RISKS AND UNCERTAINTIES

The Group is exposed to risks and uncertainties due to the nature of its operations and its geographic exposure which could affect the normal course of business and financial performance.

The primary objective of the Group's Board of Directors and management is to ensure, through the application of proper risk management systems, that potential risks are identified on time and dealt with appropriately.

It should be noted, nevertheless, that any risk management system and policy thereof, can only by nature of the concept of 'risk' itself, provide a relative and never an absolute safeguard since they are designed to limit the occurrence and minimize the impact of 'risks' rather than eliminate them.

The most important risks the Group faces and the policies adopted to counter them are reported here after.

FINANCIAL RISKS:

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

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

Liquidity Risk: Prudent liquidity management is achieved by employing a suitable mix of liquid cash assets and approved bank credit facilities. The Group manages the risks which could arise from the lack of adequate liquidity by ensuring that there are always committed bank credit facilities in place ready for use. Existing approved unutilised bank credit lines available to the Group are adequate to address any possible shortfall in cash assets. As at the end of 2010, the ratio of the aggregate of long term committed un-utilised facilities and cash over one year debt was 5.8.

Interest rate risk: The fact that 28% of total Group debt is based on fixed, pre-agreed interest rates and an additional 61% is based on pre-agreed interest rate spreads means that the impact of changes in liquidity on money supply, on P&L and on cash flows from the Group's operating activities is small. This is demonstrated in the sensitivity analysis below:

Exposure to interest rate risk from liabilities and investments is monitored by making forecasts. Group financing has developed in line with a pre-determined combination of fixed and floating rates to ameliorate the risk of a change in interest rates. The ratio of fixed to floating rates of the Group's net borrowings is determined by market conditions, Group strategy and financing requirements. Occasionally interest rate derivatives may also be used, but solely to ameliorate the relevant risk and to shift the aforementioned combination of fixed/floating rates, if that is considered necessary. During 2010, the Group had outstanding vanilla interest rate swaps that mature in November 2014. Using these derivatives, fixed interest rates now account for 32% of total Group borrowing.

According to Group policy, interest rate trends and the duration of the Group's financing needs are monitored on a forward looking basis. Consequently, decisions about the duration and the mix between fixed and floating rate debt are taken on an ad-hoc basis. As a result, all short-term loans have been concluded with floating rates. Medium to long-term loans have been concluded partly with fixed and partly with floating rates.

Sensitivity Analysis of Group's Borrowings due to Interest Rate Changes

(all amounts in Euro thousands)		Interest Rate Variation	Effect on profit before tax
Year ended 31 December 2010	EUR	1.0%	-3,932
		-1.0%	3,932
	USD	1.0%	-1,890
		-1.0%	1,890
	GBP	1.0%	-
		-1.0%	-
	BGN	1.0%	-270
		-1.0%	270
	EGP	1.0%	-
		-1.0%	-
	ALL		-40
			40
Year ended 31 December 2009	EUR	1.0%	-5,116
		-1.0%	5,116
	USD	1.0%	-1,520
		-1.0%	1,520
	GBP	1.0%	-
		-1.0%	-
	BGN	1.0%	-313
		-1.0%	313
	EGP	1.0%	-205
		-1.0%	205

Note: Table above excludes the positive impact of interest received from deposits.

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

FX risks are managed using natural hedges and FX forwards. Group policy is to use borrowing in the relevant currency (where feasible) as a natural hedge for investments in foreign subsidiaries whose equity is exposed to FX conversion risk. Thus, the FX risk for the equity of Group subsidiaries in the USA is partially hedged by concluding dollar-denominated loans. Via the 2007 syndicated facility, Titan Global Finance Plc, the Group's funding and cash management vehicle, had granted a US Dollar denominated loan to Titan America LLC. This loan creates no FX exposure in consolidated P&L, as any gains/ losses from the revaluation of the loan are recorded in equity and they are offset by losses/ gains from the revaluation of US equity.

In other markets where the Group operates, company financing needs are evaluated, and where feasible, financing is obtained in the same currency as the assets being financed. Exceptions to this are Turkey, Egypt and Albania, where Group investments are in Turkish Liras, Egyptian Pounds and Albanian Lek, whereas part of the financing is in Euro in Turkey and Albania, and in Yen in Egypt. The Group has decided that the cost of refinancing its liabilities from Euro to Turkish Liras and Albanian Lek and from Yen to Egyptian Pounds is not financially attractive for the time being. This issue is re-examined at regular intervals. During 2009, Titan Global Finance Plc had granted a Euro loan to Titan America LLC. The loan principal has been hedged via FX forward contracts for the same amount and tenor so that FX gains/ losses on the revaluation of the principal, do not impact Titan America LLC and Consolidated P&L.

The table below refers to the sensitivity analysis of foreign exchange volatility to profit before tax and net assets.

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

When considered necessary, additional collateral is requested to secure credit. Provisions for impairment losses are made for special credit risks. As at the end of 2010, it is deemed that there are no significant credit risks which are not already covered by insurance as a guarantee for the credit extended or by a provision for doubtful receivables.

Credit risk arising from counterparties' inability to meet their obligations towards the Group as regards cash and cash equivalents, investments and derivatives, is mitigated by pre-set limits on the degree of exposure to each individual financial institution. These pre- set limits are part of policies that are approved by the Board of Directors and monitored on a regular basis.

