BENI SUEF CEMENT COMPANY (S.A.E)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
TOGETHER WITH AUDITOR'S REPORT

ERNST & YOUNG

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AUDITOR'S REPORT TO THE SHAREHOLDERS OF BENI SUEF CEMENT (S.A.E)

We have audited the accompanying balance sheet of Beni Suef Cement (S.A.E) (the "Company") as of December 31, 2007 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. The International Standards on Auditing require that we plan and perform the audit to obtain reasonable assurance as to 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 statement presentation. We obtained all information and disclosures, which we considered necessary for the purposes of our audit. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

The scope of our audit procedures was established based on the tolerable error set for Titan Cement Company S A group reporting purposes amounting to € 1,250K. Had we been able to perform our audit based on the stand alone materiality level developed by us, other matters might have come to our attention indicating that adjustments might be necessary to the financial statements.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion, we draw attention that complying with Beni Suef's Governor decision to collect state development fees of LE 2 against each cement ton produced effective 22 October 2002, the Company has paid amounts to Beni Suef Governorate on account of the amounts due by the Company and in return has raised a court case to cancel that decision and refund the amounts paid. The Company's legal advisor believes that the likelihood of the Company loosing this case is remote, accordingly, the total balance paid amounting to LE 9.6 M as of December 31, 2007 was included in the other debit balances until the final ruling in the court case.

Allied For Accounting & Auditing
A Member of Ernst & Young Global

Abdelmohsen A. Tageldeen
CPA (USA) - FESAA
(RAA 15058)

Cairo: January 17, 2008

Beni Suef Cement Company

S.A.E

Balance Sheet as of December 31, 2007

(amounts expressed in thousand Egyptian pound)

	Note	**2007 KEGP**	2006 KEGP
Assets			
Non-current assets			
Property, plant and equipment, net	(2d,3)	**610,220**	618,175
Projects under construction	(2e,4)	**290,190**	22,853
Investment in associates, net	(2f,5)	**31,913**	31,913
Intangible assets, net	(2g,6)	**1,443**	2,691
Deferred income taxes	(2m,18)	**-**	8,121
Total non-current assets		**933,766**	683,753
Current assets			
Inventory, net	(2h,7)	**108,031**	118,727
Accounts receivable, net	(2i,8)	**-**	-
Investments certificates		**-**	3,740
Due from related parties	(2q,9)	**16,508**	20,344
Prepayments and other debit balances	(2i,10)	**41,363**	36,090
Cash on hand and at banks	(11)	**28,629**	26,122
Total current assets		**194,531**	205,023
Total assets		**1,128,297**	888,776
Shareholders' equity and liabilities			
Shareholders' equity			
Issued and paid up capital	(15)	**520,000**	520,000
Legal reserve	(2k)	**14,981**	8,105
General reserve		**-**	93,200
Retained earnings / (accumulated deficit)		**15,101**	(202,564)
Net profits for the year		**139,336**	149,346
Total shareholders' equity		**689,418**	568,087
Non-current liabilities			
Long term loan	(2l,16)	**172,335**	191,684
Other non-current liabilities	(17)	**5,016**	7,568
Deferred income taxes	(2m,18)	**22,346**	-
Total non-current liabilities		**199,697**	199,252
Current liabilities			
Other provisions	(2j,12)	**26,749**	25,430
Credit facilities		**41,725**	18,122
Current portion of long term loan	(2l,16)	**24,619**	23,961
Current portion of other non current liabilities	(17)	**2,270**	2,314
Accounts payable		**87,530**	20,913
Due to related parties	(2q,13)	**10,315**	8,954
Accrued expenses and other credit balances	(14)	**45,974**	21,743
Total current liabilities		**239,182**	121,437
Total shareholders' equity and liabilities		**1,128,297**	888,776

Chief Financial Officer **Chief Executive Officer**

- The accompanying notes from (1) to (30) are an integral part of the financial statements.
- Auditor's report attached.

