



Titan Cement Company S.A. and its Subsidiaries
Condensed Financial Statements
for the period ended 31 March 2007

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

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The Interim Condensed Financial Statements presented through pages 2 to 31, both for the Group and the Parent Company, have been approved by the Board of Directors on 3.5.2007

Chairman of the Board of Directors

ANDREAS L. CANELLOPOULOS
I.D. No AB500997

Managing Director

DIMITRIOS TH. PAPALEXOPOULOS
I.D. No Ε163588

Chief Financial Officer

HOWARD PRINCE-WRIGHT
PASS No P60090793

Titan Cement Company S.A.

Condensed Balance Sheet

(Amounts in € thousand)

	Group		Company	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
ASSETS				
Property, plant & equipment	1,197,941	1,174,541	257,004	256,561
Intangible assets	147,600	145,181	-	-
Investment properties	-	-	7,248	7,248
Investment in subsidiaries	213,228	-	513,091	512,883
Investment in associates	5,275	3,880	-	-
Available for sale financial assets	1,744	1,607	107	107
Non current receivables	11,526	14,024	3,024	3,016
Deferred income tax assets	713	779	-	-
Non current assets	1,578,027	1,340,012	780,474	779,815
Inventories	201,410	203,137	64,955	68,404
Trade receivables	265,913	253,507	144,300	122,743
Other receivables and prepayments	39,177	39,918	9,180	9,017
Available for sale financial assets	2,104	2,011	68	61
Cash and cash equivalents	150,692	138,027	7,358	28
Current assets	659,296	636,600	225,861	200,253
TOTAL ASSETS	2,237,323	1,976,612	1,006,335	980,068
LIABILITIES				
Long-term borrowings	329,454	326,040	14,496	16,320
Deferred income tax liabilities	133,610	133,583	29,806	29,876
Retirement benefit obligations	38,009	39,535	22,096	22,748
Non current provisions	37,950	37,977	17,178	17,178
Other non-current liabilities	11,081	11,182	7,002	7,063
Non current liabilities	550,104	548,317	90,578	93,185
Short-term borrowings	345,509	139,045	16,335	25,340
Trade and other payables	152,047	151,991	54,023	51,806
Current income tax liabilities	36,324	29,301	31,042	23,200
Current provisions	8,182	7,313	4,400	4,400
Dividends payable	281	286	259	262
Current liabilities	542,343	327,936	106,059	105,008
Total liabilities	1,092,447	876,253	196,637	198,193
Share capital (84,485,204 shares of €2.00)	168,970	168,970	168,970	168,970
Treasury shares	-1,288	-502	-1,288	-502
Share Premium	22,724	22,724	22,724	22,724
Share options	4,148	3,519	4,148	3,519
	194,554	194,711	194,554	194,711
Reserves	370,722	373,923	503,366	503,366
Retained earnings	559,351	511,555	111,778	83,798
Share capital & reserves	1,124,627	1,080,189	809,698	781,875
Minority interests	20,249	20,170	-	-
Total equity	1,144,876	1,100,359	809,698	781,875
TOTAL EQUITY & LIABILITIES	2,237,323	1,976,612	1,006,335	980,068

Condensed Income Statement for the first quarter*(Amounts in € thousand)*

	Group		Company	
	1/1 -31/3/2007	1/1-31/3/2006	1/1 -31/3/2007	1/1-31/3/2006
Turnover	342,144	335,004	127,468	106,792
Cost of sales	-223,702	-227,629	-79,357	-69,912
Gross profit before depreciation & amortization	118,442	107,375	48,111	36,880
Other income	3,040	3,100	2,332	1,450
Share in profit of associates	466	-	-	-
Administrative expenses	-23,636	-20,523	-8,746	-7,610
Selling and marketing expenses	-5,559	-4,971	-814	-830
Other expenses	-3,844	-4,650	-2,044	-1,737
Earnings before interest, taxes and depreciation	88,909	80,331	38,839	28,153
Depreciation and amortization related to cost of sales	-19,762	-17,290	-2,333	-2,407
Depreciation and amortization related to administrative and selling expenses	-1,270	-1,224	-258	-246
Earnings before interest and taxes	67,877	61,817	36,248	25,500
Income from participations and investments	12	2,145	-	24
Finance revenue	1,574	789	26	58
Finance costs	-7,239	-7,235	-625	-1,494
Gains / (losses) from financial instruments	-54	-199	-8	-
Exchange differences gains/(losses)	515	1,572	200	1,354
Profit before taxes	62,685	58,889	35,841	25,442
Current income tax	-10,923	-15,116	-7,931	-5,006
Deferred income tax	-498	-1,050	70	-1,658
Profit after taxes	51,264	42,723	27,980	18,778
<u>Attributable to:</u>				
Equity holders of the parent Company	50,734	43,027	27,980	18,778
Minority interests	530	-304	-	-
Earnings per share - basic (in €)	0.60	0.51	0.33	0.22
Earnings per share - diluted (in €)	0.60	0.51	0.33	0.22

