BENI SUEF CEMENT COMPANY & CO.

“MISRIEEN TITAN FOR TRADING AND DISTRIBUTION COMPANY” (LIMITED PARTNERSHIP)

FINANCIAL STATEMENTS

(ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDERDS AND TITAN CEMENT COMPANY GROUP ACCOUNTING POLICIES)

TOGETHER WITH AUDITORS’ REPORT

AS OF DECEMBER 31, 2006

Deloitte.

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INDEPENDENT AUDITORS' REPORT

TO TITAN CEMENT COMPANY S.A., PARENT COMPANY OF BENI SUEF CEMENT COMPANY & CO. "MISRIEEN TITAN FOR TRADING AND DISTRIBUTION" (LIMITED PARTNERSHIP).

We have audited the accompanying financial statements of Beni Suef Cement Company & Co. "Misrieen Titan for Trading and Distribution" balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. 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. The comparative figures for the year ended December 31, 2005 were audited by other auditors whose report was issued on January 22, 2006 and expressed an unqualified opinion.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of Beni Suef Cement Company & Co. "Misrieen Titan for Trading and Distribution" as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and accounting policies of Titan Cement Company.

Without qualifying our opinion, we draw attention to Note 11 in the financial statements which indicates that the company incurred a net loss of EGP 562 857 during the year ended December 31, 2006 and, as of that date, the company's current liabilities exceeded its total assets by EGP 1 325 140. These conditions, along with other matters as set forth in Note 11, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern".

Wafik Alfred Hanna
CPA - FESAA
Deloitte Saleh, Barsoum & Abdel Aziz.
January 29, 2007

Beni suef Cement Company & Co.

" Misrieen Titan For Trading and Distribution Company"
(Limited Partnership)
Income Statement
for the year ended December 31, 2006
(amounts expressed in Egyptian pound)

	Note	Year ended December 31,2006	Year ended December 31,2005
General and administrative expenses	(9)	(562 857)	(333 652)
Provisions		--	(16 677)
Net loss for the year		**(562 857)**	**(350 329)**

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

Beni Suef Cement Company & Co.

" Misrieen Titan For Trading and Distribution Company"

(Limited Partnership)

Balance Sheet as of December 31, 2006

(amounts expressed in Egyptian pound)

	Note	December 31, 2006	December 31, 2005
Non-current Assets			
Property and equipment, net	(1d,2)	7 259	11 701
Total non-current assets		**7 259**	**11 701**
Current assets			
Other debit balances	(3)	331 963	294 319
Cash and bank balances	(1o,4)	28 834	33 392
Total current assets		**360 797**	**327 711**
Current liabilities			
Provisions	(1m)	16 677	16 677
Accrued expenses and other credit balances	(5)	91 369	89 504
Due to affiliates	(6,7)	1 585 150	995 514
Total current liabilities		**1 693 196**	**1 101 695**
Working capital deficit		**(1 332 399)**	**(773 984)**
Total invested funds deficiency		**(1 325 140)**	**(762 283)**
Represented in			
Partners' equity (Net capital deficiency)			
Partners' capital	(8)	20 000	20 000
Accumulated loss		(782 283)	(431 954)
Net loss for the year		(562 857)	(350 329)
Net capital deficiency		**(1 325 140)**	**(762 283)**

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

General Manager

Spiro Spathis

- Auditors' report attached.

Deloitte. Saleh, Barsoum & Abdel Aziz

Beni Suef Cement Company & Co.
" Misrieen Titan For Trading and Distribution Company"
(Limited Partnership)
Statement of cash Flows
for the year ended December 31, 2006
(amounts expressed in Egyptian pound)

	Note	Year ended December 31,2006	Year ended December 31,2005
Cash flows from operating activities			
Net loss for the year		(562 857)	(350 329)
Adjustment to reconcile net loss with cash flow from operating activities			
Depreciation		4 442	6 326
Provisions		-	16 677
Operating loss before working capital change		**(558 415)**	**(327 326)**
Increase in other debit balances		(37 644)	(1 387)
Increase in accrued expenses and other credit balances		1 865	9 277
Increase in due to affiliates		589 636	296 206
Net cash used in operations		**(4 558)**	**(23 230)**
Net decrease in cash and cash equivalents		(4 558)	(23 230)
Cash and cash equivalents at the beginning of the year		33 392	56 622
Cash and cash equivalents at end of the year	(4)	**28 834**	**33 392**

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

Beni Suef Cement Company & Co.