Beni Suef Cement Company
S.A.E
Statement Of Income
For The Year Ended December 31, 2007
(amounts expressed in thousand Egyptian pound)

	Note	2007 KEGP	2006 KEGP
Sales, net	(2n,19)	**473,792**	422,532
Cost of sales		**(263,221)**	(223,130)
Gross profit		**210,571**	199,402
General and administrative expenses		**(25,096)**	(30,407)
Losses from decline in value of investments		**-**	(106)
Allowance for obsolete and slow moving inventory		**(7,395)**	-
Other provisions		**(5,648)**	(9,967)
Investments income		**3,400**	1,324
Other income	(22)	**5,455**	402
Allowance for obsolete and slow moving inventory no longer required		**-**	578
Other provisions no longer required		**502**	799
Operating profit		**181,789**	162,025
Financing expenses	(2p)	**(5,860)**	(10,256)
Credit interests		**2,320**	3,264
Gain form sale of fixed assets		**585**	
Foreign exchange differences		**(3,810)**	(7,164)
Net profits before income taxes		**175,024**	147,869
Income taxes	(2m)	**(5,221)**	-
Deferred income taxes	(2m)	**(30,467)**	1,477
Net profits for the year		**139,336**	149,346
Earnings per share	(27)	**2.68**	2.87

- The accompanying notes from (1) to (30) are an integral part of the financial statements.

Beni Suef Cement Company
S.A.E
Statement of Changes in Shareholders' Equity
For the Year ended December 31, 2007
(amounts expressed in thousand Egyptian pound)

	Share capital KEPG	Legal reserve KEPG	General reserve KEPG	(Accumulated deficit) retained earnings KEPG	Net profits for the year KEPG	Total KEPG
Balance as of January 1, 2006	520,000	8,105	93,200	(490,558)	287,994	418,741
Transferred to accumulated deficit	-	-	-	287,994	(287,994)	-
Net profits for the year	-	-	-	-	149,346	149,346
Balance as of December 31, 2006	**520,000**	**8,105**	**93,200**	**(202,564)**	**149,346**	**568,087**
Transferred from general reserve	-	-	(93,200)	93,200		-
Transferred to Legal reserve	-	6,876	-	(6,876)	-	-
Transferred to accumulated deficit	-	-	-	149,346	(149,346)	-
Dividends	-	-	-	(18,005)	-	(18,005)
Net profits for the year	-	-	-	-	139,336	139,336
Balance as of December 31, 2007	**520,000**	**14,981**	**-**	**15,101**	**139,336**	**689,418**

- The accompanying notes from (1) to (30) are an integral part of the financial statements.

Beni Suef Cement Company

S.A.E

Cash Flow Statement

For The Year Ended December 31, 2007

(amounts expressed in thousand Egyptian pound)

	Note	2007 KEPG	2006 KEPG
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profits before income taxes		**175,024**	147,869
Depreciation of fixed assets		**75,891**	75,080
Amortization of intangible assets		**1,300**	1,346
Losses from decline in value of investments		-	106
Other provisions		**6,184**	11,507
Other provisions used during the year		**(3,266)**	(1,231)
Other provisions no longer required		**(1,599)**	(799)
Gain from sale of fixed assets		**(585)**	-
Operating profits before changes in working capital		**252,949**	233,878
Decrease (increase) in inventory		**10,696**	(7,174)
Decrease (increase) in due from related parties		**3,836**	(13,630)
(Increase) in prepayments and other debit balances		**(5,273)**	(13,118)
Increase in accounts payable		**66,617**	3,882
Increase (decrease) in due to related parties		**1,361**	(8,021)
increase in accrued expenses and other credit balances		**19,010**	302
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**349,196**	196,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		**(68,214)**	(5,770)
(Increase) in intangible assets		**(52)**	-
Proceeds from sale of fixed assets		**863**	-
(Increase) in projects under construction		**(267,337)**	(14,419)
Decrease (increase) in investments certificates		**3,740**	(288)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(331,000)**	(20,477)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(18,005)**	-
Increase in credit facilities		**23,603**	18,121
Payment of long term loan		**(18,691)**	(186,517)
Payment of other non-current liabilities		**(2,596)**	(1,764)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(15,689)**	(170,160)
Net increase in cash and cash equivalent during the year		**2,507**	5,482
Cash and cash equivalent - beginning of the year		**26,122**	20,640
CASH AND CASH EQUIVALENT - END OF THE YEAR	(2u,11)	**28,629**	26,122

- The accompanying notes from (1) to (30) are an integral part of the financial statements.