Condensed Statement of Changes in Equity for the first quarter*(all amounts in € thousands)*

Group	Ordinary shares	Treasury shares	Share Premium	Preferred Ordinary shares	Share Options	Reserves	Retained earnings	Minority interest	Total
Balance at 1 January 2006 as previously reported	153,522	-	22,133	15,138	731	389,923	290,943	16,380	888,770
<i>Dividend declared for fiscal year 2005</i>	-	-	-	-	-	-	50,598	-	50,598
<i>Balance at 1 January 2006 - as adjusted according to I.A.S. 10</i>	153,522	-	22,133	15,138	731	389,923	341,541	16,380	939,368
Net gain on hedge of net investment	-	-	-	-	-	-10,544	-	-	-10,544
Movement on investment hedge net of deferred tax	-	-	-	-	-	328	-	-	328
Net profit per income statement	-	-	-	-	-	-	43,027	-304	42,723
Losses on available for sale financial assets	-	-	-	-	-	-1,684	-	-	-1,684
Share Capital increase due to share options exercised	-	-	-	-	472	-	-	-	472
Balance at 31 March 2006 - adjusted	153,522	-	22,133	15,138	1,203	378,023	384,568	16,076	970,663
Balance at 1 January 2007	153,832	-502	22,724	15,138	3,519	373,923	511,555	20,170	1,100,359
Exchange gains / (losses) on translation of financial statements of foreign operation	-	-	-	-	-	-6,590	-	-	-6,590
Treasury shares purchased	-	-786	-	-	-	-	-	-	-786
Net profit per income statement	-	-	-	-	-	-	50,734	530	51,264
Share Capital increase due to share options exercised	-	-	-	-	-	629	-	-	629
Balance at 31 March 2007	153,832	-1,288	22,724	15,138	3,519	367,962	562,289	20,700	1,144,876
Company	Ordinary shares	Treasury shares	Share Premium	Preferred Ordinary shares	Share Options	Reserves	Retained earnings	Total	
Balance at 1 January 2006 as previously reported	153,522	-	22,133	15,138	731	458,573	20,445	670,542	
<i>Dividend declared for fiscal year 2005</i>	-	-	-	-	-	-	50,598	50,598	
<i>Balance at 1 January 2006 - as adjusted according to I.A.S. 10</i>	153,522	-	22,133	15,138	731	458,573	71,043	721,140	
Net gain on hedge of net investment	-	-	-	-	-	328	-	328	
Net profit per income statement	-	-	-	-	-	-	18,778	18,778	
Share Capital increase due to share options exercised	-	-	-	-	472	-	-	472	
Balance at 31 March 2006 - adjusted	153,522	-	22,133	15,138	1,203	458,901	89,821	740,718	
Balance at 1 January 2007	153,832	-502	22,724	15,138	3,519	503,366	83,798	781,875	
Treasury shares purchased	-	-786	-	-	-	-	-	-786	
Net profit per income statement	-	-	-	-	-	-	27,980	27,980	
Share Capital increase due to share options exercised	-	-	-	-	629	-	-	629	
Balance at 31 March 2007	153,832	-1,288	22,724	15,138	4,148	503,366	111,778	809,698	

Condensed Cash Flow Statement for the first quarter*(Amounts in € thousand)*

	Group		Company	
	1/1 -31/3/2007	1/1-31/3/2006	1/1 -31/3/2007	1/1-31/3/2006
Cash flows from operating activities				
Profits before taxes	62,685	58,889	35,841	25,442
<i>Adjustments for:</i>				
Depreciation	21,032	18,514	2,591	2,653
Provisions	1,794	4,630	723	993
Exchange differences	-515	-1,572	-200	-1,354
Income from participations & investments	-12	-2,145	-	-24
Interest expense	5,665	6,459	599	1,446
Other non cash flow items	429	601	460	322
Operating profit before changes in working capital	91,078	85,376	40,014	29,478
Decrease/(increase) in inventories	462	-7,707	3,405	2,049
(Increase)/decrease in trade and other receivables	-6,914	299	-21,533	16,343
Decrease/(increase) in operating long-term receivables	2,411	-861	-8	-8
(Decrease)/increase in trade payables (excluding banks)	-3,165	4,699	484	-2,635
Cash generated from operations	83,872	81,806	22,362	45,227
Taxation paid	-5,715	-11,205	-90	-91
<i>Net cash flows from operating activities</i>	78,157	70,601	22,272	45,136
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash	-218,340	-12,505	-	-156
Purchase of tangible and intangible assets	-51,287	-31,957	-3,157	-5,475
Proceeds from the sale of property, plant and equipment	486	415	50	280
Proceeds from dividends	5	29	84	330
Proceeds from sale of available-for-sale financial assets	78	4,269	-	195
Purchase of available-for-sale financial assets	-	-1,823	-	-
Interest received	1,574	778	26	47
<i>Net cash flows from investing activities</i>	-267,484	-40,794	-2,997	-4,779
Net cash flows after investing activities	-189,327	29,807	19,275	40,357
Cash flows from financing activities				
Treasury shares purchased	-786	-	-786	-
Government grants received	26	-	26	-
Interest paid	-7,379	-7,524	-625	-1,494
Dividends paid	-5	-100	-3	-100
Proceeds from borrowings	314,035	39,751	885	52
Payments of borrowings	-103,616	-31,499	-11,442	-15,439
<i>Net cash flows from financing activities</i>	202,275	628	-11,945	-16,981
Net increase in cash and cash equivalents	12,948	30,435	7,330	23,376
Cash and cash equivalents at beginning of the period	138,027	95,142	28	17
Effects of exchange rate changes	-283	-737	-	-
<i>Cash and cash equivalents at end of the period</i>	150,692	124,840	7,358	23,393

