# Titan Cement Company S.A. and its Subsidiaries

# Interim Condensed Financial Reporting

# for the period ended 30 June 2009

STATEMENTS OF MEMBERS OF THE BOARD
(In accordance with article 5 par.2 of Law 3556/2007)

The members of the Board of Directors of TITAN CEMENT COMPANY S.A.

1. Andreas Canellopoulos, Chairman
2. Dimitris Papalexopoulos, Managing Director and
3. Nellos Canellopoulos, Board Member, having been specifically assigned by the Board of Directors,

In our above mentioned capacity declare that:

as far as we know:

a. the enclosed financial statements of TITAN CEMENT COMPANY S.A. for the period of 1.1.2009 to 30.06.2009, drawn up in accordance with the applicable accounting standards, reflect in a true manner the assets and liabilities, equity and results of TITAN CEMENT COMPANY S.A., as well as of the businesses included in Group consolidation, taken as a whole

and

b. the enclosed report of the Board of Directors reflects in a true manner the development, performance and financial position of TITAN CEMENT COMPANY S.A., and of the businesses included in Group consolidation, taken as a whole, including the description of the principal risks and uncertainties.

Athens, August 27, 2009

| Andreas Canellopoulos | Dimitrios Papalexopoulos | Nellos Canellopoulos |
|---|---|---|
| Chairman of the Board | Managing Director | Board Member |

# HALF-YEARLY REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 1.1. 2009-30.6.2009

## FINANCIALS – BUSINESS DEVELOPMENTS – MAJOR EVENTS

Titan Group's turnover in the 1st half of 2009 was € 684 million, a decrease of 10.6% compared to the 1st half of 2008. EBITDA decreased by 16.1% to € 161 million. At constant exchange rates, Group turnover would have decreased by 14.9 % and Group EBITDA would have decreased by 19.3%.

Group net profits for the 1st half of 2009, after minority interests and tax provisions, stood at € 59 million, decreased by 48.8% compared to the same period in 2008.

This decline was due to the protracted decline in demand for building materials in the USA, the decline for the third consecutive year in cement consumption in Greece, and the sudden downturn in SE European markets, which combined to exert intense pressures on Group profits. In part, it is also due to the increased financial expenses and the increased depreciation charges following the acquisitions carried out during the 2nd quarter of 2008. Moreover, the positive tax impact of € 16 million which the Group recorded in the 1st half of 2008, affected the basis of comparison with the same period in 2009. These pressures were only partially offset by the increase in cement consumption in Egypt.

In the USA, the housing market continued to decline in the 1st half of 2009, and to date has shown no signs of recovery. Moreover, the economic stimulus package signed in February 2009 has not yet had any substantial impact on demand. Property prices in 20 major cities as recorded by the S & P / Case Shiller Composite – 20 Home Price Index, decreased by 15% in June 2009 compared to June 2008. This trend reflects the oversupply of homes as compared to the relative decline in demand. As a result, there was a decline of 40% in housing starts during the 1st five months of 2009 compared to the same period in 2008, leading to a sharp decline in demand for building materials. According to the Portland Cement Association, cement consumption in the USA in the 1st half of 2009 declined by 29% compared to the same period in 2008. In Florida, which accounts for more than half of the Group's US operations, cement consumption during the 1st half of 2009 declined by 38% compared to the same period in 2008.

In January 2009 the Southern Florida Regional Court handed down a judgement which cancelled the mining and extraction permits in the Lake Belt area. The same court had annulled the same permits with an earlier decision in July 2007. Following the appeal of Tarmac America, subsidiary of Titan America, and the other affected companies, the Federal Appeals Court in Atlanta in May of 2008 had referred the case back to the Southern Florida Regional Court, instructing the court to judge anew the case in a more objective way.

Tarmac America considers the new, aforementioned decision of the Southern Florida Regional Court is once again flawed and has once again lodged an appeal. In the meanwhile it is well-prepared to continue uninterrupted production at the Pennsuco plant and to meet its customers' needs, which are down in light of the circumstances.

On 1 May the US Army Engineering Corps issued a Supplementary Environmental Impact Report for public consultation, which is required for the issue of new long term extraction permits in the Lake Belt area. Following the completion of the public consultation on June 23rd a Record of Decision is expected which will determine the framework for the issue of new long-term permits in the area. The time frame for the publication of the record of decision cannot accurately be gauged. It is nonetheless expected that the decision may be published towards the end of this year or early in 2010, though further delays cannot be ruled out.

Overall, Group turnover in the USA, also accounting for foreign exchange fluctuations, declined by 19.3% in the 1st half of 2009, to € 199 million compared to the same period in 2008, while EBITDA declined by 13.1% to € 23 million.

In Greece, the excess supply of homes combined with the general crisis in the international economy have led to a significant decline in building activity and consequently in the demand for building materials. It is indicative that the volume of construction activity, based on building permits issued for the period January-May 2009, declined by 26% compared to 2008.

As a result, turnover in Greece and Western Europe declined by 22.8% in the 1st half of 2009 compared to the same period in 2008, and stood at € 248 million. This decline was only partially offset by the increase in the comparatively very low exports. EBITDA declined by 36.7% compared to the same period in 2008 and stood at € 58 million.

In SE Europe there was a sharp drop in demand in the 1st half of 2009 which resulted in a decline in turnover by 27.4% compared to the same period in 2008, bringing turnover to € 98 million. EBITDA declined by 35.8% to € 32 million. The Group's position in the region will be further enhanced with the operation of the new 1.5 million tonne capacity cement plant currently under construction in Albania early in 2010.

Lastly, in the Eastern Mediterranean, acquisitions undertaken in mid-2008 led to a substantial improvement in financial results for the 1st half of 2009. Eastern Mediterranean turnover increased by 124.9% in the 1st half of 2009 compared to the same period in 2008 and reached € 138 million. EBITDA increased by 102.2% to € 48 million. The second production line at the Beni Suef plant in Egypt with a capacity of 1.5 million tonnes will become operational in the last quarter of 2009, enhancing the Group's ability to respond further to the increasing market demand in Egypt.

Group selling, general and administrative expenses in the 1st half of 2009 declined by 9.7% compared to the same period in 2008, reaching € 64 million, which reflects the Group's continuing efforts towards cost containment.

The Group continues to focus on reducing external borrowing by limiting investments and by closely managing its working capital. Group net debt fell from € 1,114 million in December 2008 to € 1,028 million in June 2009. Financial expenses in the 1st half of 2009 stood at € 27 million, which was 47.3% higher than in the same period in 2008.

During 2009 the Group continued to undertake investments to expand its activities and modernise its facilities. Capital investment in the 1st half of 2009 amounted to € 106 million, the most important of which are cited in the EXPANSION OF OPERATIONS – INVESTMENTS section of this report.

In the course of the 1st quarter of the year, the credit rating agency Standard & Poor's upgraded the Group's outlook from negative credit watch to stable. The Group's creditworthiness continues to be rated as BB+.

Titan Cement S.A.'s shares closed at the 1st half of 2009 at a price of € 18.80, an increase of 35.3% from that of the end of last year. Titan's share outperformed therefore the General Index of the Athens Stock Exchange which posted a 23.7% increase in the same period.

Corporate Social Responsibility and Sustainable Development are key principles of Titan Group's strategy. Against this background, in the course of the first half of 2009 the Group continued to implement commitments which it has voluntarily undertaken in specific sectors, with emphasis being placed on our priorities which are safety in the workplace and the mitigation of the impact of our production activities on climate change.

As regards safety in the workplace, we continued the high-paced implementation of schemes across the entire Group and in collaboration with the members of the World Business Council for Sustainable Development / Cement Sustainability Initiative (WBCSD/CSI) placed emphasis on the planning, development and widespread dissemination of new guidelines and best practices to reduce road accidents and accidents among contractors.

The increase in Group production capacity and the attainment, in large part, of the targets set in 2006 to limit our environmental impact, led to a full revision of those targets and the adoption of new ones for 2015 in areas such as the use of alternative fuels and water consumption.

The development of the supply chain CSR awareness raising, information and dissemination scheme, which commenced in 2008, and is now actively supported by the operation of the new European internet tool which was developed in collaboration between Titan Group and other European companies, is particularly important. This specific initiative was chosen and presented by the UN as an example of best practice which contributes to achieving the CSR and Sustainable Development priorities which have been set at an international level.

## EXPANSION OF OPERATIONS – INVESTMENTS

In March and April 2009 Titan Group acquired a minority stake (3.6529% of shares) in Titan Cementara Kosjeric A.D. in the growing market of Serbia. These shares were acquired for the total sum of € 2.6 million. Following completion of the acquisition, the Group now holds 100% of the said company.

During 2009 construction continued on two major projects which seek to further increase the Group's production capacity in developing markets which have positive demographic and development prospects.

The first, regards the construction of a new plant of 1.5 million tonne annual production capacity in the Kruje area of Albania, which is expected to become operational at the start of 2010. Total investment as at 30$^{th}$ of June, 2009 amounted to € 120 million.

The second, regards the construction of a second production line at the Beni Suef plant in Egypt, with a 1.5 tonne annual production capacity, which is expected to be completed within the last quarter of 2009. Total investments as at 30$^{th}$ June, 2009 amounted to € 100 million.

## SIGNIFICANT POST BALANCE SHEET EVENTS

On July 6$^{th}$, 2009 the Company paid the amount of € 32 m as dividend for the fiscal year 2008.

On July 9$^{th}$, 2009 the Company announced the completion of the sale through the Athens Exchange of 14,000 treasury common shares, representing 0.017% of the Company's paid up Share Capital, at an average sale price equal to 19.43 euro per share, within the three year statutory period commencing from the date they were acquired by the Company.

On July 30$^{th}$, 2009 Group completed the offering of a 4-year tenure, €200 million nominal value notes, with an annual coupon of 6.90%, issued by its subsidiary TITAN GLOBAL FINANCE PLC and guaranteed by Titan Cement Company S.A. The notes have been listed on the regulated market of the Luxembourg Stock Exchange. The proceeds will be used primarily for the refinancing of existing debt and also for other general corporate purposes of Titan Group. This action constitutes part of the Group's long term financial strategy to diversify its funding sources.

