

AUDITORS' REPORT

To Titan Cement Company S.A., Parent Company of Alexandria Portland Cement Company S.A.E.

We have audited the accompanying consolidated balance sheet of Alexandria Portland Cement Company S.A.E. as of December 31, 2004, and the related consolidated statements of income and cash flows for the year then ended. These financial statements are prepared in accordance with the accounting policies of Titan Cement Company, parent Company in Greece, and are not the statutory financial statements of the Company. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of the Company as of December 31, 2004, and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to note (25) to the consolidated financial statements. The board of directors of the Capital Market Authority has decided, in its decree dated May 12, 2002, the suspension of certain decrees of the ordinary general assembly meeting of the company held on April 4, 2002. The Company has presented its objection to the Capital Market Authority decree. The Capital Market Authority has rejected the objection of the company. The Company has filed a case before the administrative court and the case has been rejected. The company appealed at the Supreme Administrative Court.

Cairo, January 20, 2005

Deloitte & Touche - Saleh, Barsoum & Abdel Aziz

Alexandria Portland Cement Company
Consolidated Income Statement
for the year ended December 31, 2004
(amounts expressed in thousand Egyptian pound)

	<u>Year ended</u> <u>December 31,</u> <u>2004</u>	<u>Year ended</u> <u>December 31,</u> <u>2003</u>
Sales, net	351 390	247 528
Cost of sales	(205 858)	(177 364)
Gross profit	145 532	70 164
Administrative expenses	(20 204)	(24 729)
Operating profit	125 328	45 435
Finance expenses	(71 466)	(72 191)
Other Provisions	(2 682)	6 514
Finance income	1849	1 344
Investment income	310	415
Foreign exchange loss	(2 140)	(8 366)
Capital Gain	-	675
Other income	48 692	605
Fixed Assets Impairment	-	(10 048)
Employees early retirement indemnification	(1 312)	(37 683)
Other expenses	(751)	(1 333)
Net profit (loss) for the year before minority interest	97 828	(74 633)
Minority interest in results of the year	(11 522)	(72)
Net profit (loss) for the year after minority interest	86 306	(74 705)
Earnings (loss) per share	7.19	(6.23)

- The accompanying notes form an integral part of the financial statements.

Alexandria Portland Cement Company
Consolidated Balance Sheet as of December 31, 2004
(amounts expressed in thousand Egyptian pound)

	<u>December 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Assets		
Non-current assets		
Property, plant and equipment, net	728 963	760 725
Intangible assets	5 338	1 330
Advance payments for capital expenditures	6 081	16 212
Other long term assets	35 500	--
Long term investment	3 518	3 518
	<u>779 400</u>	<u>781 785</u>
Current assets		
Inventories	88 495	85 663
Provision for inventories- obsolescence	(18 129)	(17 874)
	<u>70 366</u>	<u>67 789</u>
Due from affiliates	8 657	4 578
Trade receivable	10 770	3 399
Other current assets	32 061	24 317
Provision for other current assets	(649)	(649)
	<u>50 839</u>	<u>31 645</u>
Placements with banks	32 339	25 811
Cash and cash equivalents	15 948	16 708
	<u>48 287</u>	<u>42 519</u>
Total assets	<u><u>948 892</u></u>	<u><u>923 738</u></u>
Shareholders' equity and liabilities		
Capital and reserves		
Share capital	120 000	#REF!
Legal reserve	26 953	#REF!
General reserve	9 031	#REF!
Accumulated loss	(21 187)	#REF!
Net profit for the year	86 306	--
Total shareholders' equity	<u>221 103</u>	<u>#REF!</u>
Minority interest	1 699	1 639
Non-current liabilities		
Borrowings	287 104	199 051
Sales tax installments-long term	3 666	4 392
	<u>290 770</u>	<u>203 443</u>
Current liabilities		
Provisions, others	18 297	16 442
Due to affiliates	8 394	4 955
Bank over drafts	3 238	300
Accounts payable	29 697	43 570
Customers' advance payments	8 433	9 020
Other current liabilities	36 046	25 694
Accrued expenses	37 310	87 886
BCE - Loan interest payable - short term	--	45 317
Borrowings-short term portion	293 905	350 675
	<u>435 320</u>	<u>583 859</u>
Total shareholders' equity and liabilities	<u><u>948 892</u></u>	<u><u>#REF!</u></u>

- The accompanying notes form an integral part of the financial statements.

Salem Soussou
Chief Financial Officer

Saad Sebbar
Chief Executive Officer

Alexandria Portland Cement Company S.A.E
Consolidated financial statements
Cash flow Statement
for the year ended December 31, 2004
(amounts expressed in Egyptian pound)

	<u>Year ended</u> <u>December 31,</u> <u>2004</u>	<u>Year ended</u> <u>December 31,</u> <u>2003</u>
<u>Cash flows from operating activities</u>		
Net profit (loss) for the year	86 306	(74 705)
<u>Adjustments to reconcile net profit with cash flows from operating activities</u>		
Depreciation	47 906	47 515
Interest expense	67 757	72 191
Interest paid	(109 895)	(20 532)
Foreign exchange loss	2 140	8 366
Interest waived	(46 712)	-
Capital gains	-	(675)
Fixed assets impairment	-	10 048
Provisions	3 994	(34 729)
Dividends and interest income	(2 159)	(1 759)
Minority interest	11 522	72
Operating profit before working capital changes	60 859	5 792
Increase in inventory	(2 834)	(15 171)
Increase in other debit balances	(14 624)	(2 358)
Increase in due from affiliates	(19 284)	(3 715)
(Decrease) increase in other credit balances	(2 411)	4 202
Increase in due to affiliates	18 642	4 314
Net cash from used in operating activities	40 348	(6 936)
<u>Cash flows from investing activities</u>		
Purchase of fixed assets and other long term assets	(23 486)	(27 310)
Dividends and interest income	1 646	1 262
Investments in subsidiaries	(169 461)	--
Proceeds from sale of fixed assets	-	746
Net cash used in investing activities	(191 301)	(25 302)
<u>Cash flows from financing activities</u>		
Proceeds from long-term loans	398 120	56 000
Payments of long-term loans	(244 337)	(16 666)
Dividends paid	-	(1 419)
Net cash from financing activities	153 783	37 915
Net increase in cash and cash equivalents during the year	2 830	5 677
Cash and cash equivalents at beginning of the year	42 219	36 542
Cash and cash equivalents at end of the year	45 049	42 219

- The accompanying notes form an integral part of the financial statements.