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Notes to the Financial Statements

1. General information and summary of significant accounting policies

General information

TITAN CEMENT S.A. (the Company) and, its subsidiaries, joint ventures and associates (collectively the Group) are engaged in the production, trade and distribution of a wide range of construction materials, from aggregates, cement, concrete, cement blocks, dry mortars 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 interim financial statements have been approved for issue by the Board of Directors on 3 May 2007.

Summary of significant accounting policies

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

A. Basis of preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (I.F.R.S.), including the International Accounting Standards (IAS) and issued Interpretations by International Financial Reporting Interpretations Committee (IFRIC), as they have been adopted by the European Union, as well as the International Financial Reporting Standards (I.F.R.S.) issued by International Accounting Standards Board (IASB).

All IFRS issued by the IASB, which apply to the preparation of these financial statements have been accepted by the European Council following an approval process undertaken by European Commission ("EC"), except for IAS 39 "Financial Instruments: Recognition and Measurement". Following this process and as a result of representations made by the Accounting Regulatory Committee of the European Council, the latter issued the Directives 2086/2004 and 1864/2005 that require the application of IAS 39 by all listed companies with effect from the 1st January 2005, except for specific sections that relate to hedging of deposit portfolios.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (I.F.R.S.), as issued by IASB and they have been adopted by the European Union. The Group is not affected by the sections relating to hedging of deposit portfolios, as stated in IAS 39.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain equity investments, investment property, and derivative instruments (comprising forward exchange

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contracts) at fair value through profit or loss.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Significant accounting estimates and judgments on page 23.

New standards, interpretations and amendments to published standards

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for financial years beginning on or after 1 January 2007. Management's estimation of the impact of these new standards, interpretations and amendments is as follows:

– IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements Capital Disclosures (*effective for financial years beginning on or after 1 January 2007*)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

- IFRS 8, Operating Segments (*effective for financial years beginning on or after 1 January 2009*)

IFRS 8 replaces IAS 14 *Segment Reporting* and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is in the process of assessing the impact this new standard will have on its financial statements. This Standard has not yet been endorsed by the EU.

- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (*effective for financial years beginning on or after 1 March 2006*)

IFRIC 7 requires entities to apply *IAS 29 Financial Reporting in Hyperinflationary Economies* in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency, as if the economy had always been hyperinflationary.

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IFRIC 7 is not relevant to the Group's operations.

- **IFRIC 8, Scope of IFRS 2** (effective for financial years beginning on or after 1 May 2006).

IFRIC 8 clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given.

IFRIC 8 is not relevant to the Group's operations.

- **IFRIC 9, Reassessment of Embedded Derivatives** (*effective for financial years beginning on or after 1 June 2006*)

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.

IFRIC 9 is not relevant to the Group's operations.

- **IFRIC 10, Interim Financial Reporting and Impairment** (*effective for financial years beginning on or after 1 November 2006*).

This Interpretation may have an impact on the financial statements should any impairment losses be recognised in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements. This Interpretation has not yet been endorsed by the EU.

- **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-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.

IFRIC 11 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

- **IFRIC 12, Service Concession Arrangements** (*effective for financial years beginning on or after 1 January 2008*)

The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset.

IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

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Notes to the Financial Statements

B. Consolidation

(1) 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. 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. Note F outlines the accounting policy on goodwill.

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 changed 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 to 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.

(2) 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

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impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been changed 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.

(3) 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 in 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 reserves is recognised in 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 (net of accumulated amortisation) 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 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.

C. Foreign currency translation

(1) 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 of the Group.

(2) 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.

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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.

(3) 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 resulting exchange differences are recognised as a separate component of equity.
- On the disposal of a foreign operation, the cumulative exchange differences relating to that particular foreign operation, deferred in the separate component of 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 the net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to shareholders' 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.

D. 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 S – Environmental rehabilitation costs.) 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 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

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* (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 G – Impairment of assets)

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.

E. 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 investments and carried at fair value, representing open market value determined internally on an annual basis, by management. Changes in fair values are recorded in net income and are included in other operating income.

F. Intangible assets

(1) 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. Each of those cash-generating units represents the Group's investment.

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 income immediately.

Titan Cement Company S.A.

Notes to the Financial Statements

(2) 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.

(3) Other intangible assets

Patents, trademarks and licences 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.