## OUTLOOK FOR THE 2nd HALF OF 2009

The outlook for the rest of 2009 is determined by the crisis in the global economy. With the exception of the Egyptian market, the other markets in which the Group operates are in recession, and that is not expected to change in the remainder of 2009.

The priorities for 2009 focus on generating positive cash flows to reduce debt, reducing production and operating costs, and limiting new capital expenditure. At the same time, the Group continues to invest in the construction of two important plants in Albania and Egypt, the operation of which will positively impact results.

The decline in solid fuel prices is expected to have a positive impact on production costs in the 2nd half of 2009, partially ameliorating the pressure on Group profits exerted by the decline in demand.

In the USA the Portland Cement Association forecasts a 22% drop in cement consumption in 2009.

In Greece we expect the decline in demand for building materials to continue due to the slow-down in the housing market. A possible increase in public works will only partially offset the drop in the much larger housing segment.

In the SE European markets the decline in demand for building materials is expected to continue given the economic recession in the region.

In Egypt, the building materials market is expected to continue to growing. Additionally, the 2nd production line at the Beni Suef plant which is expected to become operational in the last quarter of 2009 will further offer the Group the ability to benefit from the growth in demand.

Prices are expected to remain under pressure in Turkey for the rest of 2009.

The Group remains committed to its four strategic priorities, which are geographic diversification, continuous improvement in competitiveness, vertical integration of Group operations and a focus on both human capital and corporate social responsibility.

## RISKS AND UNCERTAINTIES

**Financial risk factors:** Group operations give rise to various financial risks including foreign exchange and interest rate risks, credit risks and liquidity risks. The Group's overall risk management programme focuses on financial market fluctuations and aims to minimise the potential unfavourable impacts of those fluctuations on its financial performance. The Group does not engage in speculative transactions or transactions which are not related to its commercial, investing or borrowing activities.

The financial products used by the Group primarily consist of bank deposits, loans, foreign currency transactions at spot prices or through futures, bank overdrafts, accounts receivable and payable, investments in securities, dividends payable and liabilities arising from financial leases.

**Liquidity Risk:** Prudent liquidity management is achieved through the existence of a suitable combination of cash assets and approved bank credit facilities. The Group manages the risks which could arise from the lack of adequate liquidity by ensuring that there are always secured bank credit facilities in available for use. Existing unutilised committed credit lines available to the Group are adequate to cover for any potential shortfall in cash assets.

**Interest rate risk:** The fact that 23% of overall Group borrowing is based on fixed, pre-agreed interest rates and that a further 57% is based on pre-agreed interest rate spreads means that the impact of fluctuations in base rates on Group results operating cash flows is limited.

Exposure to interest rate risk from liabilities and investments is monitored on a budgetary basis. Group financing has been developed in line with a pre-determined combination of fixed and floating rates to ameliorate the risk of interest rate fluctuations. The ratio of fixed to floating rate in the Group's net debt is determined by market conditions, Group strategy and financing requirements. Occasionally interest rate derivatives may also be used, but solely to ameliorate the relevant risk and to change the said combination of fixed / floating rates, if that is considered necessary. During the first half of 2009, the Group did not use interest-rate derivatives.

Group policy is to constantly monitor interest rate trends and the duration of its financing needs. Consequently, decisions about the duration, and the ratio of fixed to floating interest rates, cost of a new loan, are made on a case-by-case basis. All short-term loans have floating rates. Medium to long-term loans have both fixed and floating rates.

**Exchange rate risk:** Group exposure to exchange rate risk stems primarily from existing or expected cash flows in foreign currency (imports / exports) and from foreign investments. This risk is addressed in the context of approved policies.

Various risks are managed using hedges and FX futures. Group policy is to use borrowing in the relevant currency (where feasible) as a hedge for investments in foreign subsidiaries whose equity is exposed to FX conversion risk. Thus, the FX risk for the equity of Group subsidiaries in the USA is partially hedged by concluding dollar-denominated loans.

In other markets where the Group operates, company financing needs are evaluated, and where feasible, financing is obtained in the same currency as the assets being financed. Exceptions to this are Turkey, Egypt and Albania, where Group investments are in Turkish Lira and Egyptian Pounds and Albanian Lek respectively, whereas part of the financing is in Euro in Turkey and Albania, and in Yen in Egypt. The Group has decided that the cost of refinancing its liabilities from Euro to Turkish Lira and Albanian Lek and from Yen to Egyptian Pounds is not financially attractive for the time being. This issue is re-examined at regular intervals.

**Credit Risk:** The Group is not exposed to major credit risk. Customer receivables primarily come from a large, widespread customer base. The financial status of customers is constantly monitored by Group companies.

When considered necessary, additional insurance coverage is requested to secure credit. Provisions for impairment losses are made for special credit risks. In the 1st half of 2009, the Group deems that there was no material credit risk not already under insurance cover as a credit guarantee or not provisioned for in the case of bad debts.

There is also potential credit risk from cash and cash equivalents, investments and derivatives. In these cases, the risk may arise from the counterparty's inability to meet its obligations towards the Group. In order to minimise this credit risk, as part of the policies approved by the Board of Directors, the Group sets limits on the degree of exposure to each individual financial institution. Moreover, as far as deposit products are concerned, the Group only conducts business with recognised financial institutions with a high credit rating.

**IMPORTANT TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES:**

The most important transactions between the company and related parties, as defined by IAS 24, relate to transactions with subsidiaries (enterprises associated with it as defined by Article 42e of Codified Law 2190/1920) and used in the table below:

**Company**

| *Amounts in € thousands* | Sales of goods & services | Purchases of goods & services | Receivables | Liabilities |
|---|---|---|---|---|
| Interbeton Construction Materials S.A. | 22.863 | 2.320 | 2.963 | - |
| Finititan S.r.l. | 5.732 | - | 997 | - |
| Essex Cement Co. LLC | 5.807 | - | - | - |
| Antea Cement SHA | 11.662 | - | 4.481 | - |
| Titan Global Finance PLC | - | 14.775 | - | 634.000 |
| Other subsidiaries | 13.132 | 5.349 | 3.404 | 4.949 |
| Other interrelated parties | 1.918 | 1.595 | 2.245 | 984 |
| Executives and members of the Board | - | 3.341 | 12 | 466 |
| | **61.114** | **27.380** | **14.102** | **640.399** |

**Group**

| *Amounts in € thousands* | Sales of goods & services | Purchases of goods & services | Receivables | Liabilities |
|---|---|---|---|---|
| Other interrelated parties | - | 1.137 | - | 287 |
| Executives and members of the Board | - | 3.437 | 12 | 466 |
| | **-** | **4.574** | **12** | **753** |

In relation to the aforementioned transactions it should be noted that:

The revenue shown in the table relates to sales of the company's finished goods (cement and aggregates) to the aforementioned subsidiaries while the purchases relate to purchases of raw materials and services by the company from the said subsidiaries.

Company liabilities relate primarily to four loan contracts for a total principal amount of € 634 expiring in 2011 with an annual interest rate at Euribor plus a 1.35%, which were concluded with the subsidiary Titan Global Finance PLC registered in the UK.

Company receivables primarily relate to receivables from cement sales to the said subsidiaries and the provision of consultancy services.

Lastly, the remuneration of senior executives and members of the Group's Board of Directors stood at € 3.4 million for the period 1.1 - 30.6.2009 compared to € 3.7 million in the same period last year.

**TITAN CEMENT S.A.'S FINANCIAL RESULTS**

In the 1st half of 2009 the Company reported sales of € 219 million, a decrease of 19.3% compared to 2008. EBITDA decreased by 31.3% and stood at € 54 million, primarily reflecting the drop in domestic sales. Net profits decreased by 66.7% to € 22 million.

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**THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK**

# REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION
**To the Shareholders of**
**TITAN CEMENT COMPANY S.A.**

*Introduction*
We have reviewed the accompanying separate and consolidated condensed statement of financial position of TITAN CEMENT COMPANY S.A. (the "Company") and its subsidiaries ("the Group") as at 30 June 2009, and the related condensed statements of comprehensive income and income statement, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes (the "interim condensed financial information") which is an integral part of the six-month financial report of article 5 Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed[2] financial information in accordance with International Financial Reporting Standards as adopted by the European Union and apply to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed[2] financial information based on our review.

*Scope of review*
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

*Report on other legal requirements*
Based on our review we noted that the information contained in the six-month financial report prepared in accordance with article 5 Law 3556/2007 is consistent with the accompanying condensed financial information.

