



**Titan Cement Company S.A. and its Subsidiaries**  
**Condensed Interim Financial Statements**  
**for the period ended 30 September 2008**

**Titan Cement Company S.A.**  
Company's No 6013/06/B/86/90 in the  
register of Societes Anonymes  
22A Halkidos Str. - 111 43 Athens

## **Index**

	Pages
<b>a) Interim Financial Statements</b>	<b>1</b>
a1. Interim Balance Sheet	1
a2. Interim Income Statement for the Third Quarter	2
a3. Interim Income Statement for Nine Months	3
a4. Interim Statement of Changes in Shareholders' Equity	4
a5. Interim Cash Flow Statement	5
<b>b) Figures and information</b>	<b>6</b>

The Interim Condensed Financial Statements presented through pages 1 to 27 both for the Group and the Parent Company, have been approved by the Board of Directors on 23.10.2008.

Chairman of the Board of Directors

Managing Director

ANDREAS L. CANELLOPOULOS  
ID No AB500997

DIMITRIOS TH. PAPALEXOPOYLOS  
ID No Ξ163588

Chief Financial Officer

Chief Accountant

Financial Consolidation Senior  
Manager

CHARALAMPOS G. MAZARAKIS  
ID No AE096808

EMM. CH. MAVRODIMITRAKIS  
ID No N237613

ATHANASIOS S. DANAS  
ID No AB006812

## Interim Balance Sheet

(all amounts in Euro thousands)

### ASSETS

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2008</b>	<b>31/12/2007</b>	<b>30/09/2008</b>	<b>31/12/2007</b>
Property, plant & equipment	1.842.875	1.303.924	266.760	262.214
Investment properties	-	-	6.996	6.996
Intangible assets and Goodwill	506.451	301.189	-	-
Investments in subsidiaries	-	-	946.377	515.777
Investments in associates	3.911	4.136	-	-
Available-for-sale financial assets	2.486	2.497	107	107
Other non current assets	44.949	29.048	3.552	3.386
Deferred income tax asset	339	203	-	-
<b>Non-current assets</b>	<b>2.401.011</b>	<b>1.640.997</b>	<b>1.223.792</b>	<b>788.480</b>

Inventories	270.504	226.253	84.779	85.250
Trade receivables	282.281	232.362	136.432	116.526
Other receivables and prepayments	92.167	55.756	10.369	13.687
Derivative financial instruments	118	657	35	15
Available-for-sale financial assets	1.936	2.361	62	61
Cash and cash equivalents	131.631	167.478	12	13
<b>Current assets</b>	<b>778.637</b>	<b>684.867</b>	<b>231.689</b>	<b>215.552</b>

<b>TOTAL ASSETS</b>	<b>3.179.648</b>	<b>2.325.864</b>	<b>1.455.481</b>	<b>1.004.032</b>
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### EQUITY AND LIABILITIES

Share Capital ( 84,532,574 shares of €4.00)	338.130	169.065	338.130	169.065
Share premium	22.826	22.826	22.826	22.826
Share options	10.137	7.016	10.137	7.016
Treasury shares	-91.556	-35.945	-91.556	-35.945
Other Reserves	385.351	396.997	392.533	558.753
Retained earnings	706.528	612.868	101.526	83.844
<b>Equity attributable to equity holders of the parent</b>	<b>1.371.416</b>	<b>1.172.827</b>	<b>773.596</b>	<b>805.559</b>
Minority interests	34.479	22.112	-	-
<b>Total equity (a)</b>	<b>1.405.895</b>	<b>1.194.939</b>	<b>773.596</b>	<b>805.559</b>

Long-term borrowings	934.053	589.833	417.000	3.609
Deferred income tax liability	174.579	124.063	31.756	29.079
Retirement benefit obligations	38.815	39.332	23.465	21.102
Provisions	24.841	20.934	2.635	2.887
Other non-current liabilities	15.925	16.510	6.491	6.747
<b>Non-current liabilities</b>	<b>1.188.213</b>	<b>790.672</b>	<b>481.347</b>	<b>63.424</b>

Short-term borrowings	330.688	146.405	120.123	49.987
Trade and other payables	234.498	168.018	71.915	63.996
Derivative financial instruments	-	87	-	87
Income tax payable	17.262	12.911	8.500	7.442
Provisions	3.092	12.832	-	13.537
<b>Current liabilities</b>	<b>585.540</b>	<b>340.253</b>	<b>200.538</b>	<b>135.049</b>

<b>Total liabilities (b)</b>	<b>1.773.753</b>	<b>1.130.925</b>	<b>681.885</b>	<b>198.473</b>
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<b>TOTAL EQUITY AND LIABILITIES (a+b)</b>	<b>3.179.648</b>	<b>2.325.864</b>	<b>1.455.481</b>	<b>1.004.032</b>
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## Interim Income Statement for the Third Quarter

(all amounts in Euro thousands)

	Group		Company	
	1/7-30/9/2008	1/7-30/9/2007	1/7-30/9/2008	1/7-30/9/2007
Turnover	418.492	386.424	146.547	133.783
Cost of sales	-281.730	-235.677	-97.089	-80.112
<b>Gross profit before depreciation</b>	<b>136.762</b>	<b>150.747</b>	<b>49.458</b>	<b>53.671</b>
Other income	3.412	5.269	2.844	1.540
Share in profit of associates	1.236	1.098	-	-
Administrative expenses	-29.627	-27.001	-10.990	-9.640
Selling and marketing expenses	-6.314	-5.763	-923	-979
Other expenses	-7.218	-4.333	-2.632	-1.409
<b>Profit before interest, taxes, depreciation and amortization</b>	<b>98.251</b>	<b>120.017</b>	<b>37.757</b>	<b>43.183</b>
Depreciation and amortization related to cost of sales	-24.179	-23.786	-2.512	-2.471
Depreciation and amortization related to administrative and selling expenses	-2.166	-1.480	-277	-267
<b>Profit before interest and taxes</b>	<b>71.906</b>	<b>94.751</b>	<b>34.968</b>	<b>40.445</b>
Income from participations and investments	5	-224	-	-
Finance income	2.139	2.168	2	1
Finance expense	-15.522	-11.317	-7.311	-941
(Losses)/gains from financial instruments	-523	417	226	-86
Exchange differences (losses)/gains	-980	412	-2.387	1.070
<b>Profit before taxes</b>	<b>57.025</b>	<b>86.207</b>	<b>25.498</b>	<b>40.489</b>
Current income tax	-7.098	-13.881	-6.324	-9.004
Deferred income tax	-1.056	-1.663	-208	-1.183
<b>Profit after taxes</b>	<b>48.871</b>	<b>70.663</b>	<b>18.966</b>	<b>30.302</b>
<b><u>Attributable to:</u></b>				
Titan Cement S.A. shareholders	47.256	68.770	18.966	30.302
Minority interests	1.615	1.893	-	-
	<b>48.871</b>	<b>70.663</b>	<b>18.966</b>	<b>30.302</b>
<b>Earnings per share - basic (in €)</b>	<b>0,5783</b>	<b>0,8152</b>	<b>0,2329</b>	<b>0,3593</b>
<b>Earnings per share - diluted (in €)</b>	<b>0,5756</b>	<b>0,8127</b>	<b>0,2318</b>	<b>0,3582</b>

## Interim Income Statement for Nine Months

(all amounts in Euro thousands)