G. Impairment of assets

Assets that have an indefinite useful life(land) 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 less costs to sell and value in use. Assets are grouped at the lowest levels.

H. 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.

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Notes to the Financial Statements

I. 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 the period in which the write-downs or losses occur.

J. 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 the income statement.

K. 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.

L. Share capital

- (1) 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.
- (2) Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.
- (3) 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.

M. 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.

Notes to the Financial Statements

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.

N. 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 charge from income tax consists in 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 is it probable that taxable profits 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 by 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 dealt with in equity.

O. Employee benefits

(1) 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.

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Notes to the Financial Statements

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 over the remaining time of active duty and are included in net pension cost for the year, are charged or credited to income 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.

(2) 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 terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide 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.

(3) 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.

Titan Cement Company S.A.

Notes to 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.

(4) 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 scheme) 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 scheme 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 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 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.

P. 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 non-current liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Q. 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.

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Notes to the Financial Statements

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.

R. Environmental restoration costs

Group companies are generally required to restore quarries at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies and standards.

In the USA, costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred and are recognised as a separate asset, within property, plant and equipment, and a corresponding liability. The capitalised 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. In Greece, costs associated with the rehabilitation of quarries and mines are expensed on an annual basis with relevant effect in income statement.

S. 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.

T. Dividends

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

U. Segment reporting

Geographical 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 segments provide products or services that are subject to risks and returns that are different from those of other business segments.

V. CO₂ Emission rights

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Notes to the Financial Statements

Emission rights are accounted 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.

2. Financial Risk Management

A. Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

Risk management is carried out by a central treasury department (The Corporate Treasury Department) which operates as a service department that provides services to all businesses within the Group, co-ordinates access to both domestic and international financial markets and manages the financial risks relating to the Group's operations. This includes identifying, evaluating and if necessary, hedging financial risks in close co-operation with the various entities within the Group. The Corporate Treasury Department does not undertake any transactions of a speculative nature or which are unrelated to the Group's trading activities.

The Group's financial instruments consist mainly of deposits with banks, bank overdrafts, money market instruments, trade accounts receivable and payable, loans to and from subsidiaries, associates, joint ventures, equity investments, dividends payable and lease obligations.

(1) Foreign exchange risk

The Group operates internationally and undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The Group has potential currency exposures in respect of items denominated in foreign currencies comprising transactional exposure in terms of imports and exports incurred in currencies other than the Euro and in respect of investments in overseas operations.

Exposures are managed through the use of natural hedges as well as forward exchange contracts. It is the policy of the Group to use as natural hedges any material foreign currency loans against underlying investments in foreign subsidiaries whose net assets are exposed to currency translation risk, when possible. Hence currency exposure to the net assets of the Group's subsidiaries in the United States of America is managed primarily through borrowings denominated in US Dollars. In other markets where the Group operates, such as Egypt and certain Balkan countries the Group assesses the financing needs of the business and where possible matches the currency of financing with the underlying asset exposure.

Notes to the Financial Statements

The exception to this is Egypt where the Group has an asset exposure in Egyptian pounds and a financing obligation in Japanese Yen. The Group has determined that the cost of refinancing the Yen obligation to Egyptian pounds is prohibitive. For a more effective management of this exposure, the Yen obligation has been switched to US Dollars through forward exchange contracts.

(2) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to interest rate risk on liabilities and investments is monitored on a proactive basis. In order to mitigate interest rate risk, the financing of the Group is structured on a pre-determined combination of fixed and floating interest rates. Interest rate derivatives may occasionally be used, if deemed necessary, to change the abovementioned combination.

It is the policy of the Group to continuously review interest rate trends and the tenure of financing needs. In this respect, decisions are made on an individual basis as to the term and fixed versus floating cost of a loan.

Consequently, all short term borrowings are entered into at floating rates. Medium and long-term facilities are normally entered into at fixed interest rates. This provides the Group the ability to avoid significant fluctuation in interest rate movements.

(3) Credit risk

The Group has no significant concentrations of credit risk. Trade accounts receivable consist mainly of a large, widespread customer base. All Group companies monitor the financial position of their debtors on an ongoing basis.

Where considered appropriate, credit guarantee insurance cover is purchased. The granting of credit is controlled by application and account limits. Appropriate provision for impairment losses is made for specific credit risks and at the year-end management did not consider the existence of any material credit risk exposure that was not already covered by credit guarantee insurance or a doubtful debt provision.

The Group also has potential risk exposure on cash and cash equivalents, investments and derivative contracts. The Group minimises its counterparty exposure arising from money market and derivative instruments by dealing only with well-established financial institutions of high credit standing. The Group has policies in place to limit the amount of credit exposure to any one financial institution.

(4) Liquidity risk

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business.

Notes to the Financial Statements

The Group manages liquidity risk by proper management of working capital and cash flows. This is done by monitoring forecast cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn call/demand borrowing facilities that could be utilised to fund any potential shortfall in cash resources.

B. Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently 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 the net profit or loss 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 profit or loss.

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 equity. 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 net profit or loss 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 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 equity. Gain or loss relating to the ineffective portion is recognised immediately 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 equity.