**Athens, 27 August 2009**
**THE CERTIFIED AUDITOR ACCOUNTANT**

**CHRISTOS GLAVANIS**
**S.O.E.L. R.N. 10371**
**ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.**
**11TH KLM NATIONAL ROAD ATHENS – LAMIA, METAMORFOSI**
**COMPANY S.O.E.L. R.N. 107**

## Interim Statement of Financial Position

*(all amounts in Euro thousands)*

| | Group | | Company | |
|---|---|---|---|---|
| **ASSETS** | **30/06/2009** | **31/12/2008** | **30/06/2009** | **31/12/2008** |
| Property, plant & equipment | 1.918.154 | 1.896.579 | 267.688 | 270.592 |
| Investment properties | - | - | 6.796 | 6.796 |
| Intangible assets and goodwill | 534.269 | 545.088 | 487 | - |
| Investments in subsidiaries | - | - | 1.267.537 | 1.262.303 |
| Investments in associates | 10.773 | 10.178 | - | - |
| Available-for-sale financial assets | 2.652 | 2.418 | 107 | 107 |
| Other non current assets | 22.226 | 39.297 | 3.486 | 3.551 |
| Deferred income tax asset | 2.546 | 2.622 | - | - |
| **Non-current assets** | **2.490.620** | **2.496.182** | **1.546.101** | **1.543.349** |
| | | | | |
| Inventories | 259.490 | 284.852 | 77.012 | 99.994 |
| Trade receivables | 203.836 | 212.511 | 68.797 | 85.999 |
| Other receivables and prepayments | 81.864 | 103.438 | 8.236 | 10.622 |
| Derivative financial instruments | 233 | 2.524 | 233 | - |
| Available-for-sale financial assets | 62 | 62 | 61 | 61 |
| Cash and cash equivalents | 30.589 | 94.521 | 4.366 | 31.263 |
| **Current assets** | **576.074** | **697.908** | **158.705** | **227.939** |
| | | | | |
| **TOTAL ASSETS** | **3.066.694** | **3.194.090** | **1.704.806** | **1.771.288** |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| | | | | |
| Share Capital ( 84,546,774 shares of € 4.00) | 338.187 | 338.187 | 338.187 | 338.187 |
| Share premium | 22.826 | 22.826 | 22.826 | 22.826 |
| Share options | 11.940 | 10.713 | 11.940 | 10.713 |
| Treasury shares | -92.299 | -92.299 | -92.299 | -92.299 |
| Other Reserves | 412.994 | 433.747 | 462.987 | 462.987 |
| Retained earnings | 704.049 | 682.882 | 39.240 | 53.110 |
| **Equity attributable to equity holders of the parent** | **1.397.697** | **1.396.056** | **782.881** | **795.524** |
| Non-controlling interests | 32.174 | 38.078 | - | - |
| **Total equity (a)** | **1.429.871** | **1.434.134** | **782.881** | **795.524** |
| | | | | |
| Long-term borrowings | 795.407 | 945.193 | 634.571 | 759.000 |
| Deferred income tax liability | 190.471 | 204.433 | 23.051 | 21.625 |
| Retirement benefit obligations | 39.991 | 41.157 | 23.252 | 23.702 |
| Provisions | 22.270 | 23.235 | 2.323 | 2.182 |
| Other non-current liabilities | 11.068 | 14.093 | 6.255 | 6.406 |
| **Non-current liabilities** | **1.059.207** | **1.228.111** | **689.452** | **812.915** |
| | | | | |
| Short-term borrowings | 263.056 | 263.145 | 135.324 | 87.580 |
| Trade payables | 260.845 | 254.439 | 61.283 | 74.916 |
| Dividend payables | 32.765 | 410 | 32.264 | 353 |
| Derivative financial instruments | 1.173 | - | 58 | - |
| Income tax payable | 14.743 | 10.708 | 3.544 | - |
| Provisions | 5.034 | 3.143 | - | - |
| **Current liabilities** | **577.616** | **531.845** | **232.473** | **162.849** |
| | | | | |
| **Total liabilities (b)** | **1.636.823** | **1.759.956** | **921.925** | **975.764** |
| | | | | |
| **TOTAL EQUITY AND LIABILITIES (a+b)** | **3.066.694** | **3.194.090** | **1.704.806** | **1.771.288** |

# Interim Income Statement for the 2nd Quarter

| *(all amounts in Euro thousands)* | Group | | Company | |
|---|---|---|---|---|
| | **1/4-30/6/2009** | **1/4-30/6/2008** | **1/4-30/6/2009** | **1/4-30/6/2008** |
| Turnover | 375.743 | 424.903 | 124.216 | 146.480 |
| Cost of sales | -243.374 | -274.538 | -79.416 | -90.170 |
| **Gross profit before depreciation** | **132.369** | **150.365** | **44.800** | **56.310** |
| Other income | 4.833 | 7.278 | 2.295 | 2.458 |
| Share in profit of associates | 408 | 1.057 | - | - |
| Administrative expenses | -27.093 | -31.630 | -9.579 | -11.800 |
| Selling and marketing expenses | -5.445 | -6.714 | -277 | -1.121 |
| Other expenses | -8.426 | -5.009 | -2.283 | -930 |
| **Profit before interest, taxes, depreciation and amortization** | **96.646** | **115.347** | **34.956** | **44.917** |
| Depreciation and amortization related to cost of sales | -27.018 | -25.457 | -2.634 | -2.405 |
| Depreciation and amortization related to administrative and selling expenses | -1.580 | -2.611 | -273 | -290 |
| **Profit before interest and taxes** | **68.048** | **87.279** | **32.049** | **42.222** |
| Income from participations and investments | - | 230 | 5.119 | 7.456 |
| Finance income | 1.003 | 2.248 | 480 | 290 |
| Finance expense | -13.800 | -15.213 | -7.998 | -5.708 |
| (Losses)/gains from financial instruments | -1.908 | -116 | -2.463 | 447 |
| Exchange difference gains/(losses) | 1.396 | 2.100 | 167 | -421 |
| **Profit before taxes** | **54.739** | **76.528** | **27.354** | **44.286** |
| Current income tax | -22.700 | 6.382 | -9.201 | -640 |
| Deferred income tax | 7.190 | -7.859 | -85 | -1.216 |
| **Profit for the period** | **39.229** | **75.051** | **18.068** | **42.430** |
| **Profit attributable to:** | | | | |
| Equity holders of the parent | 38.101 | 73.297 | 18.068 | 42.430 |
| Non-controlling interests | 1.128 | 1.754 | - | - |
| | **39.229** | **75.051** | **18.068** | **42.430** |
| **Earnings per share - basic (in €)** | **0,4684** | **0,8873** | **0,2221** | **0,5145** |
| **Earnings per share - diluted (in €)** | **0,4662** | **0,8824** | **0,2212** | **0,5121** |

# Interim Statement of Comprehensive Income for the 2nd Quarter

| *(all amounts in Euro thousands)* | **Group** | | **Company** | |
|---|---|---|---|---|
| | **1/4-30/6/2009** | **1/4-30/6/2008** | **1/4-30/6/2009** | **1/4-30/6/2008** |
| **Profit for the period** | **39.229** | **75.051** | **18.068** | **42.430** |
| **Other comprehensive (expenses)/income:** | | | | |
| Exchange differences on translating foreign operations | -53.786 | 24.616 | - | - |
| Cash flow hedges | -50 | - | -50 | - |
| Asset revaluation surplus | - | 128.905 | - | - |
| Income tax on asset revaluation surplus | - | -15.638 | - | - |
| **Other comprehensive (expenses)/income for the period, net of tax** | **-53.836** | **137.883** | **-50** | **-** |
| **Total comprehensive (expenses)/income for the period** | **-14.607** | **212.934** | **18.018** | **42.430** |
| **<u>Total comprehensive (expenses)/income attributable to:</u>** | | | | |
| Equity holders of the parent | -14.907 | 207.124 | 18.018 | 42.430 |
| Non-controlling interests | 300 | 5.810 | - | - |
| | **-14.607** | **212.934** | **18.018** | **42.430** |

# Interim Income Statement for Six months

| *(all amounts in Euro thousands)* | Group | | Company | |
|---|---|---|---|---|
| | 1/1-30/6/2009 | 1/1-30/6/2008 | 1/1-30/6/2009 | 1/1-30/6/2008 |
| Turnover | 683.680 | 765.055 | 219.267 | 271.615 |
| Cost of sales | -457.577 | -504.706 | -148.956 | -170.754 |
| **Gross profit before depreciation** | **226.103** | **260.349** | **70.311** | **100.861** |
| Other income | 10.990 | 10.958 | 7.025 | 4.686 |
| Share in profit of associates | 606 | 1.582 | - | - |
| Administrative expenses | -52.644 | -58.035 | -18.724 | -22.208 |
| Selling and marketing expenses | -11.036 | -12.490 | -952 | -2.147 |
| Other expenses | -12.926 | -10.311 | -4.112 | -3.250 |
| **Profit before interest, taxes, depreciation and amortization** | **161.093** | **192.053** | **53.548** | **77.942** |
| Depreciation and amortization related to cost of sales | -54.336 | -48.289 | -5.206 | -4.832 |
| Depreciation and amortization related to administrative and selling expenses | -3.189 | -3.441 | -548 | -563 |
| **Profit before interest and taxes** | **103.568** | **140.323** | **47.794** | **72.547** |
| Income from participations and investments | - | 235 | 5.119 | 7.456 |
| Finance income | 7.436 | 4.089 | 1.673 | 293 |
| Finance expense | -28.871 | -24.909 | -20.252 | -6.875 |
| (Losses)/gains from financial instruments | -3.232 | 273 | -2.180 | -117 |
| Exchange difference (losses)/gains | -2.073 | 2.391 | 413 | 249 |
| **Profit before taxes** | **76.828** | **122.402** | **32.567** | **73.553** |
| Current income tax | -29.435 | 5.268 | -9.501 | -6.124 |
| Deferred income tax | 12.010 | -9.291 | -1.426 | -2.469 |
| **Profit for the period** | **59.403** | **118.379** | **21.640** | **64.960** |
| **Profit attributable to:** | | | | |
| Equity holders of the parent | 59.417 | 115.990 | 21.640 | 64.960 |
| Non-controlling interests | -14 | 2.389 | - | - |
| | **59.403** | **118.379** | **21.640** | **64.960** |
| **Earnings per share - basic (in €)** | **0,7304** | **1,4012** | **0,2660** | **0,7848** |
| **Earnings per share - diluted (in €)** | **0,7275** | **1,3946** | **0,2650** | **0,7811** |

# Interim Statement of Comprehensive Income for six months

| *(all amounts in Euro thousands)* | **Group** | | **Company** | |
|---|---|---|---|---|
| | **1/1-30/6/2009** | **1/1-30/6/2008** | **1/1-30/6/2009** | **1/1-30/6/2008** |
| **Profit for the period** | **59.403** | **118.379** | **21.640** | **64.960** |
| **Other comprehensive (expenses)/income:** | | | | |
| Exchange differences on translating foreign operations | -25.785 | -19.400 | - | - |
| Asset revaluation surplus | - | 128.905 | - | - |
| Income tax on asset revaluation surplus | - | -15.638 | - | - |
| **Other comprehensive (expenses)/income for the period, net of tax** | **-25.785** | **93.867** | **-** | **-** |
| **Total comprehensive income for the period** | **33.618** | **212.246** | **21.640** | **64.960** |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of the parent | 35.924 | 206.371 | 21.640 | 64.960 |
| Non-controlling interests | -2.306 | 5.875 | - | - |
| | **33.618** | **212.246** | **21.640** | **64.960** |