	Group		Company	
	1/1-30/9/2008	1/1-30/9/2007	1/1-30/9/2008	1/1-30/9/2007
Turnover	1.183.547	1.143.758	418.162	400.386
Cost of sales	-786.436	-708.404	-267.843	-239.568
<b>Gross profit before depreciation</b>	<b>397.111</b>	<b>435.354</b>	<b>150.319</b>	<b>160.818</b>
Other income	14.370	12.766	7.530	6.111
Share in profit of associates	2.818	2.868	-	-
Administrative expenses	-87.662	-78.680	-33.198	-30.080
Selling and marketing expenses	-18.804	-17.782	-3.070	-3.120
Other expenses	-18.561	-12.741	-6.729	-4.810
<b>Profit before interest, taxes, depreciation and amortization</b>	<b>289.272</b>	<b>341.785</b>	<b>114.852</b>	<b>128.919</b>
Depreciation and amortization related to cost of sales	-72.468	-66.378	-7.344	-7.166
Depreciation and amortization related to administrative and selling expenses	-5.607	-4.329	-840	-785
<b>Profit before interest and taxes</b>	<b>211.197</b>	<b>271.078</b>	<b>106.668</b>	<b>120.968</b>
Income from participations and investments	240	53	7.456	2.656
Finance income	6.228	5.733	295	233
Finance expense	-39.399	-29.657	-13.339	-2.331
(Losses)/gains from financial instruments	-250	-338	109	-88
Exchange differences gains/(losses)	1.411	1.367	-2.138	1.687
<b>Profit before taxes</b>	<b>179.427</b>	<b>248.236</b>	<b>99.051</b>	<b>123.125</b>
Current income tax	-1.830	-50.061	-12.448	-32.284
Deferred income tax	-10.347	-972	-2.677	375
<b>Profit after taxes</b>	<b>167.250</b>	<b>197.203</b>	<b>83.926</b>	<b>91.216</b>
<b>Attributable to:</b>				
Titan Cement S.A. shareholders	163.246	193.337	83.926	91.216
Minority interests	4.004	3.866	-	-
	<b>167.250</b>	<b>197.203</b>	<b>83.926</b>	<b>91.216</b>
<b>Earnings per share - basic (in €)</b>	<b>1,9795</b>	<b>2,2901</b>	<b>1,0177</b>	<b>1,0805</b>
<b>Earnings per share - diluted (in €)</b>	<b>1,9702</b>	<b>2,2829</b>	<b>1,0129</b>	<b>1,0771</b>

## Interim Statement of Changes in Shareholders' Equity

### Group

### Attributable to equity holders of the parent

(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	Minority interests	Total equity
<b>Balance at 1 January 2007</b>	<b>153.832</b>	<b>22.724</b>	<b>15.138</b>	<b>3.519</b>	<b>-502</b>	<b>-</b>	<b>373.923</b>	<b>511.555</b>	<b>1.080.189</b>	<b>20.170</b>	<b>1.100.359</b>
Translation differences	-	-	-	-	-	-	-45.709	-2.828	-48.537	44	-48.493
Movement on investment hedge net of deferred tax	-	-	-	-	-	-	11.477	-	11.477	-	11.477
Dividends paid to ordinary and preferred shares	-	-	-	-	-	-	15	-63.353	-63.338	-2.488	-65.826
Treasury shares purchased	-	-	-	-	-12.209	-9	-	-	-12.218	-	-12.218
Profit for the period	-	-	-	-	-	-	-	193.337	193.337	3.866	197.203
Net unrealized gains on available for sale financial assets	-	-	-	-	-	-	50	281	331	-	331
Additional consideration for subsidiary acquisition	-	-	-	-	-	-	-	-4.280	-4.280	-	-4.280
Share options	-	-	-	2.292	-	-	-	-	2.292	-	2.292
Transfer between reserves	-	-	-	-	-	-	437	-437	-	-	-
<b>Balance at 30 September 2007</b>	<b>153.832</b>	<b>22.724</b>	<b>15.138</b>	<b>5.811</b>	<b>-12.711</b>	<b>-9</b>	<b>340.193</b>	<b>634.275</b>	<b>1.159.253</b>	<b>21.592</b>	<b>1.180.845</b>
<b>Balance at 1 January 2008</b>	<b>153.927</b>	<b>22.826</b>	<b>15.138</b>	<b>7.016</b>	<b>-35.936</b>	<b>-9</b>	<b>396.997</b>	<b>612.868</b>	<b>1.172.827</b>	<b>22.112</b>	<b>1.194.939</b>
Translation differences	-	-	-	-	-	-	43.393	-2.002	41.391	1.148	42.539
Dividends paid to ordinary and preferred shares	-	-	-	-	-	-	-	-63.399	-63.399	-1.911	-65.310
Profit for the period	-	-	-	-	-	-	-	163.246	163.246	4.004	167.250
Treasury shares purchased	-	-	-	-	-55.503	-108	-	-	-55.611	-	-55.611
Capitalisation of reserves	153.927	-	15.138	-	-	-	-166.220	-2.845	-	-	-
Asset revaluation surplus on investment acquisition	-	-	-	-	-	-	109.841	-	109.841	3.426	113.267
Minority interest related to share capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	3.030	3.030
Share options	-	-	-	3.121	-	-	-	-	3.121	-	3.121
Minority interest due to acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	2.670	2.670
Transfer between reserves	-	-	-	-	-	-	1.340	-1.340	-	-	-
<b>Balance at 30 September 2008</b>	<b>307.854</b>	<b>22.826</b>	<b>30.276</b>	<b>10.137</b>	<b>-91.439</b>	<b>-117</b>	<b>385.351</b>	<b>706.528</b>	<b>1.371.416</b>	<b>34.479</b>	<b>1.405.895</b>

The amount of € 113,3 m that refers to the asset revaluation surplus on investment acquisition of the Group for the period 1.1 - 30.9.2008, represents an increase in the revaluation reserve - only for the amount relating to Titan's existing participation in the joint venture Lafarge Titan Egyptian Inv. Ltd. and its subsidiaries. This increase was based on a preliminary fair value estimation of the above joint venture at the date of acquisition (6.5.2008).

### 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
<b>Balance at 1 January 2007</b>	<b>153.832</b>	<b>22.724</b>	<b>15.138</b>	<b>3.519</b>	<b>-502</b>	<b>-</b>	<b>503.366</b>	<b>83.798</b>	<b>781.875</b>
Dividends paid to ordinary and preferred shares	-	-	-	-	-	-	15	-63.353	-63.338
Profit for the period	-	-	-	-	-	-	-	91.216	91.216
Treasury shares purchased	-	-	-	-	-12.209	-9	-	-	-12.218
Share options	-	-	-	2.292	-	-	-	-	2.292
<b>Balance at 30 September 2007</b>	<b>153.832</b>	<b>22.724</b>	<b>15.138</b>	<b>5.811</b>	<b>-12.711</b>	<b>-9</b>	<b>503.381</b>	<b>111.661</b>	<b>799.827</b>
<b>Balance at 1 January 2008</b>	<b>153.927</b>	<b>22.826</b>	<b>15.138</b>	<b>7.016</b>	<b>-35.936</b>	<b>-9</b>	<b>558.753</b>	<b>83.844</b>	<b>805.559</b>
Capitalisation of reserves	153.927	-	15.138	-	-	-	-166.220	-2.845	-
Dividends paid to ordinary and preferred shares	-	-	-	-	-	-	-	-63.399	-63.399
Profit for the period	-	-	-	-	-	-	-	83.926	83.926
Treasury shares purchased	-	-	-	-	-55.503	-108	-	-	-55.611
Share options	-	-	-	3.121	-	-	-	-	3.121
<b>Balance at 30 September 2008</b>	<b>307.854</b>	<b>22.826</b>	<b>30.276</b>	<b>10.137</b>	<b>-91.439</b>	<b>-117</b>	<b>392.533</b>	<b>101.526</b>	<b>773.596</b>

## Interim Cash Flow Statement

(all amounts in Euro thousands)

