

SOUTH EASTERN EUROPE

Performance in the region of South Eastern Europe was strong in 2010. The expansion initiatives undertaken by the Group in Albania and Kosovo more than offset depressed levels of demand in our traditional markets. Turnover increased by 10% to €236 million, while EBITDA increased by 17% to €87 million.

BULGARIA

Following a sharp decline in 2009 due to the financial crisis and liquidity problems, Bulgaria's GDP recorded 0.2% growth in 2010, while inflation, following the global upward trend of fuel, energy, food and commodities prices, rose to an estimated 4.5%.

Cement consumption continued to contract in 2010 with an estimated drop of about 25% year on year. At the same time, imports from Turkey gained pace and, combined with depressed demand resulted in further price erosion.

Despite the adverse market conditions of the construction sector, our ready-mix concrete business performed well and sales significantly increased compared to last year. Zlatna Panega Beton focused mostly on big projects in the country, both private investments and infrastructure projects.

Driven by the Group's commitment to reduce its environmental footprint, the Zlatna Panega cement plant commenced in 2010 the construction of an installation for the use of alternative fuels. The completion of the project is scheduled for mid-2011. The project targets the partial replacement of the main conventional solid fuels with alternative fuels.

Cement volume growth was driven by the start-up of the new cement plant of Antea in Albania and the acquisition of the cement plant in Kosovo. Sales in our traditional markets were affected by the economic crisis and margins came under pressure in most of them.

F.Y.R. of MACEDONIA

Economic activity in the Former Yugoslav Republic of Macedonia improved in the second half of the year and GDP posted a marginal increase of about 0.7% in 2010.

The construction sector, however, declined and cement consumption in the country decreased by an estimated 5% during the year. Cement import flows continued unabated and impacted local prices negatively. Cement exports from our Usje cement plant to neighbouring countries partially offset the decline of the market.

At the same time, our ready-mix concrete and aggregates business grew in volume, albeit within a very competitive environment in terms of pricing.

Endeavouring to minimize our environmental and social footprint, our Usje cement plant concluded its International Plant Protection Convention (IPPC) license negotiations with the local authorities. The process included a public consultation and improved performance on Health and Safety. Within this framework, during the year, Usje also organised the first local Stakeholders Engagement Forum in the country.

SOUTH EASTERN EUROPE -2010	BULGARIA	FYROM	SERBIA	ALBANIA
GDP (real growth rate)	0.2%	0.7%	1.8%	3.5%
Population (million)	7.4	2.1	7.3	3.2
Inflation	4.5%	1.6%	10.3%	3.5%
Cement Consumption (million tons)	2.3	0.7	1.9	1.9

SOURCE : Local State Authorities, IMF, Company estimates



Inauguration of Antea cement plant, Albania

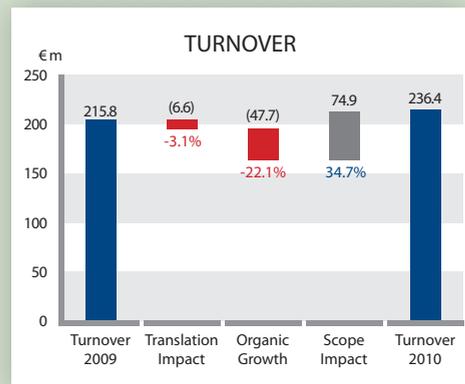
SERBIA

During 2010, the Serbian economy showed the first positive signs of recovery, recording GDP growth of 1.8%. At the same time, however, other key macroeconomic indicators, such as high inflation and the 10% devaluation of the local currency during 2010, continued to fuel uncertainty about the sustainability of economic growth. In the field of politics, most of the actions taken during the year targeted the achievement of EU status during 2011.

In 2010, construction activity in Serbia followed the negative trend observed in 2009, although at a slower pace. The decline of cement consumption during the year is estimated at about 10%. Similar trends prevailed in the neighboring market of Montenegro, where however export volume sales from our plant, TITAN Cementara Kosjeric, increased.

Investments to improve environmental performance continued in 2010 with the completion of various projects, such as the installation of a waste-water treatment facility and the improvement of the raw material storage areas.

Strengthening its commitment to corporate social responsibility, TITAN Cementara Kosjeric acquired certification according to ISO 14001 for environmental management and ISO 18001 for safety at work.

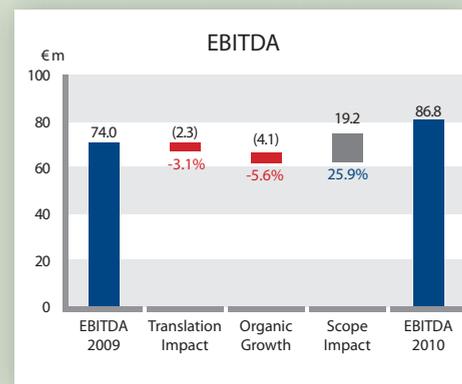


ALBANIA

The Albanian economy recorded 3.5% growth in 2010; however, construction activity receded from the high 2009 levels. Local cement demand declined mainly due to lower public spending on infrastructure projects. Although the country was not significantly impacted by the international financial crisis, efforts from the government to reduce the State deficit, combined with the slowdown of remittances from abroad, have led to reduced construction activity.

The new greenfield cement plant of 1.5 million tons annual capacity in the area of Boka e Kuge, close to Tirana, started operations at the beginning of the year on schedule and within budget. By April 2010, all deliveries to the Albanian cement market were performed directly by the Antea plant, as opposed to imports. The plant start up and early operation were exceptionally smooth and the year closed with high capacity utilization. Despite reduced local cement consumption and high volumes of imported cement to the country, TITAN managed to maintain sales volumes and to be recognized in the market as a top quality local producer.

Additionally, TITAN managed to export almost half of the Albanian production to markets in the Mediterranean, turning the country into a net exporter of cement for the first time.



KOSOVO

In 2010, TITAN Group announced the signing of a definitive agreement with the Privatization Agency of Kosovo for the purchase, through TITAN's affiliate "Sharr Beteiligungs GmbH" of the Sharr cement plant. The plant, with a rated capacity of 600.000 tons per annum, was already under TITAN management under a lease agreement. The acquisition in Kosovo complements and expands the regional cluster of TITAN's operations in South Eastern Europe and follows its governing objective to grow as a multi-regional building materials producer.

"We have always shown that our actions are consistent with our promises. We are committed to be a paradigm of best practices in the country and this is what we are going to do."

General manager of Antea, speech at the inauguration ceremony

The Antea plant is located in the Boka e Kuge region of Albania and represents an investment of €200 million, the largest private investment in Albania. It has an annual production capacity of 1.5 million tons of cement and seeks to meet the needs of the Albanian market, with spare capacity to cater for exports and for the future growth of the market. Apart from the TITAN Group, which holds 60%, the other shareholders are the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation of the World Bank.

The new plant is one of the largest in the sector in South-Eastern Europe. The technology used in cement production is among the most advanced and most sensitive in terms of sustainable development, setting new international standards.

The plant produces high-quality cement to international specifications. The TITAN Group implements integrated management systems for health and safety in the workplace. The Group requires of suppliers and contractors responsible operation and management of social responsibility (SA8000), as well as environmental protection (ISO 14001).