# Interim Statement of Changes in Shareholders' Equity

***Group***

*(all amounts in Euro thousands)*

| | Attributable to equity holders of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Ordinary shares** | **Share premium** | **Preferred ordinary shares** | **Share options** | **Ordinary treasury shares** | **Preferred treasury shares** | **Other reserves** | **Retained earnings** | **Total** | **Non-controlling interests** | **Total equity** |
| ***Balance at 1 January 2008*** | **153.927** | **22.826** | **15.138** | **7.016** | **-35.936** | **-9** | **396.997** | **612.868** | **1.172.827** | **22.112** | **1.194.939** |
| Profit for the period | - | - | - | - | - | - | - | 115.990 | 115.990 | 2.389 | 118.379 |
| Other comprehensive income | - | - | - | - | - | - | 92.530 | -2.149 | 90.381 | 3.486 | 93.867 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **92.530** | **113.841** | **206.371** | **5.875** | **212.246** |
| Treasury shares purchased | - | - | - | - | -32.976 | -12 | - | - | -32.988 | - | -32.988 |
| Dividends paid to ordinary and preferred shares | - | - | - | - | - | - | - | -63.399 | -63.399 | -868 | -64.267 |
| Capitalisation of reserves | 153.927 | - | 15.138 | - | - | - | -166.220 | -2.845 | - | - | - |
| Non-controlling interest due to share capital increase on Group's subsidiary | - | - | - | - | - | - | - | - | - | 3.030 | 3.030 |
| Share options | - | - | - | 1.994 | - | - | - | - | 1.994 | - | 1.994 |
| Non-controlling interest due to acquisitions of subsidiaries | - | - | - | - | - | - | - | - | - | 2.670 | 2.670 |
| Transfer between reserves | - | - | - | - | - | - | 2.234 | -2.234 | - | - | - |
| ***Balance at 30 June 2008*** | **307.854** | **22.826** | **30.276** | **9.010** | **-68.912** | **-21** | **325.541** | **658.231** | **1.284.805** | **32.819** | **1.317.624** |
| | | | | | | | | | | | |
| ***Balance at 1 January 2009*** | **307.911** | **22.826** | **30.276** | **10.713** | **-92.182** | **-117** | **433.747** | **682.882** | **1.396.056** | **38.078** | **1.434.134** |
| Profit for the period | - | - | - | - | - | - | - | 59.417 | 59.417 | -14 | 59.403 |
| Other comprehensive income | - | - | - | - | - | - | -21.346 | -2.147 | -23.493 | -2.292 | -25.785 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-21.346** | **57.270** | **35.924** | **-2.306** | **33.618** |
| Dividends paid to ordinary and preferred shares | - | - | - | - | - | - | - | -35.510 | -35.510 | -1.595 | -37.105 |
| Share options | - | - | - | 1.227 | - | - | - | - | 1.227 | - | 1.227 |
| Non-controlling interest due to acquisitions of subsidiaries | - | - | - | - | - | - | - | - | - | -2.003 | -2.003 |
| Transfer between reserves | - | - | - | - | - | - | 593 | -593 | - | - | - |
| ***Balance at 30 June 2009*** | **307.911** | **22.826** | **30.276** | **11.940** | **-92.182** | **-117** | **412.994** | **704.049** | **1.397.697** | **32.174** | **1.429.871** |

***Company***

*(all amounts in Euro thousands)*

| | **Ordinary shares** | **Share premium** | **Preferred ordinary shares** | **Share options** | **Ordinary treasury shares** | **Preferred treasury shares** | **Other reserves** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|
| ***Balance at 1 January 2008*** | **153.927** | **22.826** | **15.138** | **7.016** | **-35.936** | **-9** | **558.753** | **83.844** | **805.559** |
| Profit for the period | - | - | - | - | - | - | - | 64.960 | 64.960 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **64.960** | **64.960** |
| Treasury shares purchased | - | - | - | - | -32.976 | -12 | - | - | -32.988 |
| Dividends paid to ordinary and preferred shares | - | - | - | - | - | - | - | -63.399 | -63.399 |
| Share options | - | - | - | 1.994 | - | - | - | - | 1.994 |
| Capitalisation of reserves | 153.927 | - | 15.138 | - | - | - | -166.220 | -2.845 | - |
| ***Balance at 30 June  2008*** | **307.854** | **22.826** | **30.276** | **9.010** | **-68.912** | **-21** | **392.533** | **82.560** | **776.126** |
| | | | | | | | | | |
| ***Balance at 1 January 2009*** | **307.911** | **22.826** | **30.276** | **10.713** | **-92.182** | **-117** | **462.987** | **53.110** | **795.524** |
| Profit for the period | - | - | - | - | - | - | - | 21.640 | 21.640 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **21.640** | **21.640** |
| Dividends paid to ordinary and preferred shares | - | - | - | - | - | - | - | -35.510 | -35.510 |
| Share options | - | - | - | 1.227 | - | - | - | - | 1.227 |
| ***Balance at 30 June 2009*** | **307.911** | **22.826** | **30.276** | **11.940** | **-92.182** | **-117** | **462.987** | **39.240** | **782.881** |

# Interim Cash Flow Statement

| *(all amounts in Euro thousands)* | Group | | Company | |
|---|---|---|---|---|
| | **1/1-30/6/2009** | **1/1-30/6/2008** | **1/1-30/6/2009** | **1/1-30/6/2008** |
| **Cash flows from operating activities** | | | | |
| Profits before taxes | 76.828 | 122.402 | 32.567 | 73.553 |
| *Adjustments to reconcile profit to net cash flows:* | | | | |
| Depreciation/amortization | 57.525 | 51.730 | 5.754 | 5.395 |
| Provisions | 7.191 | -1.050 | 926 | -1.922 |
| Exchange differences | 2.073 | -2.391 | -413 | -249 |
| Income from participations & investments | - | -235 | -5.119 | -7.456 |
| Interest expense | 21.433 | 20.492 | 18.577 | 6.657 |
| Other non cash flow items | 3.853 | 569 | 2.259 | 1.237 |
| Adjusted profit before changes in working capital | 168.903 | 191.517 | 54.551 | 77.215 |
| Decrease in inventories | 22.784 | 3.596 | 23.133 | 3.720 |
| (Increase) / decrease in trade and other receivables | -4.865 | -38.057 | 20.706 | -23.927 |
| Decrease / (increase) in operating long-term receivables | 18.106 | -45 | 65 | 8 |
| Increase / (decrease) in trade payables (excluding banks) | 5.011 | 1.842 | -19.465 | -1.214 |
| Cash generated from operations | 209.939 | 158.853 | 78.990 | 55.802 |
| Income taxes received/(paid) | 5.041 | -12.562 | -5.956 | -12.633 |
| *Net cash flows from operating activities* | 214.980 | 146.291 | 73.034 | 43.169 |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiaries, net of cash acquired (note 17) | -4.308 | -383.072 | -4.787 | -417.000 |
| Proceeds from non-controlling interests' increase in subsidiaries | - | 3.030 | - | - |
| Purchase of tangible assets | -105.124 | -95.872 | -3.057 | -8.543 |
| Purchase intangible assets | -380 | -816 | -487 | - |
| Proceeds from the sale of property, plant and equipment | 2.962 | 1.856 | 863 | 667 |
| Proceeds from dividends | - | 235 | 4.470 | 9.994 |
| Proceeds from sale of available-for-sale financial assets | - | 523 | - | - |
| Purchase of available-for-sale financial assets | -160 | -659 | -2 | -69 |
| Interest received | 7.436 | 3.942 | 1.673 | 149 |
| *Net cash flows used in investing activities* | -99.574 | -470.833 | -1.327 | -414.802 |
| **Net cash flows after investing activities** | **115.406** | **-324.542** | **71.707** | **-371.633** |
| **Cash flows from financing activities** | | | | |
| Interest paid | -31.935 | -23.727 | -19.232 | -5.959 |
| Purchase of treasury shares | - | -32.241 | - | -32.241 |
| Proceeds from government grants | 260 | - | - | - |
| Dividends paid | -1.199 | -63.049 | -48 | -62.948 |
| Proceeds from borrowings | 349.428 | 571.741 | 104.724 | 529.977 |
| Payments of borrowings | -494.556 | -168.278 | -184.048 | -57.124 |
| *Net cash flows (used in)/from financing activities* | -178.002 | 284.446 | -98.604 | 371.705 |
| **Net (decrease)/increase in cash and cash equivalents** | **-62.596** | **-40.096** | **-26.897** | **72** |
| Cash and cash equivalents at beginning of the period | 94.521 | 167.478 | 31.263 | 13 |
| Effects of exchange rate changes | -1.336 | -1.512 | - | - |
| ***Cash and cash equivalents at end of the period*** | **30.589** | **125.870** | **4.366** | **85** |

## Contents of the notes to the condensed interim financial statements

## 1. General information

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

The Company is a limited liability company with registration number A.E. 6013/06/B/86/90 incorporated and domiciled in Greece and is listed on the Athens Stock Exchange.

These interim condensed financial statements of the Group and the Company, hereafter the financial statements, have been approved for issue by the Board of Directors on August 27, 2009.

## 2. Basis of preparation and summary of significant accounting policies

These interim condensed financial statements for the period ending 30 June 2009, hereafter the financial statements, have been prepared by management in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of the important amendments or/and interpretations, mentioned below, for the annual periods beginning on or after 1 January 2009.

• IFRS 2, "Share-based Payments" (amended), effective for annual accounting periods beginning on or after 1 January 2009. The amendment clarifies two issues. The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. This ammendment did not have any impact on the Group's financial statements.

• IFRS 8, "Operating Segments", effective for annual accounting periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 'Segment reporting'. IFRS 8 adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group has made the necessary changes to the presentation of its financial statements (see note 3).

• IAS 1, "Presentation of Financial Statements" (Revised), effective for annual periods beginning on or after 1 January 2009. IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income"; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group made the necessary changes to the presentation of its financial statements in 2009 and has elected to present two statements.