	<b>Group</b>		<b>Company</b>	
	<b>1/1-30/9/2008</b>	<b>1/1-30/9/2007</b>	<b>1/1-30/9/2008</b>	<b>1/1-30/9/2007</b>
<b>Cash flows from operating activities</b>				
Profits before taxes	179.427	248.236	99.051	123.125
<i>Adjustments for:</i>				
Depreciation/amortization	78.075	70.707	8.184	7.951
Provisions	4.876	8.189	-33	2.322
Exchange differences	-1.411	-1.367	2.138	-1.687
Income from participations & investments	-240	-53	-7.456	-2.656
Interest expense	33.385	24.032	13.071	2.180
Other non cash flow items	2.623	-120	1.780	1.881
Operating profit before changes in working capital	296.735	349.624	116.735	133.116
Decrease/(increase) in inventories	-19.844	-16.272	653	-8.159
Increase in trade and other receivables	-39.346	-829	-20.202	-5.154
Increase/(decrease) in trade payables (excluding banks)	5.144	2.356	9.751	-3.247
Cash generated from operations	242.689	334.879	106.937	116.556
Income Taxes	-31.815	-71.144	-24.328	-37.585
<i>Net cash flows from operating activities</i>	<b>210.874</b>	<b>263.735</b>	<b>82.609</b>	<b>78.971</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash acquired (note 18)	-383.072	-235.622	-429.500	-18
Proceeds from minority interests' increase in subsidiaries	3.030	-	-	-
Purchase of tangible and intangible assets	-139.138	-163.866	-13.746	-9.798
Proceeds from the sale of property, plant and equipment	2.082	4.014	683	757
Proceeds from dividends	240	54	10.105	2.579
Proceeds from sale of available-for-sale financial assets	945	131	-	-
Purchase of available-for-sale financial assets	-1.380	-1.184	-117	-26
Interest received	6.015	5.625	151	125
<i>Net cash flows from investing activities</i>	<b>-511.278</b>	<b>-390.848</b>	<b>-432.424</b>	<b>-6.381</b>
<b>Net cash flows after investing activities</b>	<b>-300.404</b>	<b>-127.113</b>	<b>-349.815</b>	<b>72.590</b>
<b>Cash flows from financing activities</b>				
Interest paid	-40.107	-29.657	-13.222	-2.305
Purchase of treasury shares	-55.321	-12.218	-55.321	-12.218
Proceeds from government grants	-	230	-	26
Dividends paid	-65.501	-65.628	-63.343	-63.240
Proceeds from borrowings	735.072	540.801	590.052	69.471
Payments of borrowings	-310.578	-252.320	-108.352	-64.320
<i>Net cash flows from financing activities</i>	<b>263.565</b>	<b>181.208</b>	<b>349.814</b>	<b>-72.586</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-36.839</b>	<b>54.095</b>	<b>-1</b>	<b>4</b>
Cash and cash equivalents at beginning of the period	167.478	138.027	13	28
Effects of exchange rate changes	992	-1.355	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>131.631</b>	<b>190.767</b>	<b>12</b>	<b>32</b>

<b>Contents of the notes to the condensed interim financial statements</b>	<b>Page</b>
1. General information and summary of significant accounting policies	7
1.1 Basis of preparation	7
1.2 Consolidation	8
1.3 Foreign currency translation	10
1.4 Property, plant and equipment	10
1.5 Investment properties	11
1.6 Intangible assets	11
1.7 Deferred stripping costs	12
1.8 Impairment of long lived assets other than Goodwill	12
1.9 Leases – where a Group entity is the lessee	12
1.10 Inventories	12
1.11 Trade receivables	13
1.12 Cash and cash equivalents	13
1.13 Share capital	13
1.14 Borrowings	13
1.15 Current and deferred income taxes	13
1.16 Employee benefits	14
1.17 Government grants relating to purchase of property, plant and equipment	15
1.18 Provisions	15
1.19 Environmental restoration costs	15
1.20 Revenue recognition	15
1.21 Dividends paid	16
1.22 Segment reporting	16
1.23 CO2 Emission rights	16
1.24 Financial Instruments	16
2. Significant accounting estimates and judgements	17
2.1 Estimated impairment of goodwill	17
2.2 Income taxes	17
2.3 Fair value and useful lives of Property, plant and equipment	17
2.4 Reclassification	17
3. Segment information	18
4. Cash and cash equivalents	18
5. Principal subsidiaries, associates and joint ventures	19
6. Fiscal years unaudited by the tax authorities	21
7. Changes in accounting policies	22
8. Pledge of assets	22
9. Number of employees	22
10. Capital expenditure and disposals	22
11. Earnings per share	22
12. Treasury shares purchased	22
13. Provisions	22
14. Related party transactions	22
15. Significant movements in consolidated balance sheet and profit and loss items	23
16. Share based payment	24
17. Contingencies	25
18. Acquisitions of subsidiaries	26
19. Events after the Balance Sheet date	27
20. Reclassifications	27
21. Principal exchange rates	27



## **1. General information and summary of significant accounting policies**

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 and fly ash, as well as porcelain ware. The Group operates primarily in Greece, the Balkans, Egypt and the United States of America.

The Company is a limited liability company incorporated and domiciled in Greece and is listed on the Athens Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on October 23, 2008 and are expected to be ratified at the Annual General Meeting.

### **Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### **1.1 Basis of preparation**

These interim condensed 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 2007.

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 2007, except for the adoption of the amendments mandatory or/and interpretations, mentioned below, for the annual periods beginning on or after 1 January 2008.

### **New standards, interpretations and amendments to published standards**

*The new standards, interpretations and amendments to existing standards that have been published but are not yet effective are as follows:*

(a) IAS 23 Borrowing Costs – Revised. A revised IAS 23 Borrowing costs was issued in March 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. The revisions to the Standard have not yet been endorsed by the EU.

(b) IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements – Revised. The revisions to IFRS 3 and IAS 27 were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. As regards IFRS 3, this will apply to business combinations occurring in those periods and its scope has been revised to include combinations of mutual entities and combinations without consideration (dual listed shares).

IFRS 3 and IAS 27, inter alia, require greater use of fair value through the income statement and cement the economic entity concept of the reporting entity. Furthermore, these standards also introduce the following requirements (i) to remeasure interests to fair value when control is obtained or lost, (ii) recognising directly in equity the impact of all transactions between controlling and non-controlling shareholders where control is not lost and, (iii) focuses on what is given to the vendor as consideration rather than what is spent to achieve the acquisition. More specifically, items such as acquisition-related costs, changes in the value of the contingent consideration, share-based payments and the settlement of pre-existing contracts will generally be accounted for separately from the business combination and will often affect the income statement. The revisions to the Standards have not yet been endorsed by the EU.

(c) IAS 1, Presentation of Financial Statements – Revised. A revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after January 2009. The standard was revised to require statement of changes in equity to include only transactions with shareholders. A new statement of comprehensive income is introduced and dividends to equity holders are shown only in the statement of changes of equity or notes to the financial statements. The Group is in the process of assessing the impact this revised standard will have on its financial statements. This revision to the Standard has not yet been endorsed by the EU.

(d) IFRS 8, Operating Segments (effective for financial years beginning on or after 1 January 2009). This standard requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group. The Group is in the process of assessing the impact this revised standard will have on its financial statements.

(e) IFRIC 13, Customer loyalty programs (effective for financial years beginning on or after 1 July 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(f) Amendment to IFRS 2 'Share based payment: "vesting conditions and cancellations"' (effective for financial years beginning on or after 1 January 2009). The amendment to the Standard has not yet been endorsed by the EU.

(g) Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009). The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact its financial statements.

h) IFRIC 15, "Agreements for the Construction of Real Estate", was issued on 3 July, 2008 and is effective for annual periods beginning on or after 1 January 2009 and must be applied retrospectively. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from such construction should be recognised. The Group is in the process of assessing the impact of this interpretation on its financial statements. This Interpretation has not yet been endorsed by the EU.

i) IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", was issued on 3 July, 2008 and is effective for annual periods beginning on or after 1 October, 2008 and can be applied retrospectively or prospectively. IFRIC 16 clarifies three main issues, namely:

- A presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.

