) Income taxes

The Company operates in Cypriot tax jurisdiction. The Company must interpret and apply existing legislation to transactions with third parties and its own activities. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company 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.

In Management's opinion, the Company is in substantial compliance with the tax laws governing its operations. However the risk remains that the relevant authorities could take differing positions with regard to interpretative issues and the effect could be significant.

The Company met the tax filing in Cyprus. To the best of Management's knowledge, no breaches of tax law have occurred. Thus, the Company has not recorded any provision for potential impact of any such breaches as at 31 December 2005 or as at 31 December 2004.

5 Other gains

	2005 €	2004 €
Interest income:		
Bank balances	<u>55,772</u>	<u>39,761</u>

6 Finance income/(costs)

	2005 €	2004 €
Net foreign exchange transaction gains/(losses) on financing activities	<u>46,666</u>	<u>(31,526)</u>

7 Staff costs

	2005 €	2004 €
Wages and salaries (including bonus)	<u>165,194</u>	<u>137,242</u>

Tithys Limited

8 Tax

	2005 €	2004 €
Corporation tax	35,037	50,000
Withholding tax on dividend income	22,292	2,079
	<u>57,329</u>	<u>52,079</u>

The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2005 €	2004 €
Profit before tax	1,045,150	1,291,525
Tax calculated at the applicable tax rates (4,25%)	44,419	54,890
Tax effect of expenses not deductible for tax purposes	92	589
Withholding tax	22,292	2,079
Prior year corporation tax	-	(4,596)
Tax effect of withholding tax suffered abroad	(9,474)	(883)
Taxation charge	<u>57,329</u>	<u>52,079</u>

The Company has opted to be taxed under the transitional rules until 31 December 2005 and is subject to income tax at the rate of 4,25% for the years up to and including 2005. Thereafter the Company will be subject to corporation tax at the rate of 10%.

9 Expenses by nature

	2005 €	2004 €
Salaries and wages (Note 7)	165,194	137,242
Auditors' remuneration	5,614	4,164
Audit fees prior year	112	-
Accountancy and administrative	7,907	5,546
Sundry expenses	4,931	5,404
Guarantee fees	2,177	6,351
Legal fees	4,028	9,511
Brokerage fees	-	6,812
Total administrative expenses	<u>189,963</u>	<u>175,030</u>

10 Investment in subsidiary undertaking

	%	Country of	2005	2004
	shareholding	incorporation	€	€
Cementara Kojeric– at cost	74,28	Serbia	<u>42,726,928</u>	<u>42,726,928</u>

During 2004 the Company acquired an additional 4,28 per cent of the share capital of Cementara Kojeric for a total consideration of €1,621,833.

11 Other receivables

Tithys Limited

	2005 €	2004 €
Receivables from subsidiary undertaking (Note 15)	64,860	178,870
Prepayments	1,952	1,737
	<u>66,812</u>	<u>180,607</u>

12 Cash and cash equivalents

For the purposes of the cash flow statement the cash and cash equivalents comprise the following:

	2005 €	2004 €
Cash at bank	<u>3,175,135</u>	<u>2,079,744</u>

13 Share capital and share premium

	Number of shares	Share capital £	2005 Share capital €	Share premium €
At 1 January and 31 December	<u>29 430</u>	<u>29,430</u>	<u>52,194</u>	<u>42,221,636</u>
	Number of shares	Share capital £	2004 Share capital €	Share premium €
At 1 January and 31 December	<u>29 430</u>	<u>29,430</u>	<u>52,194</u>	<u>42,221,636</u>

The total authorized number of ordinary shares is 30 000 shares (2004: 30 000 shares) with a par value C£1 per share, from which 29 430 have been issued and are fully paid.

14 Other payables

	2005 €	2004 €
Other payables	2,423	5,465
Accrued expenses	4,211	4,263
	<u>6,634</u>	<u>9,728</u>

Tithys Limited

15 Related party transactions

The Company is controlled by Aemos Cement Limited, incorporated in Cyprus, which owns 100% of the Company's shares. The Company's ultimate controlling party is Titan Cement S.A., in Greece.

For the purposes of these financial statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party making financial or operating decisions and as such include all companies which are ultimately controlled by a common manager.

The following transactions were carried out with related parties:

(a) Sales of services

	2005 €	2004 €
Consultancy fees:		
Subsidiary undertaking	<u>849,754</u>	<u>1,437,535</u>

(b) Year end balance arising from sale of services

	Nature of transaction	2005 €	2004 €
Receivables from subsidiary undertaking (Note 11)	Consultancy services	<u>64,860</u>	<u>178,870</u>

The nature of the transaction above represents technical services provided to Cementara Kojeric (a subsidiary company).

16 Events after the balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Report of the auditors on pages 4 to 5.

Tithys Limited

Analysis of expenses for the year ended 31 December 2005

	2005	2004
	€	€
Administrative expenses		
Salaries and wages	165,194	137,242
Photocopies, printing and stationary	21	26
Postages, telephones and telexes	19	15
Auditors' remuneration	5,614	4,164
Audit fees prior year	112	-
Accountancy and administrative	7,907	5,546
Sundry expenses	1,501	2,062
Bank charges	3,390	3,301
Guarantee fees	2,177	6,351
Legal fees	4,028	9,511
Brokerage fees	-	6,812
	<u>189,963</u>	<u>175,030</u>