• IAS 23, "Borrowing Costs" (Revised), effective for annual periods beginning on or after 1 January 2009. The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The Group applied the permitted alternative method of IAS 23 (before the amendment) and allocates borrowing costs to the quilifying assets that satisfy the prerequisites. As a result, the adoption of the amendment did not have any impact in the financial statements of the Group.

The amendments to the following standards below did not have any impact on the accounting policies, financial position or performance of the Group:

• IFRIC 15, Agreements for the Construction of Real Estate
• IFRIC 16, Hedges of a Net Investment in a foreign operation
• IFRS 1, First-time Adoption of International Financial Reporting Standards
• IFRS 7, Financial Instruments: Disclosures (Amended)
• IAS 32 , Puttable Financial Instruments (Amended)
• IAS 32, Financial instruments: presentation
• IFRIC 13, Customer loyalty programmes

• In May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 January 2009. These have not yet been endorsed by the EU.

In addition to those standards and interpretations that have been disclosed in the (Group) financial statements for the year ended 31 December 2008, the following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

• IFRS 2, "Share-based Payments" (Amended), effective for annual periods beginning on or after 1 January 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and withdraws IFRIC 8 and IFRIC 11. More specifically, it clarifies how an individual subsidiary in a group should account for share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers.

The amendments make clear that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. Also, it clarifies that in IFRS 2 a 'Group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. This amendment must be applied retrospectively. The amendment has not yet been endorsed by the EU. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

• In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2009. This annual improvements project has not yet been endorsed by the EU.

## 3. Segment information

For management purposes, the Group is structured in four geographic regions: Greece and Western Europe, North America, South East Europe and Eastern Mediterranean. Each region is a cluster of countries. The aggregation of countries is based on proximity of operations and to an extent in similarity of economic and political conditions.

Each region has a regional Chief Executive Officer (CEO) who reports to the Group's CEO. In addition, the Finance Department is organized also by geographic region for effective financial controlling and performance monitoring.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on Earnings before Interest, Taxes, Depreciations & Amortization (EBITDA). The Group financing (including finance costs and finance revenue) is managed on a group basis and is allocated to operating segments.

| *(all amounts in Euro thousands)* | **Greece and Western Europe** | | **North America** | | **South Eastern Europe** | | **Eastern Mediter-ranean** | | **Adjustments and eliminations** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Period from 1/1-30/6 | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| Gross revenue | 271.395 | 344.853 | 199.338 | 246.840 | 98.070 | 135.117 | 138.023 | 61.366 | - | - | 706.826 | 788.176 |
| Inter-segment revenue | -23.045 | -23.020 | -101 | -101 | - | - | - | - | - | - | -23.146 | -23.121 |
| **Revenue from third parties** | **248.350** | **321.833** | **199.237** | **246.739** | **98.070** | **135.117** | **138.023** | **61.366** | **-** | **-** | **683.680** | **765.055** |
| Gross profit before depreciation & amortization | 84.058 | 126.245 | 49.381 | 54.458 | 40.426 | 56.355 | 52.704 | 26.464 | -466 | -3.173 | 226.103 | 260.349 |
| Earnings before interest, taxes, and depreciation & amortization | 58.900 | 91.890 | 23.114 | 26.281 | 32.251 | 51.269 | 47.724 | 23.223 | -896 | -610 | 161.093 | 192.053 |
| Earnings/(losses) before interest and taxes | 51.455 | 83.174 | -9.931 | -2.910 | 24.833 | 43.620 | 38.006 | 16.946 | -795 | -507 | 103.568 | 140.323 |
| Earnings/(losses) before taxes | 34.311 | 75.903 | -20.498 | -15.846 | 27.982 | 44.602 | 35.464 | 17.759 | -431 | -16 | 76.828 | 122.402 |

| *(all amounts in Euro thousands)* | **Greece and Western Europe** | | **North America** | | **South Eastern Europe** | | **Eastern Mediter-ranean** | | **Adjustments and eliminations** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **30/6/09** | **31/12/08** | **30/6/09** | **31/12/08** | **30/6/09** | **31/12/08** | **30/6/09** | **31/12/08** | **30/6/09** | **31/12/08** | **30/6/09** | **31/12/08** |
| Total assets | 2.556.329 | 2.626.144 | 1.085.266 | 1.162.763 | 630.652 | 601.882 | 991.707 | 928.791 | -2.197.260 | -2.125.490 | 3.066.694 | 3.194.090 |
| Total liabilities | 1.727.249 | 1.783.871 | 473.129 | 529.351 | 137.273 | 123.844 | 271.966 | 225.079 | -972.794 | -902.189 | 1.636.823 | 1.759.956 |

## 4. Cash and cash equivalents

| *(all amounts in Euro thousands)* | **Group** | | **Company** | |
|---|---|---|---|---|
| | **30/6/09** | **31/12/08** | **30/6/09** | **31/12/08** |
| Cash at bank and in hand | 543 | 302 | 97 | 5 |
| Short-term bank deposits | 30.046 | 94.219 | 4.269 | 31.258 |
| | **30.589** | **94.521** | **4.366** | **31.263** |

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

## 5. Principal subsidiaries, associates and joint ventures

| Subsidiary, associate and joint venture name | Country of incorporation | Nature of business | 30/6/2009 % of investment (1) Direct | 30/6/2009 % of investment (1) Indirect | 31/12/2008 % of investment (1) Direct | 31/12/2008 % of investment (1) Indirect |
|---|---|---|---|---|---|---|
| **Full consolidation method** | | | | | | |
| Titan Cement Company S.A | Greece | Cement Producer | Parent company | | Parent company | |
| Achaiki Maritime Company | Greece | Shipping | 100,000 | - | 100,000 | - |
| Aeolian Maritime Company | Greece | Shipping | 100,000 | - | 100,000 | - |
| Albacem S.A. | Greece | Import & Distribution of Cement | 99,996 | 0,004 | 99,996 | 0,004 |
| Arktias S.A. (2) | Greece | Quarries & Aggregates | - | 100,000 | - | - |
| AVES AFOI Polikandrioti S.A. | Greece | Ready Mix | - | 100,000 | - | 100,000 |
| Dodekanesos Quarries S.A. | Greece | Quarries & Aggregates | - | 100,000 | - | 100,000 |
| Domiki Beton S.A. | Greece | Ready Mix & Aggregates | - | 100,000 | - | 100,000 |
| Zofori Building Materials S.A. (3) | Greece | Quarries & Aggregates | - | 100,000 | - | - |
| Ecobeton S.A. | Greece | Ready Mix & Aggregates | - | 100,000 | - | 100,000 |
| Interbeton Construction Materials S.A. | Greece | Ready Mix & Aggregates | 99,679 | 0,321 | 99,679 | 0,321 |
| Intercement S.A. | Greece | Import & Distribution of Cement | 99,950 | 0,050 | 99,950 | 0,050 |
| Intertitan Trading International S.A. | Greece | Trading Company | 99,995 | 0,005 | 99,995 | 0,005 |
| Ionia S.A. | Greece | Porcelain | 100,000 | - | 100,000 | - |
| Lakmos S.A. | Greece | Trading Company | 99,950 | 0,050 | 99,950 | 0,050 |
| Lateem S.A. | Greece | Quarries & Aggregates | - | 100,000 | - | 100,000 |
| Leecem S.A. | Greece | Trading Company | 3,172 | 96,828 | 3,172 | 96,828 |
| Naftitan S.A. | Greece | Shipping | 99,900 | 0,100 | 99,900 | 0,100 |
| Polikos Maritime Company | Greece | Shipping | 100,000 | - | 100,000 | - |
| Porfirion S.A. | Greece | Production and Trade of Electricity | - | 100,000 | - | 100,000 |
| Gournon Quarries S.A. | Greece | Quarries & Aggregates | 54,930 | 45,070 | 54,930 | 45,070 |
| Quarries of Tagaradon Community S.A. | Greece | Quarries & Aggregates | - | 79,928 | - | 79,928 |
| Thisvis Quarries S.A. | Greece | Quarries & Aggregates | - | 100,000 | - | 100,000 |
| Vahou Quarries S.A. | Greece | Quarries & Aggregates | - | 100,000 | - | 100,000 |
| Sigma Beton S.A. | Greece | Quarries & Aggregates | - | 100,000 | - | 100,000 |
| Titan Atlantic Cement Industrial and Commercial S.A. | Greece | Investment Holding Company | 43,947 | 56,053 | 43,947 | 56,053 |
| Titan Cement International Trading S.A. | Greece | Trading Company | 99,800 | 0,200 | 99,800 | 0,200 |
| Double W & Co OOD | Bulgaria | Port | - | 99,989 | - | 99,989 |
| Granitoid AD | Bulgaria | Trading Company | - | 99,668 | - | 99,668 |
| Gravel & Sand PIT AD | Bulgaria | Investment Holding Company | - | 99,989 | - | 99,989 |
| Zlatna Panega Beton EOOD | Bulgaria | Ready Mix | - | 99,989 | - | 99,989 |
| Zlatna Panega Cement AD | Bulgaria | Cement Producer | - | 99,989 | - | 99,989 |
| Trojan Cem EOOD (7) | Bulgaria | Trading Company | - | 94,835 | - | - |
| Fintitan SRL | Italy | Import & Distribution of Cement | 100,000 | - | 100,000 | - |
| Cementi Crotone S.R.L.(4) | Italy | Import & Distribution of Cement | - | 100,000 | - | - |
| Separation Technologies Canada Ltd | Canada | Converter of waste material into fly ash | - | 100,000 | - | 100,000 |
| Aemos Cement Ltd | Cyprus | Investment Holding Company | 100,000 | - | 100,000 | - |
| Alvacim Ltd | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Balkcem Ltd | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| East Cement Trade Ltd | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Feronia Holding Ltd | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Iapetos Ltd | Cyprus | Investment Holding Company | 100,000 | - | 100,000 | - |
| KOCEM Limited | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Rea Cement Ltd | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Themis Holdings Ltd | Cyprus | Investment Holding Company | - | 51,006 | - | 51,006 |
| Titan Cement Cyprus Limited | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Tithys Ltd | Cyprus | Investment Holding Company | - | 100,000 | - | 100,000 |
| Alexandria Portland Cement Co. S.A.E | Egypt | Cement Producer | - | 97,717 | - | 97,717 |
| Beni Suef Cement Co.S.A.E. | Egypt | Cement Producer | - | 99,886 | - | 99,886 |
| Misrieen Titan Trade & Distribution | Egypt | Cement Silo Operations | - | 98,943 | - | 98,943 |
| Titan Beton & Aggregate Egypt LLC | Egypt | Quarries & Aggregates | - | 97,796 | - | 97,796 |
| Separation Technologies U.K. Ltd | U.K. | Converter of waste material into fly ash | - | 100,000 | - | 100,000 |
| Titan Cement U.K. Ltd | U.K. | Import & Distribution of Cement | 100,000 | - | 100,000 | - |
| Titan Global Finance PLC | U.K. | Financial Services | 100,000 | - | 100,000 | - |
| Alexandria Development Co.Ltd | U.K. (Ch. Islands) | Investment Holding Company | - | 100,000 | - | 100,000 |
| Titan Egyptian Inv. Ltd | U.K. (Ch. Islands) | Investment Holding Company | - | 100,000 | - | 100,000 |
| Central Concrete Supermix Inc. | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |
| Essex Cement Co. LLC | U.S.A. | Trading Company | - | 100,000 | - | 100,000 |
| Markfield America LLC | U.S.A. | Insurance Company | - | 100,000 | - | 100,000 |
| Mechanicsville Concrete INC. | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |
| Metro Redi-Mix LLC | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |
| Miami Valley Ready Mix of Florida LLC | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |

## 5. Principal subsidiaries, associates and joint ventures

| | | | 30/6/2009 | | 31/12/2008 | |
|---|---|---|---|---|---|---|
| | | | % of investment (1) | | % of investment (1) | |
| **Subsidiary, associate and joint venture name** | **Country of incorporation** | **Nature of business** | **Direct** | **Indirect** | **Direct** | **Indirect** |
| **Full consolidation method** | | | | | | |
| Pennsuco Cement Co. LLC | U.S.A. | Cement Producer | - | 100,000 | - | 100,000 |
| Roanoke Cement Co. LLC | U.S.A. | Cement Producer | - | 100,000 | - | 100,000 |
| S&W Ready Mix Concrete Co. Inc. | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |
| Separation Technologies LLC | U.S.A. | Converter of waste material into fly ash | - | 100,000 | - | 100,000 |
| Standard Concrete LLC | U.S.A. | Trading Company | - | 100,000 | - | 100,000 |
| Summit Ready-Mix LLC | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |
| Tarmac America LLC | U.S.A. | Cement Producer | - | 100,000 | - | 100,000 |
| Titan Virginia Ready Mix LLC | U.S.A. | Ready Mix | - | 100,000 | - | 100,000 |
| Titan America LLC | U.S.A. | Investment Holding Company | - | 100,000 | - | 100,000 |
| Cementara Kosjeric AD | Serbia | Cement Producer | - | 100,000 | - | 96,347 |
| Stari Silo Copmany DOO | Serbia | Trading Company | - | 100,000 | - | 100,000 |
| TCK Montenegro DOO | Montenegro | Trading Company | - | 100,000 | - | 96,347 |
| Cement Plus LTD | F.Y.R.O.M | Trading Company | - | 61,643 | - | 61,328 |
| Rudmark DOOEL | F.Y.R.O.M | Trading Company | - | 94,835 | - | 94,351 |
| Usje Cementarnica AD | F.Y.R.O.M | Cement Producer | - | 94,835 | - | 94,351 |
| Vesa DOOL | F.Y.R.O.M | Trading Company | - | 100,000 | - | 100,000 |
| Alba Cemento Italia, SHPK | Albania | Trading Company | - | 39,000 | - | 39,000 |
| Antea Cement SHA | Albania | Cement Producer | - | 60,000 | - | 60,000 |
| Colombus Properties B.V. (5) | Holland | Investment Holding Company | 100,000 | - | 100,000 | - |
| Holtitan BV | Holland | Investment Holding Company | - | 100,000 | - | 96,347 |
| Salentijn Properties1 B.V. | Holland | Investment Holding Company | 100,000 | - | 100,000 | - |
| Titan Cement Netherlands BV | Holland | Investment Holding Company | - | 100,000 | - | 99,489 |
| **Proportionate consolidation method** | | | | | | |
| Balkan Cement Enterprises Ltd | Cyprus | Investment Holding Company | - | 51,006 | - | 51,006 |
| Adocim Cimento Beton Sanayi ve Ticaret A.S. | Turkey | Cement Producer | - | 50,000 | - | 50,000 |
| **Equity consolidation method** | | | | | | |
| Karieri AD | Bulgaria | Quarries & Aggregates | - | 48,711 | - | 48,711 |
| Karierni Materiali AD | Bulgaria | Quarries & Aggregates | - | 48,764 | - | 48,764 |
| Transbeton - Domiki S.A. | Greece | Ready Mix & Aggregates | - | 49,900 | - | 49,900 |
| Pozolani S.A. (6) | Greece | Quarries & Aggregates | - | 25,000 | - | - |

(1) Percentage of investment represents both percentage of shareholding and percentage of control.

(2) On 2.2.2009, Group's financial statements incorporated the established company ARKTIAS S.A, with the full consolidation method.

(3) On 26.5.2009 the Group acquired 100% of the shares of Zofori Building Materials S.A., which was included in the Group's financial statements with the full consolidation method.

(4) At 6.5.2009, Group's financial statements incorporated the established company Cementi Crotone S.R.L., with the full consolidation method.

(5) The company DNJEPR Investments II B.V. was renamed to Colombus Properties B.V., as of 06.01.2009.

(6) On 3.6.2009 the Group acquired 25% of the shares of Pozolani S.A., which was included in the Group's financial statements with the equity method.

(7) Subsidiary incorporated during the first semester of 2009

## 6. Fiscal years unaudited by the tax authorities

| | |
|---|---|
| Titan Cement Company S.A | 2006-2008 |
| Achaiki Maritime Company | 2000-2008 |
| Aeolian Maritime Company | 2000-2008 |
| Albacem S.A. | 2006-2008 |
| Arktias S.A. | - |
| AVES AFOI Polikandrioti S.A. | 2007-2008 |
| Domiki Beton S.A. | 2007-2008 |
| Zofori Building Materials S.A. | 2007-2008 |
| Dodekanesos Quarries S.A. | 2007-2008 |
| Ecobeton S.A. | 2007-2008 |
| Interbeton Construction Materials S.A. | 2005-2008 |
| Intercement S.A. | 2007-2008 |
| Intertitan Trading International S.A. | 2007-2008 |
| Ionia S.A. | 2007-2008 |
| Lakmos S.A. | 2007-2008 |
| Lateem S.A. | 2007-2008 |
| Leecem S.A. | 2007-2008 |
| Naftitan S.A. | 2007-2008 |
| Porfirion S.A. | 2008 |
| Polikos Maritime Company | 2000-2008 |
| Vahou Quarries S.A. | 2008 |
| Quarries Gournon S.A. | 2007-2008 |
| Quarries of Tagaradon Community S.A. | 2007-2008 |
| Sigma Beton S.A. | 2007-2008 |
| Titan Atlantic Cement Industrial and Commercial S.A. | 2007-2008 |
| Titan Cement International Trading S.A. | 2007-2008 |
| [2] Aemos Cement Ltd | 2003-2008 |
| [2] Alvacim Ltd | 2006-2008 |
| [2] Balkcem Ltd | 2002-2008 |
| Iapetos Ltd | 2003-2008 |
| Rea Cement Ltd | 2003-2008 |
| Themis Holdings Ltd | 2004-2008 |
| [2] Tithys Ltd | 2003-2008 |
| Feronia Holding Ltd | 2006-2008 |
| Vesa DOOL | 2007-2008 |
| Salentijn Properties1 B.V. | 2007-2008 |
| Titan Cement Cyprus Limited | 2006-2008 |
| KOCEM Limited | 2007-2008 |
| Fintitan SRL | (1) |
| Cementi Crotone S.R.L. | - |
| Colombus Properties B.V. | 2007-2008 |
| Holtitan BV | 2007-2008 |
| Titan Cement U.K. Ltd | (1) |
| Separation Technologies U.K. Ltd | (1) |
| [3] Titan America LLC | 2004-2008 |
| Separation Technologies Canada Ltd | 2005-2008 |
| Stari Silo Copmany DOO | - |
| Cementara Kosjeric AD | 2004-2008 |
| Adocim Cimento Beton Sanayi ve Ticaret A.S. | 2005-2008 |
| TCK Montenegro DOO | 2007-2008 |
| Double W & Co OOD | 2007-2008 |
| Granitoid AD | 2007-2008 |
| Gravel & Sand PIT AD | 2002-2008 |
| Zlatna Panega Beton EOOD | 2002-2008 |
| Zlatna Panega Cement AD | 2005-2008 |
| Cement Plus LTD | 2006-2008 |
| Rudmark DOOEL | 2006-2008 |
| Usje Cementarnica AD | 2006-2008 |
| Titan Cement Netherlands BV | - |
| Alba Cemento Italia, SHPK | 2008 |
| Antea Cement SHA | 2008 |
| Alexandria Development Co.Ltd | (1) |
| Alexandria Portland Cement Co. S.A.E | 2005-2008 |
| Balkan Cement Enterprises Ltd | 2003-2008 |
| Beni Suef Cement Co.S.A.E. | 2006-2008 |
| East Cement Trade Ltd | 2003-2008 |
| Titan Beton & Aggregate Egypt LLC | 2008 |
| Titan Egyptian Inv. Ltd | (1) |
| Misrieen Titan Trade & Distribution | 2005-2008 |

(1) Under special tax status.

(2) The fiscal year of 2007 has been temporarily audited.

(3) Titan America LLC subgroup includes the Subsidiaries of the Group in the U.S. which are listed in note 5.