- Hedging instrument(s) may be held by any entity or entities within the group.

- While IAS 39, 'Financial Instruments: Recognition and Measurement', must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 'The Effects of Changes in Foreign Exchange Rates' must be applied in respect of the hedged item.

The Group is in the process of assessing the impact of this interpretation on its financial statements. This Interpretation has not yet been endorsed by the EU.

IFRS and IFRIC Interpretations that became effective in the year ending 31 December 2008. The following Standards and Interpretations became effective within the current period. None of the Standards and Interpretations had an impact in the consolidated financial statements.

(a) IFRIC 11, IFRS 2, Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007). This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity. The implementation of the Interpretation had no impact on the financial statements because the accounting practice that the Group followed was consistent with the relevant provisions of the Interpretation.

(b) IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008). This Interpretation is not applicable to the Group and has not yet been endorsed by the EU.

(c) IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008). This Interpretation has not yet been endorsed by the EU and the Group does not expect this Interpretation to impact its financial statements, since all the funded defined benefits programs exist, resulting in net obligation.

## **1.2 Consolidation**

### **(a) Subsidiaries**

Subsidiaries, are entities (including special purpose entities) in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. Note 1.6(a) outlines the accounting policy on goodwill. The cost of an acquisition is measured as the sum of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquired plus any costs directly attributable to the acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests.

The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same reporting date with the parent company.

Minority interest reflects the portion of profit or loss and net assets attributable to equity interests that are not owned by the Group. Minority interest is reported separately in the consolidated income statement as well as in the consolidated balance sheet separately from the Share capital and reserves. In case of purchase of minority interest, the difference between the value of acquisition and the book value of the share of net assets acquired is recognized as goodwill.

At the Company's balance sheet, investment in subsidiaries is stated at cost less provision for impairment, if any.

**(b) Joint ventures (Jointly controlled entities)**

A joint venture is an entity jointly controlled by the Group and one or more other ventures in terms of a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by the proportional consolidation method of accounting, taking into consideration the percentage controlled by the Group as at the date of consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures.

The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the joint ventures are prepared for the same reporting date with the parent company.

**(c) Associates**

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any cumulative impairments losses) identified on acquisition.

Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in other reserves is recognised in other reserves. The cumulative post-acquisition movements in balance sheet assets and liabilities are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed adjusted where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the associates are prepared for the same reporting date with the parent company.

### **1.3 Foreign currency translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured in the functional currency, which is the currency of the primary economic environment in which each Group entity operates. The consolidated financial statements are presented in Euros, which is the functional and presentation currency of the Company and the presentation currency of the Group.

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot 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, except when deferred in equity as qualifying net investment hedges.

Translation differences on non-monetary items, such as equity investments held at fair value are included as part of the fair value gain or loss in the income statement.

#### **(c) Group companies**

The operating results and financial position of all group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

-Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.

-Income and expenses for each income statement are translated at average exchange rates.

-All exchange differences resulting from the above are recognised as a "foreign currency translation reserve" in shareholders equity

-On the disposal of a foreign operation, the cumulative exchange differences relating to that particular foreign operation, deferred in "foreign currency translation reserve" in shareholders equity, are recognised in the income statement as part of the gain or loss on sale.

On consolidation, exchange differences arising from the translation of borrowings designated as hedges of investments in foreign entities, are taken to "currency translation differences on derivative hedging position" included in other reserves in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### **1.4 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less subsequent depreciation and impairment, except for land (excluding quarries), which is shown at cost less impairment.

Cost includes expenditure that is directly attributable to the acquisition of the items and any environmental rehabilitation costs to the extent that they have been recognised as a provision (refer to note 1.19). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Subsequent costs are depreciated over the remaining useful life of the related asset or to the date of the net major subsequent cost whichever is the sooner. Depreciation, with the exception of quarries, is calculated on the straight-line method to write off bring the assets to their residual values over their estimated useful lives as follows:

Buildings	Up to 50 years
Plant and machinery	Up to 40 years
Motor vehicles	5 to 15 years
Office equipment furniture and fittings*	3 to 10 years
Minor value assets	Up to 2 years

\* (incl. computer equipment and software)

Land on which quarries are located is depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit-of-production method. Other land is not depreciated.

Where an item of plant and machinery comprises major components with different useful lives, the components are accounted for as separate items of plant and machinery.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. (Refer to note 1.8)

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Interest costs on borrowings specifically used to finance the construction of property, plant and equipment are capitalised during the construction period.

## **1.5 Investment properties**

Investment properties are held to earn rental income and appreciate capital value. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied properties from investment properties.

Investment properties are treated as long-term assets and carried at fair value, representing open market value determined internally on an annual basis based on comparable transactions that take place around the balance sheet date, by management. Changes in fair values are recorded in net income and are included in other operating income.

## **1.6 Intangible assets**

### **(a) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, joint venture and associate at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures are included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. A cash generated unit is the smallest identifiable group of assets generating cash inflows independently and represents the level used by the Group to organise and present each activities and results in its internal reporting. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount (typically the value in use) of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December each year.

Negative goodwill is recognised where the fair value of the Group's interest in the net assets of the acquired entity exceeds the cost of acquisition and is taken to the income statement as an expense immediately.

### **(b) Computer software**

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as part of office equipment, in property, plant and equipment. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

The cost of a separately acquired software, which comprises its purchase price and any directly associated costs of preparing the software for its intended use is recognized as an intangible asset, when it concerns an identifiable and unique software product which will generate economic benefits beyond one year. Computer software costs recognized as intangible assets are amortized using the straight-line method over their useful lives (three years).

(c) Other intangible assets

Patents, trademarks, mining permits and customer relationships are shown at historical cost. These intangible assets have a definite useful life, and their cost is amortised using the straight-line method over their useful lives, not exceeding 20 years.

**1.7 Deferred stripping costs**

Costs associated with removing overburden from mineral deposits are deferred in other non current receivables and amortized on the units-of-production method proportionate to the extraction of the related mineral deposits. Amortization of deferred stripping is included in total depreciation and amortization related to cost of sales in the accompanying consolidated statements of income.

**1.8 Impairment of long lived assets other than Goodwill**

Assets that have an indefinite useful life (land not related to quarries) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value determined by comparable transactions less costs to sell and value in use as determined by discounted cash flows. Assets are grouped at the lowest possible levels.

**1.9 Leases – where a Group entity is the lessee**

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset or the lease term.

**1.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in cost of sales in the period in which the write-downs or losses occur.

#### **1.11 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all of the amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in other expenses in the income statement.

#### **1.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. The components of cash and cash equivalents have a negligible risk of change in value.

#### **1.13 Share capital**

(a) Ordinary shares and non-redeemable non-voting preferred shares with minimum statutory non-discretionary dividend features are classified as equity. Share capital represents the value of company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in shareholders equity.

(b) Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

(c) Where the Company or its subsidiaries purchases the Company's own equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

#### **1.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

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

#### **1.15 Current and deferred income taxes**

Current income tax is calculated using the financial statements of every company included in the consolidated financial statements, along with the applicable tax law in the respective countries. The income tax charge consists of the current income tax calculated upon the results of the Group companies, as they have been reformed in their taxation return applying the applicable tax rate.

Deferred income tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profits and reversals of deferred tax liabilities will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income taxation is determined using tax rates that have been enacted on the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also presented in equity.