Notes to the Financial Statements

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 hedge inception and on an ongoing basis, of whether the derivatives 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.

C. Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. When use of interest rate swaps is made, the fair value is calculated as the present value of the estimated future cash flows.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

3. 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.

A. Estimated impairment of goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.F. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates referred below.

If the actual gross margin had been higher or the pre-tax discounted rate lower than management's estimates, the Group would not be able to reverse any impairment losses that arose on goodwill.

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Notes to the Financial Statements

B. 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.

C. 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.D.

4. Segment information

(Amounts in € thousand)

For the Period 1/1 - 31/3	Greece and Western Europe		North America		South Eastern Europe		Eastern Mediterranean		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Turnover	153,828	115,877	135,147	183,996	37,801	20,964	15,368	14,167	342,144	335,004
Gross profit before depreciation & amortization	60,314	44,018	31,532	50,635	18,078	5,063	8,518	7,659	118,442	107,375
Earnings before interest, taxes, and depreciation	47,186	32,331	18,266	38,180	15,864	2,952	7,593	6,868	88,909	80,331
Earnings before interest and taxes	43,508	28,877	5,461	27,615	13,356	720	5,552	4,605	67,877	61,817

	Greece and Western Europe		North America		South Eastern Europe		Eastern Mediterranean		Total	
	31/3/07	31/12/06	31/3/07	31/12/06	31/3/07	31/12/06	31/3/07	31/12/06	31/3/07	31/12/06
Capital expenditure ⁽¹⁾	6,936	36,061	34,710	88,052	8,751	32,530	890	3,070	51,287	159,713
Total assets	613,818	580,746	1,123,016	906,965	352,511	346,755	147,978	142,146	2,237,323	1,976,612
Total liabilities	249,181	241,681	747,031	529,707	36,892	34,760	59,343	70,105	1,092,447	876,253

⁽¹⁾ Capital expenditure for the 3months to 31.3.07 compared to expenditure for the 12month to 31.12.06