" Misrieen Titan For Trading and Distribution Company"

(Limited Partnership)

Statement of Changes in partners' Equity

for the year ended December 31, 2006

(amounts expressed in Egyptian pound)

	Partners' Capital	Accumulated loss	Net loss for the year	Total
Balance as of December 31, 2004	20 000	(431 954)	--	**(411 954)**
Net loss for the year	--	--	(350 329)	**(350 329)**
Balance as of December 31, 2005	**20 000**	**(431 954)**	**(350 329)**	**(762 283)**
Transfer to accumulated loss	--	(350 329)	350 329	--
Net loss for the year	--	--	(562 857)	(562 857)
Balance as of December 31, 2006	**20 000**	**(782 283)**	**(562 857)**	**(1 325 140)**

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

“Misrieen Titan For Trading and Distribution Company”

(Limited Partnership)

Notes to the Financial Statements

as of December 31, 2006

General Information

Beni Suef Cement Company & Co. “Misrieen Titan and Distribution Company” is a limited partnership registered in Giza on July 8, 1997.

The company is mainly involved in trading and distribution of cement.

The average number of employees during 2006 was 4 employees.

According to the contract dated December 16, 2003, some of the partners were replaced and the company name was changed to Beni Suef Cement Company & Co. “Misrieen Titan for Trading and Distribution Company” instead of Mohamed Mansour Hassan “ Misrieen Titan for Trading and Distribution”.

The company has EGP 20 000 of partners’ capital. The current partners are Beni Suef Cement Company S.A.E, East Cement Trade Ltd. and Ms. Ephtyhia Spathis having share percentages of 50%, 49% and 1% respectively.

1. Significant accounting policies

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Titan Cement Company Group accounting policies, and are not the statutory financial statements of the Company.

b. Basis of prepation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below.

c. Foreign currency transactions

The Company’s functional and reporting currency is the Egyptian pound. Transactions denominated in foreign currencies are translated to Egyptian pound during the year at the rates prevailing at the date of transactions. At year-end, assets and liabilities denominated in other currencies are translated to Egyptian pound at free market rates ruling on the financial statements date. Resulting differences are charged to the income statement.

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. The initial cost of property, plant and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Major inspection overhaul expenditures are capitalized and included in the cost.

Depreciation is calculated on a straight-line basis according to the following estimated annual rates:

Vehicles	20%
Office equipment	20%
Furniture	10%

e. Construction in progress

Assets in the course of construction represent plant and properties under construction and are stated at cost. These include costs of construction, plant and equipment and other direct costs. They are not depreciated until such time as the relevant assets are completed and put into operational use.

f. Intangible Assets

Intangible assets are accounted for at acquisition cost. After initial recognition, intangible assets are accounted for at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

g. Revenue recognition

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other revenues are recognized on accrual basis.

h. <u>Financial instruments</u>

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, marketable securities, trade and other accounts receivable and payable, long-term receivables, borrowings and investments. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in these notes. Financial instruments are classified as assets or liabilities in accordance with the substance of the contractual arrangement. Therefore interest, dividends, gains and losses relating to these financial instruments classified as an asset or a liability are reported as expense or income. Financial instruments are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The Company's activities are exposed to a variety of financial risks, including the effects of foreign exchange risk, interest rates risk, credit risk and liquidity risk. The Company's overall risk management program seeks to minimize the potential adverse effects of these risks on the financial performance of the Company.

i. <u>Taxation</u>

Taxation is provided for in accordance with the Egyptian income tax law.

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

The net book value of property and equipment amounted to EGP 7 259 as of December 31, 2006, and is analyzed as follows:

Description	Vechiles	Office Equipment	Furniture	Total
	EGP	EGP	EGP	EGP
Cost				
Balance at January 1, 2006	57 450	115 237	24 423	**197 110**
Additions	--	--	--	--
Balance at December 31, 2006	**57 450**	**115 237**	**24 423**	**197 110**
Accumulated depreciation				
Balance at Juanary 1, 2006	57 450	109 563	18 396	**185 409**
Charge for the year	--	2 000	2 442	**4 442**
Balance at December 31, 2006	**57 450**	**111 563**	**20 838**	**189 851**
Net book value at December 31, 2006	**--**	**3 674**	**3 585**	**7 259**
Net book value at December 31, 2005	**--**	**5 674**	**6 027**	**11 701**

3. Other debit balances

The other debit balances amounted to EGP 331 963 as of December 31, 2006, and is analyzed as follows:

	December 31, 2006	December 31,2005
Withholding taxes	274 171	274 171
Loans to employees	18 035	18 035
Refundable deposits	500	500
Others	39 257	1 613
	331 963	**294 319**