## **1.16 Employee benefits**

### **(a) Pension and other retirement obligations**

Certain Group companies have various pension and other retirement schemes in accordance with the local conditions and practices in the countries in which they operate. These schemes are both funded and unfunded. The funded scheme is funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension or a similar retirement plan that defines an amount of pension or retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The liability in respect of defined benefit pension or retirement plans, including certain unfunded termination indemnity benefit plans, is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets (where funded) together with adjustments for actuarial gains/ losses and past service cost. The defined benefit obligation is calculated at periodic intervals by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates applicable to high quality corporate bonds or government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans, which exceed 10% of the estimated benefit liability at the beginning of every period, are recognized in other income/expenses in the income statement over the average remaining service lives of the related employees.

For defined contribution plans, the company will pay contributions into a separate fund on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

### **(b) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated, before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Where the employee's employment is terminated at the normal retirement date, the entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

These obligations are valued every two years by independent qualified actuaries. As regards termination before the normal retirement date or voluntary redundancy, the Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Any such benefits falling due more than 12 months after balance sheet date are discounted to present value.

### **(c) Profit sharing and bonus plans**

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other provisions when and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/ profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.



(d) Equity compensation benefits

Share options are granted to certain members of senior management at a discount to the market price of the shares at the time the scheme was put into force (in respect of the old scheme) and at par value (in respect of the new schemes) on the respective dates of the grants and are exercisable at those prices. Options are exercisable beginning six months from the date of grant, in respect of the old scheme, and as regards the new schemes each option must be exercised within twelve months of its respective vesting period. Both schemes have a contractual option term of three years.

The fair value, calculated using statistical models, of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and recognises the impact of the revision of original estimates, if any, in administrative expenses and cost of goods sold in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium reserve when the options are exercised.

**1.17 Government grants relating to purchase of property, plant and equipment**

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match the grants to the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in other non-current liabilities and are credited to depreciation and amortization related to cost of sales in the income statement on a straight-line basis over the expected lives of the related assets.

**1.18 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided in advance.

Long-term provisions are determined by discounting the expected future cash flows and taking the risks specific to the liability into account.

**1.19 Environmental restoration costs**

Companies within the Group are generally required to restore quarries and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. Provisions for environmental restoration are recognised when the Group has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Estimating the future costs of these obligations is complex and requires management to make estimates and judgments because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. Furthermore, the resulting provisions are further influenced by the changing technologies and, environmental, safety, business, political and statutory considerations.

Costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred and are recognized as a separate asset, within property, plant and equipment, and a corresponding liability. The capitalized cost is depreciated over the useful life of the asset and any change in the net present value of the expected liability is included in finance costs, unless they arise from changes in accounting estimates of valuation.

**1.20 Revenue recognition**

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer (usually upon delivery and customer acceptance) and the realization of the related receivable is reasonably assured.

Revenue arising from services is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

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

#### **1.21 Dividends paid**

Dividends are recorded in the financial statements when the Board of Directors' proposed dividend is ratified at the Shareholders' Annual General Meeting.

#### **1.22 Segment reporting**

Geographical primary segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. Business secondary segments provide products or services that are subject to risks and returns that are different from those of other business segments.

#### **1.23 CO2 Emission rights**

Emission rights are accounted for under the net liability method, based on which the Company recognizes a liability for emissions when the emissions are made and are in excess of the allowances allocated. Emission rights acquired in excess of those required to cover its shortages are recognized as an asset, at cost.

#### **1.24 Financial Instruments**

##### **Accounting for Derivative Financial Instruments and Hedging Activities**

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), or (2) a hedge of a forecast transaction or of a firm commitment (cash flow hedge), or (3) a hedge of a net investment in a foreign entity on the date a derivative contract is entered into. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS.

##### **Gains and Losses on Subsequent Measurement**

Gains and losses on subsequent measurement are recognised as follows:

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net finance cost in the income statement for the period in which they arise.

Gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency denominated transactions, are recognised immediately in net finance cost in the income statement.

Gains and losses from measuring cash flow hedging instruments, including cash flow hedges for forecasted foreign currency denominated transactions and for interest rate swaps, are initially recognised directly in currency translation differences on derivative hedging position in other reserves. Should the hedged firm commitment or forecasted transaction result in the recognition of an asset or a liability, then the cumulative amount recognised in equity is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in income statement in the period when the commitment or forecasted transaction affects profit or loss.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss is recognised immediately in other income/expenses in the income statement.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in currency translation differences on derivative hedging position in other reserves. The gain or loss relating to the ineffective portion is recognised immediately in other income/expenses in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in currency translation differences on derivative hedging position in other reserves.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

#### Offset

Where a legally enforceable right to offset recognised financial assets and financial liabilities exists, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

## **2. Significant accounting estimates and judgements**

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.

Management 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.

### **2.1 Estimated impairment of goodwill**

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which mainly relate to future earnings and discount rates.

### **2.2 Income taxes**

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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

### **2.3 Fair value and useful lives of Property, plant and equipment**

In addition, management makes estimations in relation to useful lives of amortized assets. Further information is given in paragraph 1.4.

### **2.4 Reclassification**

Certain prior year amounts have been reclassified for presentation purposes (note 20).

### 3. Segment information

*(all amounts in Euro thousands)*

	Greece and Western Europe		North America		South Eastern Europe		Eastern Mediterranean		Adjustments and eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Period from 1/1-30/9												
Gross revenue	524.802	497.149	366.668	467.080	218.712	163.039	110.228	45.693	-	-	1.220.410	1.172.961
Inter-segment revenue	-36.711	-28.588	-152	-152	-	-463	-	-	-	-	-36.863	-29.203
<b>Revenue</b>	<b>488.091</b>	<b>468.561</b>	<b>366.516</b>	<b>466.928</b>	<b>218.712</b>	<b>162.576</b>	<b>110.228</b>	<b>45.693</b>	<b>-</b>	<b>-</b>	<b>1.183.547</b>	<b>1.143.758</b>
Gross profit before depreciation & amortization	186.776	196.661	77.978	133.077	90.999	81.192	44.660	25.845	-3.302	-1.421	397.111	435.354
Earnings before interest, taxes, and depreciation	134.652	153.358	35.150	90.567	84.297	76.236	37.628	22.906	-2.455	-1.282	289.272	341.785
Earnings/losses before interest and taxes	121.633	141.895	-9.149	45.928	73.085	67.591	27.932	16.795	-2.304	-1.131	211.197	271.078

*(all amounts in Euro thousands)*

	Greece and Western Europe		North America		South Eastern Europe		Eastern Mediterranean		Adjustments and eliminations		Total	
	30/9/08	31/12/07	30/9/08	31/12/07	30/9/08	31/12/07	30/9/08	31/12/07	30/9/08	31/12/07	30/9/08	31/12/07
Capital expenditure (1)	21.205	43.983	36.781	126.266	48.815	36.666	32.337	21.704	-	-	139.138	228.619
Total assets	2.338.368	1.443.525	1.148.942	1.104.397	533.455	439.576	930.561	161.276	-1.771.678	-822.910	3.179.648	2.325.864
Total liabilities	1.516.811	596.970	805.159	752.884	74.932	54.628	242.662	74.559	-865.811	-348.116	1.773.753	1.130.925

(1) Capital expenditure for the 6 months period ended 30.9.08 is compared to the expenditure for the year ended of 31.12.2007.