5. Principal subsidiaries and joint ventures

Subsidiary and joint venture name	Country of incorporation	Nature of business	% of direct investment	% of indirect investment
Full consolidation method				
Titan Cement S.A	Greece	Cement Producer		Parent company
Achaiki Maritime Company	Greece	Shipping	100.000	-
Aeolian Maritime Company	Greece	Shipping	100.000	-
Albacem S.A.	Greece	Import & Distribution of Cement	99.996	0.004
Betotechniki S.A.	Greece	Ready Mix	-	100.000
Dodekanesos Quarries S.A.	Greece	Quarries & Aggregates	-	100.000
Interbeton Construction Materials S.A.	Greece	Ready Mix & Aggregates	99.679	0.321
Intercement S.A.	Greece	Trading Company	99.950	0.050
Intertitan Trading International S.A.	Greece	Trading Company	99.995	0.005
Ionia S.A.	Greece	Porcelain	100.000	-
Lakmos S.A.	Greece	Trading Company	99.950	0.050
Lateem S.A.	Greece	Aggregates	-	100.000
Leecem S.A.	Greece	Trading Company	3.193	96.807
Leros Quarries S.A.	Greece	Quarries & Aggregates	-	100.000
Loukas Tsogas Beta S.A.	Greece	Ready Mix	-	100.000
Naftitan S.A.	Greece	Shipping	99.900	0.100
Polikos Maritime Company	Greece	Shipping	100.000	-
Quarries Corinthias S.A.	Greece	Quarries & Aggregates	-	100.000
Quarries Gournon S.A.	Greece	Quarries & Aggregates	54.930	45.070
Tagarades Community Quarries S.A.	Greece	Quarries & Aggregates	-	79.928
Titan Atlantic Cement Industrial and Commercial S.A.	Greece	Investment Holding Company	99.817	0.183
Titan Cement International Trading S.A.	Greece	Trading Company	99.800	0.200
Double W & Co OOD	Bulgaria	Port	-	99.989
Granitoid AD	Bulgaria	Trading Company	-	99.668
Gravel & Sand PIT AD	Bulgaria	Investment Holding Company	-	99.989
Zlatna Panega Beton EOOD	Bulgaria	Ready Mix	-	99.989
Zlatna Panega Cement AD	Bulgaria	Cement Producer	-	99.989
Fintitan SRL	Italy	Import & Distribution of Cement	100.000	-
Separation Technologies Canada Ltd	Canada	Converter of waste material into fly ash	-	100.000
Aemos Cement Ltd	Cyprus	Investment Holding Company	100.000	-
Alvacim Ltd	Cyprus	Investment Holding Company	-	100.000
Balkcem Ltd	Cyprus	Investment Holding Company	-	100.000
Iapetos Ltd	Cyprus	Investment Holding Company	100.000	-
Rea Cement Ltd	Cyprus	Investment Holding Company	-	100.000
Themis Holdings Ltd	Cyprus	Investment Holding Company	-	51.006
Tithys Ltd	Cyprus	Investment Holding Company	-	100.000
Separation Technologies U.K. Ltd	U.K	Converter of waste material into fly ash	-	100.000
Titan Cement U.K. Ltd	U.K	Import & Distribution of Cement	100.000	-
Central Concrete Supermix Inc.	U.S.A.	Ready Mix	-	100.000
Essex Cement Co. LLC	U.S.A.	Trading Company	-	100.000
Markfield America LLC	U.S.A.	Insurance Company	-	100.000
Metro Redi-Mix LLC	U.S.A.	Ready Mix	-	100.000
Miami Valley Ready Mix of Florida LLC	U.S.A.	Cement Producer	-	100.000
Pennsuco Cement Co. LLC	U.S.A.	Cement Producer	-	100.000
Roanoke Cement Co. LLC	U.S.A.	Ready Mix	-	100.000
S&W Ready Mix Concrete Co. Inc.	U.S.A.	Converter of waste material into fly ash	-	100.000
Separation Technologies LLC	U.S.A.	Trading Company	-	100.000
Standard Concrete LLC	U.S.A.	Ready Mix	-	100.000
Summit Ready-Mix LLC	U.S.A.	Cement Producer	-	100.000
Tarmac America LLC	U.S.A.	Ready Mix	-	100.000
Titan Virginia Ready Mix LLC	U.S.A.	Ready Mix	-	100.000
Titan America LLC	U.S.A.	Investment Holding Company	-	100.000
Jim Smith Contracting Co. LLC	U.S.A.	Quarries & Aggregates	-	100.000
Cumberland River Resources LLC	U.S.A.	Quarries & Aggregates	-	100.000
Cementara Kosjeric AD	Serbia & Montenegro	Cement Producer	-	74.280
Cement Plus LLC	F.Y.R.O.M	Trading Company	-	61.643
Usje Cementarnica AD	F.Y.R.O.M	Cement Producer	-	94.835
Titan Cement Netherlands	Holland	Investment Holding Company	-	100.000
Antea Cement SHA	Albania	Cement Producer	-	100.000
Proportionate consolidation method				
Alexandria Portland Cement Co. S.A.E	Egypt	Cement Producer	-	48.640
Beni Suef Cement Co.S.A.E.	Egypt	Cement Producer	-	49.932
Blue Circle Cement Egypt S.A.E.	Egypt	Cement Producer	-	48.490
Four M Titan Silo Co. LLC	Egypt	Cement Silo Operations	-	49.322
Misrieen Titan Trade & Distribution	Egypt	Cement Silo Operations	-	49.470
Balkan Cement Enterprises Ltd	Cyprus	Investment Holding Company	-	51.006
East Cement Trade Ltd	Cyprus	Investment Holding Company	-	50.000
Alexandria Development Co.Ltd	U.K. (Channel Islands)	Investment Holding Company	-	50.000
Lafarge Titan Egyptian Inv. Ltd	U.K. (Channel Islands)	Investment Holding Company	-	50.000
Equity consolidation method				
Karieri AD	Bulgaria	Quarries & Aggregates	-	48.711
Karierni Materiali AD	Bulgaria	Quarries & Aggregates	-	48.764
Mechanicsville Concrete INC.	U.S.A.	Ready Mix	-	49.000

Titan Cement Company S.A.

6. Fiscal years unaudited by the tax authorities

Titan Cement S.A	2002-2006	Markfield America LLC	2003-2006
Achaiki Maritime Company	2000-2006	Mechanicsville Concrete, Inc.	-
Aeolian Maritime Company	2000-2006	Metro Redi-Mix LLC	2006
Albacem S.A.	2003-2006	Miami Valley Ready Mix of Florida LLC	2006
Betotechniki S.A.	-	Pennsuco Cement Co LLC	2003-2006
Dodekanesos Quarries S.A.	2006	Roanoke Cement Co. LLC	2003-2006
Interbeton Construction Materials S.A.	2002-2006	Separation Technologies LLC	2003-2006
Intercement S.A.	2003-2006	Standard Concrete LLC	2003-2006
Intertitan Trading International S.A.	2000-2006	Summit Ready-Mix LLC	2006
Ionia S.A.	2006	Tarmac America LLC	2003-2006
Lakmos S.A.	2003-2006	Titan Virginia Ready Mix LLC	2003-2006
Lateem S.A.	-	Titan America LLC	2003-2006
Leecem S.A.	2003-2006	Separation Technologies Canada Ltd	2004-2006
Leros Quarries S.A.	2006	Cementara Kosjeric AD	2001-2006
Loukas Tsogas Beta S.A.	2006	Double W & Co OOD	2002-2006
Naftitan S.A.	2003-2006	Granitoid AD	2005-2006
Polikos Maritime Company	2001-2006	Gravel & Sand PIT AD	2002-2006
Quarries Corinthias S.A.	2005-2006	Zlatna Panega Beton EOOD	2002-2006
Quarries Gournon S.A.	2000-2006	Zlatna Panega Cement AD	2005-2006
Tagarades Community Quarries S.A.	2003-2006	Cement Plus LLC	2006
Titan Atlantic Cement Industrial and Commercial S.A.	2001-2006	Usje Cementarnica AD	2006
Titan Cement International Trading S.A.	2001-2006	Karieri AD	-
Aemos Cement Ltd	2002-2006	Karierni Materiali AD	-
Alvacim Ltd	2006	Titan Cement Netherlands	2006
Balkcem Ltd	2002-2006	Antea Cement SHA	2006
Iapetos Ltd	2002-2006	Alexandria Development Co.Ltd	(a)
Rea Cement Ltd	2004-2006	Alexandria Portland Cement Co. S.A.E	2004-2006
Tithys Ltd	2003-2006	Balkan Cement Enterprises Ltd	2003-2006
Themis Holdings Ltd	2004-2006	Beni Suef Cement Co.S.A.E.	2004-2006
Fintitan SRL	(a)	Blue Circle Cement Egypt S.A.E.	(a)
Separation Technologies U.K. Ltd	(a)	East Cement Trade Ltd	2003-2006
Titan Cement U.K. Ltd	(a)	Four M Titan Silo Co. LLC	2001-2006
Central Concrete Supermix Inc.	2006	Lafarge Titan Egyptian Inv. Ltd	(a)
Essex Cement Co. LLC	2003-2006	Misrieen Titan Trade & Distribution	2005-2006

