

Report of the auditors to the members of East Cement Trade Limited

Report on the financial statements

1 We have audited the financial statements of East Cement Trade Limited on pages 6 to 18, which comprise the balance sheet as at 31 December 2004 and the statement of operations, statement of changes in equity and cash flow statement for the year then ended and the related notes. These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 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 the Board of Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the financial statements give a true and fair view of the financial position of East Cement Trade Limited as of 31 December 2004 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Cyprus Companies Law, Cap. 113.

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Board Members: Phidias K Pilides (Chief Executive Officer), Dinos N Papadopoulos, Tassos I Televantides, Panikos N Tsiailis, Christakis Santis, Stephanos D Stephanides, Costas L Hadjiconstantinou, George Foradaris, Costas M Nicolaidis, Angelos M Loizou, Vasilis Hadjivassiliou, Savvas C Michail, Costas L Mavrocordatos, Christos M Themistocleous, Panicos Kaours, Nicos A Neophytou, George M Loizou, Androulla S Pittas, Andreas T Constantinides, Timothy D Osborne, Pantelis G Evangelou, Liakos M Theodorou, Stelios Constantinou, Tassos Procopiou, Theo Parperis, Constantinos Constantinou, Petros C Petrakis, Philippos C Soseifos, Evgenios C Evgeniou, Christos Tsolakis, Nicos A Theodoulou, Nikos T Nikolaidis, Cleo A Papadopoulou, Marios S Andreou, Nicos P Chimandis, Aram Tavitian, Constantinos Taliotis
Directors of Operations: Adrian Ioannou, Stavros A Kattamis, Androulla Aristidou, Achilleas Chrysanthou, George Skapoullaros
Non-Executive Chairman: Michael H Zampelas
Consultant: Loizos Shakallis

Offices: Nicosia, Limassol, Larnaca, Paphos

PricewaterhouseCoopers Ltd is a private company,
Registered in Cyprus (Reg. No. 143594)

Report on other legal requirements

4 Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- (a) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- (b) In our opinion, proper books of account have been kept by the Company.
- (c) The Company's financial statements are in agreement with the books of account.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- (e) In our opinion, the information given in the report of the Board of Directors on pages 2 to 3 is consistent with the financial statements.

PricewaterhouseCoopers Limited
Chartered Accountants

Nicosia
17 February 2005

East Cement Trade Limited

Statement of operations for the year ended 31 December 2004

	Note	2004 EUR	2003 EUR (as restated)
Interest income		6,530	2,766
Loss on disposal of fixed assets	7	(178,438)	-
Administrative expenses		(488,708)	(887,730)
Loss from operations	4	<u>(660,616)</u>	<u>(884,964)</u>
Finance costs	5	(139,988)	(127,336)
Loss before tax		<u>(800,604)</u>	<u>(1,012,300)</u>
Tax	6	(653)	-
Net loss for the year		<u><u>(801,257)</u></u>	<u><u>(1,012,300)</u></u>

The notes on pages 10 to 18 form part of these financial statements.

East Cement Trade Limited

Balance sheet at 31 December 2004

	Note	2004 EUR	2003 EUR (as restated)
Assets			
Non-current assets			
Fixed assets	7	333,520	1,631,172
Investments in subsidiary undertakings	8	508,355	508,355
Intangible assets	9	2,160,013	2,280,013
		<u>3,001,888</u>	<u>4,419,540</u>
Current assets			
Debtors and prepayments	10	378,300	340,557
Cash and cash equivalents	13	108,950	160,531
		<u>487,250</u>	<u>501,088</u>
Total assets		<u><u>3,489,138</u></u>	<u><u>4,920,628</u></u>
Equity and liabilities			
Capital and reserves (deficit)			
Share capital	11	10,101	5,077
Share premium	11	6,606,693	1,588,204
Accumulated losses		(3,138,694)	(2,337,437)
		<u>3,478,100</u>	<u>(744,156)</u>
Current liabilities			
Trade and other payables	12	10,385	5,664,784
Current tax liabilities		653	-
		<u>11,038</u>	<u>5,664,784</u>
Total liabilities		<u>11,038</u>	<u>5,664,784</u>
Total equity and liabilities		<u><u>3,489,138</u></u>	<u><u>4,920,628</u></u>

On 17 February 2005 the Board of Directors of East Cement Trade Limited authorised these financial statements for issue.

Stelios Triantafyllides, Director

Arta Antoniou, Director

The notes on pages 10 to 18 form part of these financial statements.

East Cement Trade Limited

Cash flow statement for the year ended 31 December 2004

	Note	2004 EUR	2003 EUR (as restated)
Cash flows from operating activities			
Loss before tax		(800,604)	(1,012,300)
Adjustments for:			
Interest expense		475	-
Amortisation of intangible assets	9	120,000	120,000
Depreciation charge	7	75,726	75,727
Loss on disposal of fixed asset	7	178,438	-
		<u>(425,965)</u>	<u>(816,573)</u>
Changes in working capital:			
Receivables and prepayments		(37,743)	192,219
Trade and other payables		(630,886)	429,153
Net cash used in operating activities		<u>(1,094,594)</u>	<u>(195,201)</u>
Cash flows from investing activities			
Proceeds from disposal of fixed asset	7	1,043,488	-
Net cash from investing activities		<u>1,043,488</u>	<u>-</u>
Cash flows from financing activities			
Interest paid		(475)	-
Net cash used in financing activities		<u>(475)</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(51,581)</u>	<u>(195,201)</u>
Cash and cash equivalent at the beginning of the year		<u>160,531</u>	<u>355,732</u>
Net cash and cash equivalents at the end of the year	13	<u>108,950</u>	<u>160,531</u>

- (1) During 2003 certain of the amounts due to the parent company Lafarge Titan Egyptian Investments Limited as at 31 December 2002 were repaid through the issue and allotment of shares at a premium (note 11). This transaction involved no cash outflows or inflows and is therefore not reflected in the cash flow statement.
- (2) During 2002 the Company exchanged an indebtedness to it of EUR2,400,013 for certain intangible assets (Note 9). This transaction involved no cash outflows or inflows and is therefore not reflected in the cash flow statement.

The notes on pages 10 to 18 form part of these financial statements.