### 4. Cash and cash equivalents

*(all amounts in Euro thousands)*

	Group		Company	
	30/9/08	31/12/07	30/9/08	31/12/07
Cash at bank and in hand	23.771	9.363	10	5
Short-term bank deposits	107.860	158.115	2	8
	<b>131.631</b>	<b>167.478</b>	<b>12</b>	<b>13</b>

Short-term bank deposits comprise primarily of time deposits and repository notes (REPOS). 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	30/9/2008		31/12/2007	
			% of investment (1)		% of investment (1)	
			Direct	Indirect	Direct	Indirect
Full consolidation method						
Titan Cement Company S.A	Greece	Cement Producer	Parent company		Parent company	
AVES AFOI Polikandrioti S.A.	Greece	Ready Mix	-	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
Achaiki Maritime Company	Greece	Shipping	100,000	-	100,000	-
Domiki Beton S.A. (2)	Greece	Ready Mix & Aggregates	-	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	-	51,000	-	100,000
Quarries Vahou S.A. (2)	Greece	Quarries & Aggregates		100,000	-	-
Quarries Gourmon 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
Transbeton-Domiki S.A. (8)	Greece	Ready Mix & Aggregates	-	100,000	-	100,000
Dodekanesos Quarries S.A.	Greece	Quarries & Aggregates	-	100,000	-	100,000
Leros Quarries S.A. (6)	Greece	Quarries & Aggregates	-	-	-	100,000
Leecem S.A.	Greece	Trading Company	3,172	96,828	3,193	96,807
Loukas Tsogas Beta S.A.	Greece	Ready Mix	-	100,000	-	100,000
Naftitan S.A.	Greece	Shipping	99,900	0,100	99,900	0,100
Ecobeton S.A.	Greece	Ready Mix & Aggregates	-	100,000	-	100,000
Polikos Maritime Company	Greece	Shipping	100,000	-	100,000	-
Porfirion S.A. (3)	Greece	Production and Trade of Electricity	-	100,000	-	-
Sigma Beton S.A.	Greece	Quarries & Aggregates	-	100,000	-	100,000
Titan Cement International Trading S.A.	Greece	Trading Company	99,800	0,200	99,800	0,200
Titan Atlantic Cement Industrial and Commercial S.A.	Greece	Investment Holding Company	99,817	0,183	99,817	0,183
Alexandria Portland Cement Co. S.A.E (4)	Egypt	Cement Producer	-	97,717	-	48,411
Beni Suef Cement Co.S.A.E. (4)	Egypt	Cement Producer	-	99,886	-	49,921
Titan Beton & Aggregate Egypt LLC (4) & (7)	Egypt	Quarries & Aggregates	-	97,796	-	49,205
Misrieen Titan Trade & Distribution (4)	Egypt	Cement Silo Operations	-	98,943	-	49,460
Double W & Co OOD	Bulgaria	Port	-	99,989	-	99,989
Granitoid AD	Bulgaria	Trading Company	-	99,668	-	99,668
Gravel & Sand PIT AD	Bulgaria	Quarries & Aggregates	-	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
Fintitan SRL	Italy	Import & Distribution of Cement	100,000	-	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 (4)	Cyprus	Investment Holding Company	-	100,000	-	50,000
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 Development Co.Ltd (4)	U.K. (Ch. Islands)	Investment Holding Company	-	100,000	-	50,000
Titan Egyptian Inv. Ltd (4) & (5)	U.K. (Ch. Islands)	Investment Holding Company	-	100,000	-	50,000
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	-

## 5. Principal subsidiaries, associates and joint ventures (continued)

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	30/9/2008		31/12/2007	
			% of investment (1)		% of investment (1)	
			Direct	Indirect	Direct	Indirect
<b>Full consolidation method</b>						
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
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	-	74,280	-	74,280
Stari Silo Company DOO (3)	Serbia	Trading Company	-	100,000	-	-
TCK Montenegro DOO	Montenegro	Trading Company	-	74,280	-	74,280
Cement Plus LTD	F.Y.R.O.M	Trading Company	-	61,643	-	61,643
Rudmark DOOEL	F.Y.R.O.M	Trading Company	-	94,835	-	99,990
Usje Cementarnica AD	F.Y.R.O.M	Cement Producer	-	94,835	-	94,835
Vesa DOOL	F.Y.R.O.M	Trading Company	-	100,000	-	100,000
Alba Cemento Italia, SHPK (2)	Albania	Trading Company	-	65,000	-	-
Antea Cement SHA	Albania	Cement Producer	-	100,000	-	100,000
Salentijn Properties I B.V.	Holland	Investment Holding Company	100,000	-	100,000	-
Titan Cement Netherlands BV	Holland	Investment Holding Company	-	100,000	-	100,000
<b>Proportionate consolidation method</b>						
Balkan Cement Enterprises Ltd	Cyprus	Investment Holding Company	-	51,006	-	51,006
Adocim Cimento Beton Sanayi ve Ticaret A.S.(2)	Turkey	Cement Producer	-	50,000	-	-
<b>Equity consolidation method</b>						
Karieri AD	Bulgaria	Quarries & Aggregates	-	48,711	-	48,711
Karierni Materiali AD	Bulgaria	Quarries & Aggregates	-	48,764	-	48,764

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

(2) Aquired Subsidiaries for the period 1/1-30/9/2008

(3) Formed Subsidiaries for the period 1/1-30/9/2008

(4) The above companies were incorporated in the Group's financial statements using the full method of consolidation instead of proportional method which was used till 6.5.2008, due to the acquisition of the joint venture Lafarge Titan Egyptian Inv. Ltd.

(5) The company Lafarge Titan Egyptian Inv. Ltd. was renamed to Titan Egyptian Inv. Ltd., as of 14.5.2008.

(6) The company Leros Quarries S.A. was merged by Interbeton Construction Materials S.A., as of 30.6.2008.

(7) The company 4 M Titan Silo Co. LLC was renamed to Titan Beton & Aggregate Egypt LLC., as of 14.7.2008.

(8) The company Quarries Corinthias S.A. was renamed to Transbeton-Domiki S.A., as of 16.7.2008.

## **6. Fiscal years unaudited by the tax authorities**

Titan Cement Company S.A.	2006-2007	Titan Global Finance PLC	(1)
Achaiki Maritime Company	2000-2007	Central Concrete Supermix Inc.	2006-2007
Aeolian Maritime Company	2000-2007	Essex Cement Co. LLC	2004-2007
Albacem S.A.	2003-2007	Markfield America LLC	2004-2007
AVES AFOI Polikandrioti S.A.	2007	Mechanicsville Concrete INC.	2005-2007
Domiki Beton S.A. (2)	2007	Metro Redi-Mix LLC	2006-2007
Dodekanesos Quarries S.A.	2007	Miami Valley Ready Mix of Florida LLC	2006-2007
Ecobeton S.A.	2005-2007	Pennsuco Cement Co. LLC	2004-2007
Interbeton Construction Materials S.A.	2005-2007	Roanoke Cement Co. LLC	2004-2007
Intercement S.A.	2003-2007	S&W Ready Mix Concrete Co. Inc.	2005-2007
Intertitan Trading International S.A.	2000-2007	Separation Technologies LLC	2004-2007
Ionia S.A.	2006-2007	Standard Concrete LLC	2004-2007
Lakmos S.A.	2003-2007	Summit Ready-Mix LLC	2006-2007
Lateem S.A.	2007	Tarmac America LLC	2004-2007
Leecem S.A.	2003-2007	Titan America LLC	2004-2007
Loukas Tsogas Beta S.A.	2003-2007	Titan Virginia Ready Mix LLC	2004-2007
Naftitan S.A.	2003-2007	Separation Technologies Canada Ltd	2005-2007
Porfirion S.A. (3)	-	Stari Silo Company DOO (3)	-
Polikos Maritime Company	2000-2007	Cementara Kosjeric AD	2003-2007
Quarries Vahou S.A. (2)	-	Adocim Cimento Beton Sanayi ve Ticaret A.S. (2)	2005-2007
Transbeton-Domiki S.A.	2005-2007	TCK Montenegro DOO	2007
Quarries Gournon S.A.	2003-2007	Double W & Co OOD	2007
Quarries of Tagaradon Community S.A.	2007	Granitoid AD	2007
Sigma Beton S.A.	2003-2007	Gravel & Sand PIT AD	2002-2007
Titan Atlantic Cement Industrial and Commercial S.A.	2006-2007	Zlatna Panega Beton EOOD	2002-2007
Titan Cement International Trading S.A.	2007	Zlatna Panega Cement AD	2005-2007
Aemos Cement Ltd	2003-2007	Cement Plus LTD	2006-2007
Alvacim Ltd	2006-2007	Rudmark DOOEL	2006-2007
Balkcem Ltd	2002-2007	Usje Cementarnica AD	2006-2007
Iapetos Ltd	2003-2007	Titan Cement Netherlands BV	2006-2007
Rea Cement Ltd	2004-2007	Alba Cemento Italia, SHPK (2)	2007
Themis Holdings Ltd	2004-2007	Antea Cement SHA	2006-2007
Tithys Ltd	2003-2007	Alexandria Development Co.Ltd	(1)
Feronia Holding Ltd	2007	Alexandria Portland Cement Co. S.A.E	2005-2007
Vesa DOOL	2007	Balkan Cement Enterprises Ltd	2003-2007
Salentijn Properties1 B.V.	2007	Beni Suef Cement Co.S.A.E.	2006-2007
Titan Cement Cyprus Limited	2006-2007	East Cement Trade Ltd	2003-2007
KOCEM Limited	2007	Titan Beton & Aggregate Egypt LLC	2001-2007
Fintitan SRL	(1)	Titan Egyptian Inv. Ltd	(1)
Titan Cement U.K. Ltd	(1)	Misrieen Titan Trade & Distribution	2005-2007
Separation Technologies U.K. Ltd	(1)		