4. Cash and bank balances

The cash and bank balances amounted to EGP 28 834 as of December 31, 2006, and is analyzed as follows:

	December 31, 2006	December 31,2005
Cash on hand	28 238	32 537
Cash at banks	596	855
	28 834	**33 392**

5. Accrued expenses and other credit balances

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

j. Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

l. Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

m. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions for restructuring costs are recognized when the company has a detailed formal plan for the restructuring that has been communicated to affected parties.

n. Use of estimates

The preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

o. Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts with banks, short-term deposits with an original maturity of three months or less.

p. Provision for staff indemnity

Provision is made for amounts payable to employees under the Egyptian Labor Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee as a result of due vacation unpaid on the balance sheet date.

q. Legal reserve

According to the Company’s statutes and bylaws, 5% of the net profit for the year is appropriated to form the legal reserve, and according to the Egyptian Companies Law no. 159 for the year 1981. The legal reserve can only be used in covering the company’s losses and in increasing the Company’s capital.

r. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

s. Cash flow statement

The cash flow statement is prepared applying the indirect method for the purpose of preparing the cash flow, the cash and the cash equivalents represent cash on hand and at banks and placement with banks less bank overdraft balance.

2. Property and equipment, net

The balance of accrued expenses and other credit balances amounted to EGP 91 369 as of December 31, 2006, and are analyzed as follows:

	December 31, 2006	December 31,2005
Misrieen Construction Materials and Trading Company	49 022	49 022
Accrued expenses	29 459	31 293
Salaries tax	12 779	7 616
Social security	--	1 573
Withholding tax	109	--
	91 369	**89 504**

6. **Due to affiliates**

The balance of due to affiliates amounted to EGP 1 585 150 as of December 31, 2006, and are analyzed as follows:

	December 31,2006	December 31,2005
Beni Suef Cement Company	1 585 150	995 514
	1 585 150	**995 514**

7. **Affiliates transactions**

Beni Suef Cement Company, which owns a 50% partnership interest, makes monthly payments to the company as a financial support. Total transfers made for the period ended December 31, 2006 amounted to EGP 589 636 included as due to affiliates.

8. **Partners' capital**

The balance of partners' capital amounted to EGP 20 000 as of December 31, 2006, and are analyzed as follows:

	December 31, 2006	December 31,2005
Beni Suef Cement Company	10 000	10 000
East Cement Trade Ltd.	9 800	9 800
Ms. Ephtyhia Spathis	200	200
	20 000	**20 000**

9. General and administrative expenses

The General and administrative expenses amounted to EGP 562 857 for the year ended December 31, 2006, and are analyzed as follows:

	December 31, 2006	December 31, 2005
Personnel expenses *	404 569	211 192
Professional fees	30 500	25 000
Telephone and fax	33 066	22 799
Car expenses	33 710	22 198
Rent	15 600	15 600
Miscellaneous and other expenses	40 970	30 537
Depreciation	4 442	6 326
	562 857	**333 652**

* The balance of personnel expenses for the year ended December 31, 2006 include amount L.E 10 716 represent social insurance expense

10. Taxes

Before January 1, 2005, the company was not subject to the corporate income tax since it is a limited partnership and the due taxes are the responsibility of the partners in their personal tax returns.

Starting from January 1, 2005 the company is subject to the corporate income tax according to the new tax law. No tax is provided as a loss has been incurred.

The company had inspected for corporate tax and salary tax until 2001, and the tax return rendered to the tax authority for the periods until 2005, but had not yet been inspected till now.

11. Going concern

Since inception, the company was engaged in only one contract with Misrieen construction Materials and Trading Company. This contract was for the trading and distribution of cement, and eased March 2002.

The company has been unsuccessful in obtaining a new contract. These circumstances indicate the existence of a material uncertainty as to the company's ability to continue operations.

The company incurred a net loss of EGP 562 857 during the period ended December 31, 2006 and as of that date, the accumulated losses of EGP 1 345 140 up to December 31, 2006.

In addition at the balance sheet date, the company's current liabilities exceeded its current assets by EGP 1 332 399 and total capital deficiency amounted EGP 1 325 140.

The Company's ability to continue as a going concern is mainly dependent on the financial support provided by the company's partners.

These financial statements have been prepared under the going concern assumption. Therefore; no adjustments are made to the value and classifactions of assets and liabilities at December 31, 2006

Beni Suef Cement Company S.A.E., which owns a 50% partnership interest, makes monthly payments to the company as a financial support. Total transfers made for the year ended December 31, 2006 amounted to EGP 589 636 included as due to affiliates.

12. Comparative figures

The comparative figures have been reclassified to comply with this year presentation.