Beni Suef Cement Company
S.A.E.
Notes to the financial statements
December 31, 2007

1 BACKGROUND

Beni Suef Cement Company was established in accordance with the decree of the Egyptian Minister of the General Public Business Sector No. 76/1993 dated October 19, 1993 as an Egyptian joint stock Company wholly owned by the Mining and Refractories Company under the provisions of the Egyptian Public Business Sector Law No. 203 of 1991 and its executive regulation.

The Company was registered in the commercial registry on January 3, 1994 and has started actual production on June 30, 1994.

According to the privatization program of the General Public Business Sector Companies implemented by the Egyptian government, the Company was privatized through the acquisition of 76% of the Company's shares by a foreign major investor on July 12, 1999.

The foreign investment's share has increased to 95% of the Company's shares on December 31, 2000.

An extraordinary general assembly meeting of the Company was held on August 29, 1999 and decided the conciliation of the Company in accordance with Law No. 159 of 1981 and its executive regulation and the capital market Law No. 95 of 1992 and its executive regulation.

The purpose of the Company is the production of cement and all other building materials such as lime stone, concrete units, ready-made concrete and other building materials, marketing and selling these products and any other raw materials inside and outside Egypt, and the production of cement bags and others to pack the cement produced and other raw materials and building materials and their transport. The Company may also acquire or operate cement silos and import all the cement production materials, paper bags and spare parts of vehicles and equipment necessary for operating its business and operate and use all types of quarries.

2 SIGNIFICANT ACCOUNTING POLICIES

a. Basis of prepartion

The financial statements have been prepared in Egyptian pound in accordance with the International Financial Reporting Standards, the applicable laws and regulations and the historical cost basis.

b. Changes in accounting policies

The adopted accounting policies were not changed from those policies adopted in the previous year.

c. Foreign currency translation

The Company's records are maintained in Egyptian pound. Transactions in foreign currencies during the year are recorded using the exchange rates prevailing on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pound using the exchange rates prevailing on that date. Translation differences are recorded in the statement of income.

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost net of accumulated depreciation. Depreciation is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	20 - 50
Machinery and equipment	10 - 33
Vehicles	5 - 20
Furniture and office equipment	5 - 10
Tools	5

e. Projects under construction

Projects under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost.

f. Investments in associates

Investments in associates are accounted for using the cost method and in case there is a decline in the value of these investments from its carrying amount, the carrying amount is adjusted by the value of this decline and is charged to the statement of income for each investment separately. Investment income is recognized based on the Company's share of the dividend declared by the general assembly meeting of the investee companies.

g. Intangible Assets

Intangible assets represent the computer programs and the related licenses and are amortized using the straight-line method over their estimated useful life (5 years).

h. Inventory

The inventory elements are valued as follows:

a) Spare parts and supplies: at the lower of cost using the moving average method or net realizable value. An allowance is made for any obsolete and slow moving inventory to reach the approximate net realizable value for that inventory when it is less than the cost.

b) Raw materials: at the lower of cost using the moving average method or net realizable value.

c) Finished products: at the lower of the cost of production based on the costing sheets or net realizable value.

d) Work in process: at the lower of the cost of production of the latest completed phase based on the costing sheets or net realizable value.

i. Account receivable and other debit balances

Accounts receivable and other debit balances are stated at book value. An allowance is made for any doubtful debts.

j. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, 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 the 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 should be the present value of the expected expenditures required to settle the obligation.

k. Legal reserve

According to the Company's article of association, 5% of the net profits of the year is to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

l. Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding twelve months after the balance sheet date, then the loan balance should be classified as long term liabilities.

m. **Income taxes**
Income tax is calculated in accordance with the Egyptian tax law.