Sensitivity Analysis in Foreign Exchange Rate Changes

(all amounts in Euro thousands)	Foreign Currency	Increase/ Decrease of Foreign Currency vs. €	Effect on Profit Before Tax	Effect on equity
Year ended 31 December 2010	USD	5%	-4,291	30,141
		-5%	3,882	-27,270
	RSD	5%	1,010	2,393
		-5%	-913	-2,165
	EGP	5%	6,285	26,900
		-5%	-5,686	-24,338
	GBP	5%	-	140
		-5%	-	-127
	TRY	5%	269	1,099
		-5%	-244	-994
	ALL	5%	-3	2,334
		-5%	3	-2,111
Year ended 31 December 2009	USD	5%	-1,884	30,526
		-5%	1,704	-27,619
	RSD	5%	1,017	2,633
		-5%	-920	-2,382
	EGP	5%	3,572	26,194
		-5%	-3,323	-23,699
	GBP	5%	45	442
		-5%	-41	-400
	TRY	5%	-40	828
		-5%	37	-749
	ALL	5%	-500	2,419
		-5%	452	-2,188

Note: a) Calculation of "Effect on Profit before tax" is based on year average FX rates; calculation of "Effect on Equity" is based on year end FX rate changes b) The above sensitivity analysis is used on floating currencies and not on fixed.

ECONOMIC CONTEXT:

The continuing unfavourable economic context in Greece and the United States has severely affected building activity. As such and for however long the crisis in these countries continues, it shall also continue to negatively affect Group sales and financial results. In order to address the risks arising from the continuing negative economic context in the aforementioned countries, the Group undertook a series of actions in the course of 2010, which will continue in 2011, in order to strengthen its economic fundamentals through the reduction of debt and focus on cost containment.

RISKS DUE TO THE CYCLICALITY OF THE CONSTRUCTION INDUSTRY:

The construction industry is characterised by a cyclical fluctuation which is determined by the level of infrastructure spend, the demand for private and commercial real estate, mortgage lending, interest rates levels, etc.

The Group addresses this risk through the diversification of its activities across different geographic markets, with a portfolio of activities which includes mature markets, such as Western Europe and North America, as well as emerging markets in the Middle East and Eastern Europe, which historically have exhibited a looser correlation with economic cycles, consequently somewhat mitigating the Group's exposure to this kind of risk.

RISKS ARISING FROM THE CLIMATE AND NATURAL DISASTERS:

The Group operates in countries and areas such as Greece, Egypt, Turkey and Florida in the United States which are exposed to risks arising from natural (climatic and geological) phenomena such as typhoons, sand storms, earthquakes etc. Amongst the measures adopted by the Group to avert the disastrous consequences of such phenomena, is the adoption of design standards which are stricter than those prescribed by the relevant legislation.

Additionally, the Group has in place emergency plans which aim at the safeguarding of its industrial infrastructure and the protection of human life among its personnel.

RISKS ASSOCIATED WITH PRODUCTION COST:

The consumption of thermal energy, electricity and raw materials constitute the most important elements of the Group's cost base. Moreover, the fluctuation in the price of fossil fuels poses a risk to the cost of production. In order to mitigate the effects of such a risk, the Group invests in the replacement of fossil fuels by alternative fuels.

As regards electricity, it is expected that prices will increase significantly going forward. In order to address this risk, the Group, among other actions, invests in low electrical consumption machinery and in the development and operation of specialised energy management systems

Ensuring access to the required quality and quantity of raw materials is an additional priority taken into account when planning new investments.

As regards existing units, the Group ensures the adequate supply of raw materials for the duration of the life of its industrial units.

The Group also invests in the use of alternative raw materials in order to gradually lessen its dependence on natural raw materials. To this end, the Group has set specific quantifiable targets for the substitution of natural raw materials by alternative raw materials such as natural waste and is closely monitoring the evolution of this activity.

RISKS REGARDING SAFETY AT WORK:

Safety at work for our employees forms the pinnacle of Group priorities and is a precondition for the operation of our plants.

The Group currently has underway a programme aiming at improving the safety culture across all Group activities which among other things includes the manning of all productive units with an adequate number of safety officers. Additionally, the Group applies broad training programmes for the systematic necessary training and education of employees and has put in place systems and procedures, adherence to which is constantly monitored by the Company's Health and Safety Division. Results to date, as regards the Group's performance in the realm of safety, are satisfactory compared to peers in the industry who participate in the international Initiative for Sustainable Development in the Cement Industry.

ENVIRONMENTAL RISKS:

Protection of the environment and sustainable development are core principles for the Group.

To that end, the Group applies policies over and above the prescriptions of the relevant local legislation in the countries where it is active.

Furthermore, in order to limit the possibility of environmental damage, the Group systematically invests in Best Available Techniques for the protection of the environment.

The Group has taken early action against climate change participating since 2003 in the Cement Sustainability Initiative – CSI of the World Business Council for Sustainable Development and voluntarily committing to the reduction of CO_2 emissions within specific targets.

Moreover, the Group monitors closely proposed changes in legislation under way as regards the protection of the environment and undertakes the necessary actions for their implementation in advance so as to avoid the risk of non-timely compliance, once new regulations come into effect.

Manufacturing of concrete blocks, Florida, U.S.A.