(1) Under special tax status

(2) Aquired Subsidiaries for the period 1/1-30/09/2008

(3) Formed Subsidiaries for the period 1/1-30/09/2008

**7. Changes in accounting policies**

The accounting policies applied in preparing these Financial Statements are the same as those applied for the Financial Statements at 31.12.2007.

**8. Pledge of assets**

The assets of the Group and the Company have not been pledged.

**9. Number of employees**

Number of employees at the end of the reporting period : Group 6,609 (30.9.2007 6,033), Parent Company 1,110 (30.9.2007 1,105).

**10. Capital expenditure and disposals**

Capital expenditure for the first nine months 2008, not including fixed assets acquired through a business combination, amounted to: Group € 139.1m (30.9.2007 € 163.9 m), Parent Company € 13.7 m (30.9.2007 € 9.8 m). Assets with a net book value of € 1.2 m have been disposed of by the Group during the nine months ended 30 September 2008 (30.9.2007: € 2.0 m), resulting in a net gain € 0.9 m (30.9.2007: gain € 2.0 m).

**11. 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.

**12. Treasury shares purchased**

According to the resolutions approved by the General Meetings of 10.5.2007 and 20.5.2008 the Company acquired during the period 1.1-30.9.2008 2,070,310 of its own common shares at a value of € 55,503 thousand and 5,619 of its own preference shares at a value of € 108 thousand. The total number of its own shares that the Company holds as at 30.9.2008 is 3,162,116 of aggregate value of € 91,556 thousand and they have been deducted from the Shareholders Equity of the Group and the Company. The above shares represent 3,74% of the Company's total share capital.

**13. Provisions**

Other provisions' balance (short term and long term) as of 30.9.2008 amount to € 27.9 m. for the Group, and € 2.6 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.

**14. Related party transactions**

Intercompany transactions for the first six months of 2008 and intercompany balances as of 30 June 2008, according to I.A.S. 24 are as follows:

**Company**

Amounts in € thousands

	Sales of goods & services	Purchases of goods & services	Receivables	Liabilities	Key management compensations	Receivables from key management	Payables to key management
Achaiki Maritime Co.	6	5.852	-	4.436	-	-	-
Interbeton Construction Materia	43.467	4.237	14.586	-	-	-	-
Ionia S.A.	1.074	6.248	2.922	-	-	-	-
Finititan S.r.l.	10.566	-	7.211	-	-	-	-
T.C.U.K. Ltd	6.742	-	3.639	-	-	-	-
Usje Cementarnica AD	10.009	-	3.069	-	-	-	-
Titan America LLC	9.210	-	-	321	-	-	-
Antea Cement SHA	12.496	-	6.233	-	-	-	-
Titan Global Finance PLC	-	-	-	426.626	-	-	-
Other interrelated parties	12.374	3.473	3.151	2.429	4.966	14	193
	<b>105.944</b>	<b>19.810</b>	<b>40.811</b>	<b>433.812</b>	<b>4.966</b>	<b>14</b>	<b>193</b>

**Group**

Amounts in € thousands

	Sales of goods & services	Purchases of goods & services	Receivables	Liabilities	Key management compensations	Receivables from key management	Payables to key management
Other interrelated parties	-	1.090	-	95	5.109	14	193
	<b>-</b>	<b>1.090</b>	<b>-</b>	<b>95</b>	<b>5.109</b>	<b>14</b>	<b>193</b>



## **15. 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:

- Group's property, plant and equipment increased by € 539 m due to the inclusion of the Group's new acquisitions.
- Group's intangible assets increased by € 205.3 m due to preliminary goodwill that arose as a result of the new acquisitions of the Group.
- The increase in other non current assets by € 15.9 m is due to prepayments made by the Group for the construction of the new plant in Albania.
- Group's inventories increased by € 44.3 m because of the inclusion of the Group's new acquisitions, the storage of spare parts for the factories annual maintenance and the increase of finished and semi-finished products.
- The increase in trade receivables of € 49.9 m is due to the seasonality of sales, the change in the mixture of the clientele and the inclusion of the financial statements of the Group's new subsidiaries (or increase in the percentage of existing subsidiaries).
- The increase in other receivables and prepayments of € 36.4 m is due to VAT tax receivable, which arose as a result of the construction period for the Group's subsidiaries in Albania and Turkey, as well as to income tax receivable from the Group's subsidiary in U.S..
- The total borrowings of the Group increased by € 528.5 m because of the funding of the Group's acquisitions.
- Group's deferred tax liabilities increased by € 50.5 m, because of the opening balances revaluations of the tangible assets of the Group's new acquisitions and the temporary differences between accounting and tax net operating losses that arose in the North America segment.
- The increase in the trade and other payables account by € 66.5 m is due to purchases of tangible assets in the Eastern Mediterranean segment and the inclusion of the financial statements of the Group's new subsidiaries (or increase in the percentage of existing subsidiaries).
- The decrease of the gross profit before depreciation and amortization by € 38.2 m is mainly due to the electricity and energy cost increase used in the production of cement and clinker, in addition to the increase in shipping costs.
- The increase in finance expenses by € 10.6 m is due to the increase of the Group's borrowings for the funding of the new acquisitions and the inclusion of the financial statements of the Group's new subsidiaries.
- The decrease of Group's effective tax rate is due to tax incentives to the Group's subsidiary in Bulgaria, the reversal of the unused provision formed for the tax exempt reserves under the L.3220/2004 and the change in the Group's tax composition, resulting from the North America's segment having negative income and the increase of the profits before taxes in Southeastern Europe and Eastern Mediterranean segments.

### **Company**

- The increase of € 430.6 m in the balance of participation in subsidiaries is mainly due to the increase in investments of the companies SALENTIJN PROPERTIES (€ 112.5 m.) and IAPETOS (€ 317 m.), that the Group made for financing the acquisitions of the companies in Turkey and Egypt.
- The change in trade receivables of € 19.9 m is due to the seasonality of sales and the change in the mixture of the clientele during the first nine months of 2008.
- The increase of € 413.40 m in long term borrowing is also due to the increase in the investments of SALENTIJN PROPERTIES and IAPETOS, as mentioned above.
- The increase of € 70.1 m in short term borrowing was used to cover part of the working capital needs of the Company.