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

n. **Revenue recognition**
Revenue is recognized when the goods are delivered to the client and an invoice is issued.

o. **Expenses**
All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

p. **Borrowing costs**
Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset.

q. **Related party Transactions**
Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the board of directors.

r. **Accounting estimates**
The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

s. **Impairment of assets**
The Company regularly assesses whether there is an indication that an asset could be impaired. If any such indication exists, the recoverable amount of the asset is compared with its carrying amount, and when the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognized impairment loss is reversed when there is a change in the recoverable amount of the asset to the extent of the previously recognized loss.

t. **Cash flow statement**
The cash flow statement is prepared using the indirect method.

u. **Cash and cash equivalent**
For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

3 PROPERTY, PLANT AND EQUIPMENT, NET

	Land KEGP	Buildings KEGP	Machinery and equipment KEGP	Vehicles KEGP	Furniture and office equipment KEGP	Tools KEGP	Total KEGP
Cost							
As of January 1, 2007	5,840	272,190	1,187,249	97,784	8,091	3,182	1,574,336
Additions	-	3,053	62,076	1,523	411	1,151	68,214
Disposals	-	(154)	-	(5,176)	(215)	-	(5,545)
As of December 31, 2007	5,840	275,089	1,249,325	94,131	8,287	4,333	1,637,005
Accumulated depreciation							
As of January 1, 2007	-	(129,193)	(728,766)	(89,409)	(6,092)	(2,701)	(956,161)
Depreciation for the year	-	(10,986)	(61,445)	(2,510)	(661)	(289)	(75,891)
Disposals	-	36	-	5,016	215	-	5,267
As of December 31, 2007	-	(140,143)	(790,211)	(86,903)	(6,538)	(2,990)	(1,026,785)
Net book value as of December 31, 2007	**5,840**	**134,946**	**459,114**	**7,228**	**1,749**	**1,343**	**610,220**
Net book value as of December 31, 2006	5,840	142,997	458,483	8,375	1,999	481	618,175

There is no mortgage over the fixed assets.

4 PROJECTS UNDER CONSTRUCTION

	2007 KEGP	2006 KEGP
Constructions	**23,595**	495
Machinery	**221,679**	13,912
Tools	**639**	158
Furniture and office equipment	**1,340**	3,271
Intangible assets	**42,816**	3,156
Vehicles	**121**	1,180
Others	**-**	681
	290,190	22,853

5 INVESTMENT IN ASSOCIATES, NET

	% of ownership	**2007 KEGP**	2006 KEGP
Misrieen Titan for Trade and Distribution Company	50%	**106**	106
Alexandria Portland Cement Company	8.806%	**31,913**	31,913
		32,019	32,019
Allowance for decline in value of investments		**(106)**	(106)
		31,913	31,913

The Company's investment in Alexandria Portland Cement Company amounting to 8.806% is considered as investment in associate although it is less than 20 % since the Company with other related parties have significant influence over Alexandria Portland Cement Company.

6 INTANGIBLE ASSETS, NET

Intangible assets represent the computer programs and the related licenses as follows:

	2007 KEGP	2006 KEGP
Cost		
Beginning balance	**5,393**	4,283
Transfers	**-**	1,110
Additions	**52**	-
Ending balance	**5,445**	5,393
Accumulated amortization		
Beginning balance	**(2,702)**	(1,093)
Transfers	**-**	(261)
Amortization for the year	**(1,300)**	(1,348)
Ending balance	**(4,002)**	(2,702)
Net book value	**1,443**	2,691

7 INVENTORY, NET

	2007 KEGP	2006 KEGP
Finished goods	**2,816**	7,766
Work in process	**7,966**	9,560
Raw materials	**1,928**	1,789
Fuel and oil	**6,208**	3,254
Spare parts and supplies	**93,439**	150,047
Packing materials	**1,657**	80
Consigned goods	**3,494**	1,849
Goods in transit	**6,070**	6,101
	123,578	180,446
Allowance for obsolete and slow moving inventory	**(15,547)**	(61,719)
	108,031	118,727

8 ACCOUNTS RECEIVABLE, NET

	2007 KEGP	2006 KEGP
Accounts receivable	**31**	31
Allowance for doubtful debts	**(31)**	(31)
	-	-

9 DUE FROM RELATED PARTIES

	2007 KEGP	2006 KEGP
Misrieen Titan for Trade and Distribution Company	**2,195**	1,585
Blue Circle Cement Egypt(merged in Alexandria Portland Cement Company)	**-**	6,717
Alexandria Portland Cement Company	**14,245**	11,757
Titan Cement Company S A	**-**	26
Four M Titan for Silos Company	**68**	259
	16,508	20,344