(a) Under special tax status

* Under liquidation

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 31.12.2006.

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 6,275 (31.3.2006 5,689), Parent Company 1,098 (31.3.2006 1,123).

10. Capital expenditure and disposals

Capital expenditure for the first quarter 2007, not including fixed assets acquired through a business combination, amounted to: Group € 51.3 m (31.3.2006 € 32.0 m), Parent Company € 3.2 m (31.3.2006 € 5.5 m). Assets with a net book value of € 0.7 m have been disposed of by the Group during the three months ended 31 March 2007 (2006: € 0.4 m), resulting in a net loss € 0.2m (2006: gain € 0.02 m).

11. Earnings per share

Earnings per share have been calculated on the total weighted average number of shares (i.e. ordinary and preferred).

12. Related Party Transactions

Intercompany transactions for the first nine months of 2006 and intercompany balances as of 31 March 2007, according to I.A.S. 24 are as follows

Amounts in € thousand

	Group	Company
a) Sales of goods and services	5	29,232
b) Purchases of goods and services	251	7,207
c) Receivables from related parties	8	37,000
c) Payables to related parties	151	6,570
e) Key management compensations	1,186	1,139
f) Receivables from key management	35	35
g) Payables to key management included in above	592	592

13. Treasury shares purchased

According to article 16 of Greek Law 2190/1920 and the resolution approved by the Annual General Meeting of May 23, 2006 the Company acquired 20,000 of its own common shares during the period 14-20.3.2007. The total consideration was € 786,812.50. The shares are held as treasury shares and have been deducted from the Shareholder Equity.

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

The following significant movements have occurred between the periods presented in these financial statements.

Non current assets have increased by € 238 m due to capital expenditure and to acquisition of new subsidiaries in U.S.A. (note 16).

The increase of trade receivables is in line with the increase of Group turnover.

The increase of borrowings by € 209.9 m relates to the financing of new acquisitions.

Gross profit has increased due to the growth of sales along with the reduction of cost of sales.

The variance in income from participations and investments is due to the disposal of available for sale investments in 2006.

15. Contingencies

Contingent liabilities

<i>(all amounts in Euro thousands)</i>	Group		Company	
	31/3/2007	31/3/2006	31/3/2007	31/3/2006
Guarantees to third parties on behalf of subsidiaries	90,999	78,794	633,374	387,386
Bank guarantee letters	49,367	31,989	17,423	30,698
Other	13,463	7,262	6,226	5,874
	153,829	118,045	657,023	423,958

On March 22, 2006, the United States District Court Judge Hoeverler of the Southern District of Florida ruled that the mining permits for the Lake Belt region of Florida had been improperly issued. The Judge remanded the permitting process to the U.S. Army Corps of Engineers for further review and consideration. The Judge's ruling affects most of the twelve mining permits issued for Florida's Lake Belt region. We hold three of the twelve permits and the quarries are one of the sources of supply of limestone for our Pennsuco plant and aggregates operation. We believe that the permits issued by the Corps of Engineers were properly issued and therefore we are seeking re-issuance of the permits.

To date mining has been unaffected pending the outcome of a hearing which began in June, 2006 and ended January 2007, on a claim seeking the temporary mining shutdown in the region pending the outcome of the reassessment of the environmental impact being prepared by the Army Corps of Engineers. The Judge has not issued as yet, any rulings as to the remedy he intends to order at the conclusion of these proceedings. The impact of this ruling on our operations and future results is largely dependent on whether mining will be allowed to continue pending reconsideration of the permit by the Corps of Engineers. We are developing contingency plans in the event of a temporary or permanent mining shutdown ruling of the Judge, which we intend to appeal. However, it should be noted that either a temporary or permanent mining shutdown in the region could have a significant adverse affect on the buildings materials industry and economy in Southern Florida and the Group's financial results.

