

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

Beni Suef Cement Company
S.A.E
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	293 513	244 287
Cost of sales	<u>(192 732)</u>	<u>(186 597)</u>
Gross profit	100 781	57 690
General and administrative expenses	<u>(16 473)</u>	<u>(15 580)</u>
Operating profit	84 308	42 110
Other expenses	(417)	(1 863)
Impairment loss	(7 577)	--
Finance expenses	(44 442)	(41 932)
Finance income	14 586	16 175
Foreign exchange loss	(35 571)	(399 342)
Other income	535	260
Compensation expenses	-	(19 318)
Provisions, others	(5 632)	(15 158)
Provisions released	9 236	-
Net income (loss) for the year	<u>15 026</u>	<u>(419 068)</u>
Tax benefit of operating loss carried forward	13 198	-
Provision for deferred tax assets	(13 198)	-
Net income (loss) after tax benefit	<u>15 026</u>	<u>(419 068)</u>
Earning (Loss) per share	<u>0.47</u>	<u>-13.19</u>

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

Beni Suef Cement Company
S.A.E
Balance Sheet as of December 31, 2004
(amounts expressed in thousand Egyptian pound)

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Assets		
Non-current assets		
Property, plant and equipment, net	760 537	828 859
Advance payments for capital expenditure	5 115	9 678
Long term investment	106	106
Deferred tax assets	13 198	-
Provision for deferred tax assets	(13 198)	-
	<u>765 759</u>	<u>838 643</u>
Current assets		
Inventories	177 341	180 797
Provision for inventories - obsolescence	(83 990)	(83 990)
	<u>93 351</u>	<u>96 807</u>
Other current assets	44 719	12 627
Provision for other current assets	(162)	(162)
	<u>44 557</u>	<u>12 465</u>
Accounts receivable	7 382	7 117
Due from affiliated companies	11 164	5 275
Short-term investment	3 110	2 859
Placements with banks	224 728	269 582
Cash and cash equivalents	26 802	16 369
Total current assets	<u>411 094</u>	<u>410 474</u>
Total assets	<u><u>1 176 853</u></u>	<u><u>1 249 117</u></u>
Shareholders' equity and liabilities		
Capital and reserves		
Share capital	330 000	330 000
General reserve	93 199	93 199
Legal reserve	8 106	8 106
Retained loss	(503 855)	(84 787)
Treasury stock	(23 047)	-
Total shareholders' equity	<u>(95 597)</u>	<u>346 518</u>
Net income (loss) for the year	15 026	(419 068)
Total shareholders' equity and net loss for the year	<u>(80 571)</u>	<u>(72 550)</u>
Non-current liabilities		
Borrowings	1 089 571	1 130 764
Due to holding company	11 036	-
	<u>1 100 607</u>	<u>1 130 764</u>
Current liabilities		
Provisions	14 610	25 324
Bank over drafts	-	45 332
Accounts payable	16 922	29 070
Customers' advance payments	3 883	3 883
Other current liabilities	16 583	2 939
Due to affiliated companies	16 325	4 278
Accrued expenses	12 725	6 557
Borrowings-short term portion	75 769	73 520
	<u>156 817</u>	<u>190 903</u>
Total shareholders' equity and liabilities	<u><u>1 176 853</u></u>	<u><u>1 249 117</u></u>

- The accompanying notes form an integral part of the financial statement:
- Auditors' report attached.

Salem Sousou

Chief Financial Officer

Saad Sebbar

Chief Executive Officer

Beni Suef Cement Company
S.A.E.
Cash Flow 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>
<u>Cash flows from operating activities</u>		
Net profit (loss) for the year	15 026	(419 068)
<u>Adjustments for:</u>		
Depreciation	77 400	78 112
Impairment loss	7 577	--
Interest expense	40 409	41 044
Interest paid	(40 250)	(39 385)
Deferred tax assets	(13 198)	--
Investment interest	(251)	(248)
Provisions	5 632	35 258
Provisions utilized	(16 346)	(20 836)
Foreign exchange loss	34 571	407 519
Operating profit before working capital changes	<u>110 570</u>	<u>82 396</u>
Increase in accounts receivable and other debit balances	(32 516)	(3 450)
Increase in due from affiliates	(5 889)	(5 235)
Decrease (increase) in inventories	3 456	(12 803)
Increase in accounts payable and other credit balances	18 860	11 660
Increase in due to affiliates	12 042	4 011
Net cash from operating activities	<u>106 523</u>	<u>76 579</u>
<u>Cash flows from investing activities</u>		
Purchase of fixed assets and construction in progress	(12 093)	(7 672)
Net cash used in investing activities	<u>(12 093)</u>	<u>(7 672)</u>
<u>Cash flows from financing activities</u>		
Purchase of treasury stock	(10 004)	--
Payments of long-term loans	(73 515)	(67 054)
Net cash used in financing activities	<u>(83 519)</u>	<u>(67 054)</u>
Net increase in cash and cash equivalents during the year	10 911	1 853
Cash and cash equivalents at beginning of the year	<u>240 619</u>	<u>238 766</u>
Cash and cash equivalents at end of the year	<u>251 530</u>	<u>240 619</u>

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