10 PREPAYMENTS AND OTHER DEBIT BALANCES

	2007	2006
	KEGP	KEGP
Prepaid expenses	1,042	758
Advances to suppliers	5,386	11,524
Accrued interest	42	46
Tax authority	2,850	355
Sundry debtors	4,082	2,011
Margin on letters of guarantee	7,569	9,882
Deposits with others	4,824	1,328
Employees' imprests and advances	560	1,218
Employees' profit share interim payments	4,415	1,935
Other debit balances	10,593	7,033
	41,363	36,090

11 CASH ON HAND AND AT BANKS

	2007	2006
	KEGP	KEGP
a) Egyptian pound		
Current accounts	5,057	12,050
Time deposits (maturing within 3 months)	23,150	11,464
	28,207	23,514
b) Foreign currency		
Current accounts	422	443
Time deposits	-	2,165
	422	2,608
	28,629	26,122

12 OTHER PROVISIONS

	Balance as of 1/1/2007 KEGP	Charged during the year KEGP	Used during the year KEGP	No longer required KEGP	Balance as of 31/12/2007 KEGP
Provision for litigation	3,300	1,774	-	(438)	4,636
Provision for bypass transfer	10,814	-	-	-	10,814
Provision for quarries rehabilitation	478	219	-	-	697
Provision for expected claims	10,838	4,191	(3,266)	(1,161)	10,602
	25,430	6,184	(3,266)	(1,599)	26,749

13 DUE TO RELATED PARTIES

	2007	2006
	KEGP	KEGP
Blue Circle Cement Egypt (merged in Alexandria Portland Cement Company)	-	6,942
Alexandria Portland Cement Company	10,137	426
Titan Cement Company S A	176	1,584
Four M Titan for Silos Company	2	2
	10,315	8,954

14 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2007	2006
	KEGP	KEGP
Accrued expenses	**14,619**	9,887
Advances from customers	**18,844**	8,971
Tax authority	**10,993**	1,220
Sundry creditors	**1,403**	1545
Deposits from others	**27**	27
Social insurance authority	**88**	93
	45,974	21,743

15 CAPITAL

The Company's authorized capital amounts to EGP 1 billion, while the Company's issued and paid up capital amounts to EGP 520 million divided over 52 million shares of par value EGP 10 each as follows:

	%	No. of Shares (000)	Value KEGP
Lafarge Titan for Investment Egypt	94.998	49399	493,990
Alexandria Portland Cement Company	5.000	2600	26,000
Sofimo	0.001	.500	5
Iapetos Limited	0.001	.500	5
	100.00	**52000**	**520,000**

16 LONG TERM LOAN

On September 9, 1992, the Company obtained a long term loan amounting to JPY 10,253,894,440 from Mitsubishi Bank, to be repaid over 28 semi annual installments starting June 20, 2002 till December 20, 2015 with an annual interest rate of 2.7%.

The Company has made an early settlement for the loan amounting to JPY 3,251,222. The loan balance as of December 31, 2007 amounted to KEGP 196,954 (exclusive interests) as follows:

	2007	2006
	KEGP	KEGP
Balance due	**196,954**	215,645
Current portion	**(24,619)**	(23,961)
	172,335	191,684

17 OTHER NON-CURRENT LIABILITIES

On April 14, 2004, the Company purchased treasury stock amounting to 1650000 shares (later sold to Alexandria Portland Cement Company) from the Mining and Refractories Holding Company which was owned by the Employees Fund of Beni Suef Cement Company for a total amount of KEGP 21,318. The Company paid KEGP 8,275 and the remaining balance amounting to KEGP 13,043 (guaranteed by letter of guarantee issued by the Company) will be paid over 7 annual instalments starting April 1, 2005 with an annual interest rate of 5%.

The balance due by the Company to the Mining and Refractories Holding Company as of December 31, 2007 amounted to KEGP 7,286 (inclusive interests) as follows:

	2007	2006
	KEGP	KEGP
Balance due	**7,286**	9,882
Current portion	**(2,270)**	(2,314)
	5,016	7,568

18 DEFERRED INCOME TAXES

	2007 KEGP	2006 KEGP
Depreciation of property, plant and equipment	**(30,519)**	(21,601)
Amortization of intangible assets	**(173)**	(265)
Provisions	**8,346**	17,415
Carry forward tax losses	**-**	12,572
Net deferred income tax (liability) / asset	**(22,346)**	8,121

