

**REPORT OF THE BOARD OF DIRECTORS OF TITAN CEMENT
COMPANY S.A. ON THE CONSOLIDATED AND PARENT FINANCIAL
STATEMENTS FOR THE FINANCIAL YEAR 1/1 – 31/12/2006**

All markets of the Titan Group posted strong growth versus the prior year. The pricing environment in all geographical areas of operation and business activity remained broadly positive helping to counterbalance high input costs of fuel and other raw materials.

In Greece, cement and ready mix volumes recorded a historic high, as the demand for building materials continued to exceed expectations, while in the USA a strong start to the first half of the year was hit in the second, by the sharp decline in the housing market leading to a slow down of momentum in construction activity. In South East Europe, Bulgaria, continued to grow strongly, while the other markets in the region also posted positive returns. In Egypt volumes continued to grow based on higher cement demand and despite higher costs profits were significantly ahead of the previous year.

In 2006 the Group increased its investments in the USA with an expansion of its ready-mix and block activities on the west coast of Florida. This provides a solid foundation for growth in a market not previously served by the Group. The emissions of the modernized Pennsuko plant, despite the significant increase in production volumes, are lower than those of the old installations. This allows for a further increase of the plant's capacity, which can be achieved without any major additional investments. The project relating to the expansion of our cement capacity in Bulgaria to meet the ever increasing demand was completed late in the year and will allow the Group to benefit from locally produced cement replacing imported product. In Greece we continued to expand our ready-mix and aggregates presence through new acquisitions.

During the year we reported, with great sadness a fatal accident which occurred at the port facilities of Elefsina. During scheduled work carried out by a contractor on one of the ship loading machines, part of the machinery became detached and fell to the ground. As a result of this accident two workers lost their lives. All Titan people were devastated by the tragic incident.

In Greece the National Allocation Plan of CO₂ emissions rights completed its second year. The company's emissions of CO₂ did not exceed its allocation for the first two years of operation and we do not expect a short fall in the coming year. However, the rights allocated for the period 2008 through 2012, will not allow us to fully exploit our production capacity.

In Greece, the surge in demand for building materials continued. Cement, Aggregates and Ready-Mix sales posted strong growth in the domestic market fuelled by tax changes, relating to the introduction of VAT on new housing and the mortgage market that continues to grow. Furthermore, better conditions in our export markets allowed us to achieve satisfactory price increases that further enhanced profitability.

In the USA, Turnover and Operating EBITDA continued to increase in comparison with 2005 despite the sharp decline of the residential sector in the second half of the year. Prices held and are significantly higher compared to the same period last year. In addition, cement sales volumes exceeded the levels of 2005 on the back of our

continued investments in the regions we operate. Florida, building material sales softened due to a decline of the housing market, the extent of which varies by territory. This is partially mitigated by increases in public works. The long anticipated adjustment of the housing market after several record-breaking years, introduces uncertainties for the future. Our continuing expansion and vertical integration in the West coast of Florida contributed positively to the Group's results and strengthens our position in the region. In the Mid-Atlantic market the up-turn in profitability is continuing, riding the crest of stronger market pricing. Although from a small base, Separation Technologies, the owner of our patented Fly Ash beneficiation process, continued to perform strongly with volumes 20% ahead of last year, mainly as a result of new facilities coming on stream.

In South East Europe operating performance increased by 30% compared to 2005. Strong volume growth was driven mostly by Bulgaria. This, however, was not fully realized in operating performance, due to capacity constraints, as we continued to import clinker to meet market demand. The radical change in the economic situation of Bulgaria due to its accession to the European Union has fuelled strong growth in the construction sector and subsequently in cement demand with lasting effects. As noted previously we completed our upgrade capacity expansion program in Bulgaria late in the year and this will replace imported product to meet market demand.

Our Skopje plant posted an increase of profitability, mostly due to higher cement sales and in Serbia, selling prices improved, and off-set higher fuel costs to allow for a small improvement of profitability.

In Egypt, domestic volumes have posted high single digit growth for the combined Alexandria and Beni Suef operations year on year, reflecting an increase in local demand.

Volumes of cement grew by nearly 5% to over 16 million tons and aggregates grew by 10% to over 22 million tons. Ready mix volumes of 6 million cubic meters were up 8%.

Group Financial Results

Group turnover reached nearly €1.6 billion an increase of 17% versus the prior year. Both EBITDA at €481 million and Net Profit after Taxes at €259 million were up strongly at 24% and 23% respectively. Since 2000 the compounded annual growth rate of Turnover, EBITDA and Net Profit after Taxes is 17%, 16% and 18% respectively.

The impact of foreign currency translation on the Group's net profit was not material, despite the 12% devaluation of the US dollar and the 11% devaluation of the Egyptian Pound versus the Euro and the appreciation of the Serbian Dinar versus the Euro of 8% at the Balance sheet dates.

Earnings per share were €3.07 and represent an increase of 23% versus the previous year. Based on the results of the year the Board of Directors will recommend to the General Assembly a dividend of €0.75 per share, up 25% versus 2005.

The contribution to the Group's EBITDA from our international markets increased from 57% in 2005 to 60% in 2006.

Net Shareholders Equity increased by €157 million to €1,080 million, representing the increase in retained earnings of the Group.

Net Debt as of 31st December 2006 was €327 million versus €394 million in the previous year. A reduction of €67 million year on year, including an unrealised exchange rate gain mainly on our dollar debt of €49 million. This debt reduction was achieved despite capital expenditure and acquisitions of €237 million.

Leverage and Return on Invested Capital improved significantly over the previous year. Leverage as measured by Net Debt over EBITDA was 0.68 versus 1.01 in 2005 and Return on Invested Capital calculated on the basis of Net Profit after Taxes over Average Invested Capital was almost 20% versus 18% previously.

The year ahead remains more challenging as a result of the depth and duration of the slow down of construction activity in the USA and the pending ruling as to the remedy relating to the validity of the mining permits issued in the Lake Belt Region of Florida. However, Greece, South East Europe and Egypt are expected to remain strong in 2007.

Parent Company Financial Results

The parent company, Titan Cement Company S.A. realized Turnover of €520 million up 18% versus the previous year. EBITDA for the year was up 21% versus 2005 and reached €173 million, supported by the strong demand for building materials in the Greek domestic market. Net Profit before taxes was up 15% to €167 million and Net Profit after Taxes at €105 million marginally down versus 2005 as a result of a €16.3 million foreseen tax increase due to non acceptance by the E.U. Commission of untaxed incentive reserves established in Greece during 2003-4, pursuant to art. 2 Law 3220/2004.