**7. Pledge of assets**

The assets of the Company have not been pledged. The assets of the Group have been pledged for the amount of € 54 m. The pledge concerns the Group's joint venture Adocim Cimento Beton Sanayi ve Ticaret A.S. in Turkey and is for the purpose of securing debt of € 36 m.

**8. Number of employees**

Number of employees at the end of the reporting period: Group 6,063 (30.06.2008 6,506), Parent Company 1,040 (30.06.2008 1,109).

**9. Capital expenditure and disposals**

Capital expenditure for the first six months 2009, not including fixed assets acquired through a business combination, amounted to: Group € 105.5 m (30.06.2008 € 96.7 m), Parent Company € 3.5 m (30.06.2008 € 8.5 m). Assets with a net book value of € 2.5 m have been disposed of by the Group during the six months ended 30 June 2009 (30.06.2008: € 1.2 m), resulting in a net gain € 0.5 m (30.06.2008: gain € 0.7 m).

**10. Earnings per share**

Earnings per share have been calculated on the total weighted average number of common and preferred shares, excluding the average number of treasury shares.

**11. Treasury shares**

The total number of its own shares that the Company holds as at 30.06.2009 is 3,193,616 of aggregate value € 92,299 thousand and they have been deducted from the Shareholders Equity of the Group and the Company. The above shares represent 3.78% of the Company's total share capital.

**12. Provisions**

Other provisions' balance (short term and long term) as of 30.06.2009 amount to € 27.3 m. for the Group, and € 2.3 m. for the Company. There are no material provisions recorded for the unaudited by the tax authorities fiscal years, as well as for litigation issues both for the Group and the Company.

**13. Related party transactions**

Intercompany transactions for the first six months of 2009 and intercompany balances as of 30 June 2009, according to I.A.S. 24 are as follows:

**Company**

| *Amounts in € thousands* | Sales of goods & services | Purchases of goods & services | Receivables | Liabilities |
|---|---|---|---|---|
| Achaiki Maritime Co. | 3 | 3.650 | - | 3.917 |
| Aeolian Maritime Company | 1 | 1.340 | - | 1.032 |
| Interbeton Construction Materials S.A. | 22.863 | 2.320 | 2.963 | - |
| Intertitan Trading International S.A. | 3.751 | - | 21 | - |
| Ionia S.A. | 637 | 359 | 1.562 | - |
| Finititan S.r.l. | 5.732 | - | 997 | - |
| T.C.U.K. Ltd | 3.196 | - | 876 | - |
| Usje Cementarnica AD | 4.698 | - | 125 | - |
| Essex Cement Co. LLC | 5.807 | - | - | - |
| Antea Cement SHA | 11.662 | - | 4.481 | - |
| Alexandria Portland Cement Co. S.A.E | 846 | - | 820 | - |
| Titan Global Finance PLC | - | 14.775 | - | 634.000 |
| Other interrelated parties | 1.918 | 1.595 | 2.245 | 984 |
| Executives and members of the Board | - | 3.341 | 12 | 466 |
| | **61.114** | **27.380** | **14.102** | **640.399** |

**Group**

| *Amounts in € thousands* | Sales of goods & services | Purchases of goods & services | Receivables | Liabilities |
|---|---|---|---|---|
| Other interrelated parties | - | 1.137 | - | 287 |
| Executives and members of the Board | - | 3.437 | 12 | 466 |
| | **-** | **4.574** | **12** | **753** |

## 14. Significant movements in consolidated balance sheet and profit and loss items

### Group

The following are significant movements between the periods presented in these consolidated financial statements:

- The increase in the Group's property, plant and equipment of € 21.6 m is due to the Group's investments amounting to € 105.1 m (made mainly in Egypt and Albania), including the exchange difference losses of € 33.2 m, which resulted from the depreciation of the dollar, Egyptian pound and Albanian lek against the Euro, and the depreciation expense of € 48.7 m. for the period.

- The Group's intangible assets decreased by € 10.8 m because of the amortization for the period and the depreciation of the dollar against the Euro.

-The decrease in the Group's other non current assets of € 17.1 m is due to the decrease of the prepayments for tangible assets of the Group's new plant in Albania that is currently under construction.

- The Group's inventories decreased by € 25.4 m because of the reduction in the Group's production, which is a result of the economic recession, and more efficient inventory management.

-The decrease in trade receivables of € 8.7 m is due to the decline in sales volume and the improved management of the existing trade receivable balances.

-The decrease in other receivables and prepayments of € 21.6 m is due to the income tax receivables collection from US tax authorities, because of the losses before income tax of the Group's subsidiary in US, Titan America LLC.

-The total borrowings (long & short term) of the Group decreased by € 149.9 m because of the repayment of outstanding balances.

- The Group's deferred tax liability decreased by € 14.0 m because of deferred tax gain that the Group's subsidiary in US, Titan America LLC, recorded due to current period losses before income tax.

-The decrease in gross profit before depreciation and amortization by € 34.2 m is mainly due to the decrease of the sales volume in the markets that the Group operates with the exception of the Eastern Mediterranean market.

-The increase in depreciation and amortization by € 5.8 m is due to the additional depreciation of the newly acquired Group's subsidiaries.

-The decrease in the Group's administrative, selling and marketing expenses by € 6.8 m is the result of the Group's cost cutting policy.

-The increase in finance income is mainly due to the recording of government interest rate subsidies on investments.

-The increase in finance expenses by € 4.0 m is due to the increase of the Group's borrowings for financing the business activities in Turkey, Egypt and US.

### Company

-The increase in the participations in subsidiaries by € 5.2 m is mainly due to the increase in the share capital of the subsidiaries Fintitan by € 1.0 m and Ionia by € 3.8 m.

-The decrease in inventories by € 23.0 m is mainly due to the reduction in clinker by € 7.4 m, and the decrease of raw materials, solid fuel and spare parts stock, total of € 10.9 m, in addition to the contribution of the porcelain stock of € 3.8 m to the Company’s subsidiary Ionia for the share capital increase.

-The long-term borrowings decreased by € 124.4 m because of € 125.0 m loan reclassification into short-term borrowings, as its payback period is now less than a year. It is worth mentioning that the Company has fully repaid a short-term loan of € 19.0 m to its subsidiary Alvacim LIM. and decreased its short-term bank loans by€ 58.3 m.

-The increase in dividends payable is due to the recognition of the liability to pay the amounts of €32.3 m. for the common shares and €3.2 m. for the preference shares in accordance with the decision of the General Meeting of Shareholders on 24.6.2009. From the above mentioned amounts 10% tax has been deducted.

-The gross profit before depreciation declined by € 30.5 m, or 30.3% as a consequence of the lower turnover by € 52.3 m. or by 19.3%, along with the lower cost of sales by € 21.8 m. or by 12.8%.

-The reduction in the turnover is primarily due to the lower cement-clinker sales volume by 610 thousand tons, or by 19,0%.

Moreover, the decline in the cost of sales is caused by the decrease of the total production costs by € 13.3 m and the lower distribution costs by € 9.9 m.

The above mentioned variations are due to the reduced production activity as a result of the lower sales volumes.

-The increase in finance income by € 2.3 m is due to the recording of refundable government interest rate subsidies.

-The increase in finance expenses by € 13.4 m is due to the increase in the Company's borrowings for financing the business activities in Turkey, Egypt and US.

## 15. Share based payment

In 2009, in accordance to the three-year Stock Option Programme (2007 Programme), the Company granted 86,880 share options.

According to the provisions of that Programme, the options granted each year have a maturity period of three years and can be exercised after the completion of the three year maturity period. Each option must be exercised within twelve months from its respective vesting period. If the deadline is exceeded then those particular options will be irrevocably cancelled.

All granted options are conditional on the employee's continued employment throughout the vesting period. The number of options to be granted each year will be determined as follows:

1) One-third of options granted vest based on the financial results of the Company, relative to the yield of the three year Greek Government Bonds.

2) One-third of options granted vest based on the Titan Cement's ordinary share performance relative to SMI index during the three year period.

3) One-third of options granted vest based on the Titan Cement's ordinary share performance relative to the average performance of the stock of twelve predefined international cement producing companies (Peer Index) during the three year period.

The options granted under the new Programme have been accounted for in terms of the requirements of IFRS 2 "Share based payments".

The fair value of the options granted in 2009 under the Programme of 2007, determined using the Black-Scholes valuation model, was €8.41 per option. The significant inputs used in the application of the valuation model were share price at the grant date of €20.60, the standard deviation of the share price of 36.71%, the dividend yield of 2.07% and the average annual yield of the three-year Greek Government Bonds of 3.649%.

## 16. Commitments & Contingencies

**Contingent liabilities**

| | Group | | Company | |
|---|---|---|---|---|
| (all amounts in Euro thousands) | **30/6/2009** | **31/12/2008** | **30/6/2009** | **31/12/2008** |
| Guarantees to third parties on behalf of subsidiaries | - | - | 770.328 | 903.442 |
| Bank guarantee letters | 96.603 | 84.936 | 26.357 | 30.213 |
| Other | 9.675 | 19.421 | 5.682 | 5.720 |
| Total | **106.278** | **104.357** | **802.367** | **939.375** |

In January 2009 the Southern Florida Regional Court handed down a judgement which cancelled the mining and extraction permits in the Lake Belt area. The same court had annulled the same permits with an earlier decision in July 2007. Following the appeal of Tarmac America, subsidiary of Titan America, and the other affected companies, the Federal Appeals Court in Atlanta in May of 2008 had referred the case back to the Southern Florida Regional Court, instructing the court to judge anew the case in a more objective way.

Tarmac America considers the new, aforementioned decision of the Southern Florida Regional Court is once again flawed and has once again lodged an appeal. In the meanwhile it is well-prepared to continue uninterrupted production at the Pennsuco plant and to meet its customers' needs, which are down in light of the circumstances.

On 1 May the US Army Engineering Corps issued a Supplementary Environmental Impact Report for public consultation, which is required for the issue of new long term extraction permits in the Lake Belt area. Following the completion of the public consultation on June 23rd a record of decision is expected which will determine the framework for the issue of new long-term permits in the area.