As part of the Kyoto Protocol, the European Union has committed itself to reduce greenhouse gas emissions. Within this context a Community Directive was issued that foresees the commercialisation of CO₂ emission licences. The directive has been transposed to Greek Legislation, impacting amongst other industries the cement industry. The Company has been made aware of its allocation, from 1 January 2005 through 31 December 2007, in terms of the National Allocation Plan for CO₂ emissions. In the event that the allocated amount will be lower than the Company's present emissions, the Company will incur costs for either having to acquire emission rights or via an investment in equipment that reduces the emission of the gas. Presently the Company believes that it will not incur such an obligation.

The Company has not been tax audited for the years 2002 to 2006. In addition, the Group's subsidiaries have not been audited for the financial years mentioned in note 6, therefore their tax obligations have not been finalized. In potential future tax audit, the tax authorities may reject certain expenses, increasing in this way the Company's and the Group's subsidiaries taxable income, by imposing additional taxes, fines and accessions. At the present time it is not possible to define with accuracy the level of the additional taxes and fines which may possibly be imposed, as it depends to the findings of the tax audit.

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)

	Group		Company	
	31/3/2007	31/3/2006	31/3/2007	31/3/2006
Bank guarantee letters	12,197	11,291	12,197	11,291
	12,197	11,291	12,197	11,291

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 € 2,663,375.40 plus interest. The ruling was overturned in the Court of Appeal and will be heard by a higher court.

16. Acquisitions of subsidiaries

On 12.1.2007 the Group announced the acquisition of 100% of Betotechniki S.A. and on 27.3.2007 acquired 100% of Double W & Co OOD established in Rousse, Bulgaria. The above companies were fully incorporated in the consolidated financial statements at their acquisition date. The assets and liabilities of the above mentioned companies, as they were preliminary recorded at the date of acquisition, are as follows:

<i>(Amount in € 000s)</i>	<u>Total</u>
<u>Assets</u>	
Property, plant and equipment	569
Inventories	44
Receivables and Prepayments	3,821
Cash & cash equivalents	<u>271</u>
Total assets	<u>4,705</u>
<u>Liabilities</u>	
Other liabilities and taxes	<u>4,730</u>
Total liabilities	<u>4,730</u>
Fair value of net assets	-25
Goodwill arising on acquisition	<u>4,468</u>
Total	<u>4,443</u>
Composed of:	
Cash and cash equivalents of acquired subsidiary	271
Net cash outflow for acquisition of subsidiaries	<u>-4,443</u>
Net cash outflow	<u>-4,172</u>
Plus cash paid for acquisition of associated companies	<u>-940</u>
Total cash outflow	<u>-5,112</u>

During the first quarter, the Group acquired an extra 24% of the equity of Mechanicsville Concrete Inc. (Powhatan Ready Mix), increasing the Group's participation to 49%. The above company was incorporated in the financial statements with the equity method. The amount paid was € 940 thousands (\$ 1,251 thousands).

On 23.3.2007, the Group acquired 100% of S&W Ready Mix Concrete Co Inc., South Carolina U.S.A. and on 30.3.2007 acquired 100% of Jim Smith Contracting Company LLC and Cumberland River Resources LLC, Kentucky U.S.A., the owners of the "Cumberland" quarry in Kentucky Tennessee. The amount paid till 31.3.2007 was € 213,227 thousands (\$ 283,976 thousands). The above mentioned companies will be incorporated in the consolidated financial statements of the second quarter.

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

17. Post balance sheet events

On 10.4.2007 the Group, announced that it has signed an agreement to purchase the outstanding shares of Mechanicsville Concrete Inc. (Powhatan Ready Mix), which currently operates in the Greater Richmond (Virginia) market. The company will be fully incorporated in the Group's financial statements after its anticipated purchase in May. This acquisition is not expected to materially affect Titan Group financial statements.

A new subsidiary, Titan Global Finance PLC, was established in Hull U.K., in April 2007. On April 27th Titan Global Finance PLC, announced the closing, in London, with financial institutions, of a syndicated multicurrency 5 year revolving credit facility agreement of up to € 800,000,000 or its optional currency equivalent, under the guarantee of Titan Cement Company S.A.. The amount of the credit facility shall be used for general corporate purposes of the Group.

18. Principal exchange rates

Balance sheet	31/3/2007	31/12/2006	31/3/2007 vs 31/12/2006
€1 = USD	1.33	1.32	-1.1%
€1 = EGP	7.59	7.52	-0.9%
1USD=EGP	5.70	5.74	0.8%
€1 = RSD	81.57	79.00	-3.3%
1USD = JPY	118.13	116.24	-1.6%
Profit and loss	Ave 3M 07	Ave 3M 06	Ave 3M 07 vs 3M 06
€1 = USD	1.32	1.20	-9.4%
€1 = EGP	7.50	6.90	-8.7%
1USD=EGP	5.70	5.74	0.6%
€1 = RSD	80.19	87.13	8.0%
1USD = JPY	119.32	117.11	-1.9%