-The increase of share capital is due to the capitalization of reserves and the increase in the nominal value of the shares from € 2.00 to € 4.00.

-Gross profit before depreciation is reduced by € 10.5 m or at the rate of 6.5% because turnover has increased by the amount of € 17.8 m. or at the rate of 4.4% and cost of sales has increased by the amount of € 28.3 m. or at the rate of 11.8%.

The main reason that lead to cost of sales increasing was higher fuel costs, electricity and distribution expenses.

-The increase of € 11.0 m in finance expense is due to the increase in long term borrowings due to the acquisition of the companies in Turkey and Egypt, as mentioned above.

-The amount of taxes (current and deferred) that is accounted for in the first nine months income statement is less by the amount of € 16.8 m, not only because of the decrease in profits, but also due to the reversal of the provisions made according to the tax law 3220/2004 amounting to € 9.1 m..

## **16. Share based payment**

In March 2008, in accordance to the three-year Stock Option Programme (2007 Programme), the Company granted 158,220 share options.

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

All vesting is 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 Greek Government Bonds.
- 2) One-third of options granted vest based on the Titan Cement's stock performance relative to three Athens Stock Exchange indices during the three year period.
- 3) One-third of options granted vest based on the Titan Cement's stock performance relative to that of twelve predefined international cement producing companies 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 under the new Programme, determined using the Black-Scholes-Merten valuation model, was €21.75 per option. The significant inputs into the valuation model were share price at grant date of €26.92, standard deviation of share price 26.20%, dividend yield of 2.20% and the rate of the two-year Greek Government Bonds.

On September 30, 2008 due to the voluntary resignation of participants of the 2007 Stock Option Programme, 9,420 and 3,600 options granted in 2007 and 2008, respectively were cancelled.

**17. Contingencies****Contingent liabilities**

	<b>Group</b>		<b>Company</b>	
(all amounts in Euro thousands)	<b>30/9/2008</b>	<b>31/12/2007</b>	<b>30/9/2008</b>	<b>31/12/2007</b>
Guarantees to third parties on behalf of subsidiaries	-	-	1.046.949	642.650
Bank guarantee letters	90.189	59.634	27.123	14.301
Other	18.558	7.544	5.621	3.989
	<b>108.747</b>	<b>67.178</b>	<b>1.079.693</b>	<b>660.940</b>

On Friday, July 13, 2007, in Miami-Dade County, Florida, U.S. District Judge W. Hoeveler, ruled that Tarmac, a Titan Group subsidiary, amongst other companies, must cease rock mining in certain areas of the south-eastern "Lake Belt" region of Florida as of Tuesday, July 17, 2007, until the Army Corps of Engineers completes a requested Supplemental Environmental Impact Statement (SEIS). Previously In March 2006, he had ruled that the mining permits had been improperly issued and remanded the permits process to the U.S. Army Corps of Engineers for further review and consideration.

The ruling impacted all the mining companies operating in the Lake Belt. For Titan the decision affected a significant part of the Pennsuco quarry, which supplies raw materials to the over-2-million-ton Pennsuco cement plant and additionally sells aggregates to the Florida market. All affected companies, including Tarmac would need to reapply for new permits.

Tarmac and the other affected companies appealed against this ruling before the 11th Circuit Court of Appeals in Atlanta. A decision was issued on May 9, 2008 with which the ban on mining imposed in the above area was overruled. In addition, the Appeals Court sent the case back to the District Court, instructing that the case be judged again, not based on the District Judge's predetermined personal opinions and analyses, but by showing due deference to the expert analyses and recommendations of the responsible government agencies and authorities.

Furthermore the Army Corps of U.S. Engineers recently announced that the Supplemental Environmental Impact Statement (SEIS) is now expected to be issued between September to December 2008.

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

The approved by the European Committee allocation of the allowances of CO2 emissions in Greece, for the five years period 2008-2012 is estimated that, combined with the appropriate technical actions, will not significantly affect the Group's production levels in Greece. For Bulgaria, there is still no allocation plan.

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**

(all amounts in Euro thousands)	<b>Group</b>		<b>Company</b>	
	<b>30/9/2008</b>	<b>31/12/2007</b>	<b>30/9/2008</b>	<b>31/12/2007</b>
Bank guarantee letters	16.234	15.938	16.234	15.938
	<b>16.234</b>	<b>15.938</b>	<b>16.234</b>	<b>15.938</b>

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 € 48 m has been paid as of 30.09.2008.

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 € 60 m has been paid as of 30.09.2008.

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

(all amounts in Euro thousands)	<b>Group</b>		<b>Company</b>	
	<b>30/9/2008</b>	<b>31/12/2007</b>	<b>30/9/2008</b>	<b>31/12/2007</b>
Property, plant and equipment	279.723	229.308	16.415	19.710
Total	<b>279.723</b>	<b>229.308</b>	<b>16.415</b>	<b>19.710</b>

## 18. Acquisitions of subsidiaries

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.

At 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.

At 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.

At 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:

	<b>Lafarge Titan EgyptianInv.Group</b>		<b>Adocim Cimento Beton Sanayi ve Ticaret A.S.</b>		<b>Other</b>	
(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
<b><u>Assets</u></b>						
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
<b>Total assets</b>	<b>278.849</b>	<b>149.776</b>	<b>63.800</b>	<b>54.813</b>	<b>10.947</b>	<b>10.947</b>
<b><u>Liabilities</u></b>						
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
<b>Total liabilities</b>	<b>82.453</b>	<b>66.959</b>	<b>55.704</b>	<b>54.206</b>	<b>8.729</b>	<b>8.729</b>
<b>Net assets</b>	<b>196.396</b>	<b>82.817</b>	<b>8.096</b>	<b>607</b>	<b>2.218</b>	<b>2.218</b>
Goodwill arising on acquisition	112.848		77.550		11.676	
<b>Consideration, paid</b>	<b>309.244</b>		<b>85.646</b>		<b>13.894</b>	
<b>Cash flow on acquisition:</b>						
Purchase consideration settled in cash	309.244		85.646		13.894	
Net cash acquired with the subsidiary	-25.494		-86		-132	
<b>Net cash outflow on acquisition</b>	<b>283.750</b>		<b>85.560</b>		<b>13.762</b>	

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

## 19. Events after the Balance Sheet date

During the period of 1.10.2008 up to 23.10.2008, Titan Cement Company S.A. has proceeded to the purchase of 31,500 common treasury shares with an average purchase price € 23.58 per share.

## 20. Reclassifications

An amount of € 16,890 thousand relating to prepayments for assets under construction, in Albania, was transferred from "other receivables and prepayments" to "other non current assets", in the Group's balance sheet as of 31.12.2007 in order to be comparable with the balance sheet as of 30.9.2008.

## 21. Principal exchange rates

<b>Balance sheet</b>	<b>30/09/2008</b>	<b>31/12/2007</b>	<b>30/9/2008 vs 31/12/2007</b>
€1 = USD	1,43	1,47	-2,8%
€1 = EGP	7,80	8,12	-4,0%
€1 = TRY	1,81	1,72	5,6%
1USD=EGP	5,45	5,52	-1,2%
€1 = RSD	76,60	79,24	-3,3%
1USD = JPY	105,20	112,04	-6,1%

  

<b>Profit and loss</b>	<b>Ave 9M 08</b>	<b>Ave 9M 07</b>	<b>Ave 6M 08 vs 6M 07</b>
€1 = USD	1,53	1,35	12,9%
€1 = EGP	8,27	7,67	7,8%
€1 = TRY	1,87	1,80	3,7%
1USD=EGP	5,42	5,67	-4,6%
€1 = RSD	80,01	79,98	0,0%
1USD = JPY	105,33	119,28	-11,7%