The time frame for the publication of the record of decision cannot accurately be gauged. It is nonetheless expected that the decision may be published towards the end of this year or early in 2010, though further delays cannot be ruled out.

There are no other litigation matters which may have a material impact on the financial position of the Company and the Group.

Given the reduced demand resulting from the underlying economic crisis, it is estimated that the allocation of carbon dioxide emissions allowances for the period 2008-2012 will not significantly affect the Group's production levels.

The financial years, referred to in note 6, have not been audited by the tax authorities and therefore the tax obligations of the Company and its subsidiaries for those years have not yet been finalized.

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

| **Contingent assets** | Group | | Company | |
|---|---|---|---|---|
| (all amounts in Euro thousands) | **30/6/2009** | **31/12/2008** | **30/6/2009** | **31/12/2008** |
| Bank guarantee letters | 13.686 | 15.481 | 13.686 | 15.481 |
| Total | **13.686** | **15.481** | **13.686** | **15.481** |

Litigation between our subsidiary Intertitan S.A and the French state is pending before the competent French administrative court of appeal in regard to a claim of our subsidiary against the French state for damages, which at first instance had been accepted for €2.7 m plus interest. However, such decision was annulled by the Administrative Court of Appeal and the case has been submitted by our subsidiary before the Supreme Administrative Court of France ( Conseil d’ Etat).

**Commitments**

Capital commitments

On July 25, 2007 Antea Cement Sh.A., a Titan Group subsidiary in Albania, entered into a commitment to construct a new cement plant in Kruje, Albania. The total project cost is estimated at € 170 m. The amount of € 120 m has been invested as of 30.06.2009.

The Group's subsidiary in Egypt, Beni Suef, is constructing a second 1.5 million-ton production line which is expected to be completed by the end of 2009. The total project cost is estimated at € 160 m. The amount of € 100 m has been invested as of 30.06.2009.

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

| | Group | | Company | |
|---|---|---|---|---|
| (all amounts in Euro thousands) | **30/6/2009** | **31/12/2008** | **30/6/2009** | **31/12/2008** |
| Property, plant and equipment | 62.305 | 98.586 | 12.305 | 13.586 |
| Total | **62.305** | **98.586** | **12.305** | **13.586** |

Future purchase commitments

| | Group | | Company | |
|---|---|---|---|---|
| (all amounts in Euro thousands) | **30/6/2009** | **31/12/2008** | **30/6/2009** | **31/12/2008** |
| Gas supply contracts | 242.155 | 281.052 | - | - |
| Total | **242.155** | **281.052** | **-** | **-** |

## 17. Acquisitions of subsidiaries

**Period ended 30 June 2009**

On 22.4.2009, the Group completed the acquisition of 3.6529% from the minority shareholders of Titan's Cementara Kosjeric A.D. in Serbia by paying the amount of € 2.6 m. After this acquisition the Group now owns 100% of the share capital of the above mentioned subsidiary.

On 3.6.2009 the Group acquired 25% of the shares of Pozolani S.A. for the amount of € 0.5 m, which was included in the Group's financial statements with the equity method.

On 26.5.2009 the Group signed an acquisition agreement for 100% of the shares of Zofori Building Materials S.A., which was included in the Group's financial statements with the full consolidation method.

The assets and liabilities of the Zofori Building Materials S.A., as they were preliminary recorded at the date of acquisition, are as follows:

| *(Amount in € 000s)* | Fair value recognized on acquisition | Previous carrying value |
|---|---|---|
| **Assets** | | |
| Non current assets | 69 | 69 |
| Inventory | 4 | 4 |
| Receivables and prepayments | 49 | 49 |
| Cash & cash equivalents | 1 | 1 |
| **Total assets** | **123** | **123** |
| **Liabilities** | | |
| Long term liabilities | 11 | 11 |
| **Total liabilities** | **11** | **11** |
| **Net assets** | **112** | **112** |
| Goodwill arising on acquisition | -5 | |
| **Consideration, paid** | **107** | |
| | | |
| **Cash flow on acquisition:** | | |
| Purchase consideration settled in cash | 107 | |
| Net cash acquired with the subsidiary | -1 | |
| **Net cash outflow on acquisition** | **106** | |

The purchase price allocation of the acquired companies will be completed within twelve months from respective acquisition date.

## 17. Acquisitions of subsidiaries (continued)

**Period ended 30 June 2008**

On 6.5.2008 the Group acquired the remaining 50% of the joint venture Lafarge Titan Egyptian Inv.Ltd and its subsidiaries Alexandria Portland Cement Co. S.A.E , Beni Suef Cement Company S.A.E., Four M Titan Silo Co. LLC, Misrieen Titan Trade & Distribution, East cement Trade Ltd, Alexandria Development Co. Ltd.

On 17.4.2008 the Group acquired a 50% equity interest in Adocim Cimento Beton Sanayi ve Ticaret A.S. in Turkey, which was included in the Group's financial statements as of the day of acquisition under the proportional consolidation method.

On 21.12.2007 the Group signed an acquisition agreement for 100% of the shares of Domiki Beton S.A., which was included in the Group's financial statements at 15.1.2008 with the full consolidation method.

On 6.5.2008 the Group acquired a 65% equity stake in Alba Cemento Italia SHPK in Albania. The above company was included on the same day in the Group's financial statements with the full consolidation method.

Finally, the Group acquired 100% of Quarries Vahou S.A in Greece which has been included in the Group's financial statements since 14.5.2008, with the full consolidation method.

The assets and liabilities of the above mentioned companies, as they were preliminary recorded at the date of acquisition, are as follows:

| | **Lafarge Titan EgyptianInv.Group** | | **Adocim Cimento Beton Sanayi ve Ticaret A.S.** | | **Other** | |
|---|---|---|---|---|---|---|
| *(Amount in € 000s)* | Fair value recognized on acquisition | Previous carrying value | Fair value recognized on acquisition | Previous carrying value | Fair value recognized on acquisition | Previous carrying value |
| **Assets** | | | | | | |
| Non current assets | 231.140 | 102.067 | 48.219 | 39.232 | 4.783 | 4.783 |
| Inventory | 14.526 | 14.526 | 4.386 | 4.386 | 684 | 684 |
| Receivables and prepayments | 7.689 | 7.689 | 11.109 | 11.109 | 5.348 | 5.348 |
| Cash & cash equivalents | 25.494 | 25.494 | 86 | 86 | 132 | 132 |
| **Total assets** | **278.849** | **149.776** | **63.800** | **54.813** | **10.947** | **10.947** |
| **Liabilities** | | | | | | |
| Long term liabilities | 49.058 | 33.564 | 37.947 | 36.449 | 286 | 286 |
| Other liabilities and taxes payable | 33.395 | 33.395 | 17.757 | 17.757 | 8.443 | 8.443 |
| **Total liabilities** | **82.453** | **66.959** | **55.704** | **54.206** | **8.729** | **8.729** |
| **Net assets** | **196.396** | **82.817** | **8.096** | **607** | **2.218** | **2.218** |
| Goodwill arising on acquisition | 112.848 | | 77.550 | | 11.676 | |
| **Consideration, paid** | **309.244** | | **85.646** | | **13.894** | |
| **Cash flow on acquisition:** | | | | | | |
| Purchase consideration settled in cash | 309.244 | | 85.646 | | 13.894 | |
| Net cash acquired with the subsidiary | -25.494 | | -86 | | -132 | |
| **Net cash outflow on acquisition** | **283.750** | | **85.560** | | **13.762** | |

## 18. Events after the Balance Sheet date

On 6.7.2009 the Company paid the amount of € 32.0 m as dividend for the fiscal year of 2008.
On 9.7.2009 the Company announced the completion of the sale through the Athens Exchange of 14.000 treasury common shares, representing 0.017% of the Company's paid up Share Capital, at an average sale price equal to 19.43 euros per share, within the three year statutory period commencing from the date they were acquired by the Company.

On 30.7.2009 Group completed the offering of a 4-year tenure, €200 million nominal value notes, with an annual coupon of 6.90%, issued by its subsidiary TITAN GLOBAL FINANCE PLC and guaranteed by Titan Cement Company S.A. The notes are listed on the regulated market of the Luxembourg Stock Exchange. The proceeds will be used primarily for the refinancing of existing debt and also for other general corporate purposes of Titan Group. This action constitutes part of the Group's long term financial strategy to diversify its funding sources.

## 19. Reclassifications

The income statement account "Other expenses" decreased by the amount of € 1,032 thousand and € 846 thousand for the Group and the Company respectively, which were reclassified to "Finance expenses" in the Income Statement for the period 30 June 2008, so as to be comparable to the Income Statement for the period 30 June 2009. The above amounts relate to the financial costs of retirement benefits.
The amount of € 2,138 thousand, which had been posted to finance income of the Group's and Company's interim financial reporting for the period ended 31.3.2009, is now reclassified to the other income.

## 20. Principal exchange rates

| Balance sheet | 30/06/2009 | 31/12/2008 | 30/6/2009 vs 31/12/2008 |
|---|---|---|---|
| €1 = USD | 1,41 | 1,39 | 1,6% |
| €1 = EGP | 7,91 | 7,68 | 3,0% |
| €1 = TRY | 2,16 | 2,15 | 0,6% |
| 1USD=EGP | 5,59 | 5,52 | 1,4% |
| €1 = RSD | 93,44 | 88,60 | 5,5% |
| 1USD = JPY | 95,88 | 90,64 | 5,8% |

| Profit and loss | Ave 6M 09 | Ave 6M 08 | Ave 6M 09 vs 6M 08 |
|---|---|---|---|
| €1 = USD | 1,34 | 1,54 | -13,4% |
| €1 = EGP | 7,50 | 8,40 | -10,7% |
| €1 = TRY | 2,16 | 1,91 | 13,0% |
| 1USD=EGP | 5,61 | 5,43 | 3,2% |
| €1 = RSD | 94,35 | 81,68 | 15,5% |
| 1USD = JPY | 95,95 | 104,29 | -8,0% |