19 SALES, NET

	2007 KEGP	2006 KEGP
Cement sales (domestic)	**473,216**	418,568
Clinker sales (domestic)	**-**	1,001
Bags sales	**576**	2,963
	473,792	422,532

20 COST OF SALES

	2007 KEGP	2006 KEGP
Salaries and wages	**25,169**	21,656
Energy cost	**64,064**	55,486
Materials cost	**51,212**	40,903
Depreciation and amortization	**74,937**	73,607
Maintenance	**5,414**	5,194
Other fixed costs	**17,293**	15,113
Spare parts	**15,334**	14,584
Transport services	**3,238**	995
Change in inventory	**6,560**	(4,408)
	263,221	**223,130**

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2007 KEGP	2006 KEGP
Salaries	**10,083**	9,910
Professional fees and other expenses	**6,432**	4,624
Traveling and entertainment expenses	**735**	850
Other administrative expenses	**5,595**	12,380
Depreciation and amortization	**2,251**	2,643
	25,096	30,407

22 OTHER INCOME

	2007 KEGP	2006 KEGP
Scrap sales	**4,264**	340
Others	**1,191**	62
	5,455	402

23 CAPITAL COMMITMENTS

The balance of the Company's contracted capital commitments as of December 31, 2007 amounted to KEGP 1,558,418.

24 CONTINGENT LIABILITIES

The letters of guarantee issued at the Company's request by National Societe Generale Bank in favor of third parties as of December 31, 2007 amounted to KEGP 393,334, whereas, the cash margin of these letters amounted to KEGP 7,569 as follows:

		Amount in currency	Equivalent in KEGP	Cash margin KEGP
Corrected	Letters of guarantee - Egyptian pound	-	107,669	7,569
FCB	Letters of guarantee - Euro	25,000	202,947	-
	Letters of guarantee - US Dollar	15,000	82,718	-
			393,334	**7,569**

25 TAX POSITION

a. Corporate taxes

The Company enjoyed a tax holiday for ten years ended on June 30, 2004.

The Company's records were inspected till the year 2003. The Company objected on the assessment and the issue is currently in the Internal Committee.

The Company's records were inspected for the year 2004 and the tax assessment was not yet received.

The Company's records are currently being inspected for the year 2005.

No tax inspection took place for the Company's records for the year 2006.

b. Sales taxes

The Company's records were inspected till the year 2005 and the taxes due were paid.

No tax inspection took place for the Company's records for the year 2006.

c. Salary taxes

The Company's records were inspected till the year 2000 and the taxes due were paid.

The Company's records are currently being inspected for the years from 2001 till 2004.

No tax inspection took place for the Company's records for the years 2005 and 2006.

d. Stamp duty taxes

The Company's records were inspected till the year 2005 and the taxes due were paid.

No tax inspection took place for the Company's records for the year 2006.

29 STATUTORY FINANCIAL STATEMENTS

The statutory financial statements are prepared in accordance with the Egyptian Accounting Standards.

The following is reconciliation between the statutory accounts prepared in accordance with the Egyptian Accounting Standards and the financial statements prepared in accordance with International Financial Reporting Standards and Titan Cement Company S A Group accounting policies.

	2007	2006
	KEGP	KEGP
Net profits for the year as per the statutory financial statements	**129,385**	137,523
Depreciation of property, plant and equipment	**9,520**	9,524
Change in inventory	**311**	(209)
Employees' profit share	**(2,000)**	-
Deferred income taxes	**2,120**	2,508
Net profits as per Titan Cement Company S A financial statements	**139,336**	149,346

30 COMPARATIVE FIGURES

Certain comparative figures for the year 2006 have been reclassified to conform with the current year's presentation.

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hand and at banks, accounts receivable, due from related parties and other debit balances. The financial liabilities include credit facilities, accounts payable, due to related parties, long term loan, other non-current liabilities and other credit balances.

The significant accounting policies applied for the recognition and measurement of the above - mentioned financial assets and liabilities and the related income and expenses are included in note (2) of the notes to the financial statements.

b) **Interest rate risk**
The Company monitors the maturity structure of assets and liabilities with the related interest rates.

c) **Foreign currency risk**
The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The total financial assets denominated in foreign currencies amount to KEPG 1,843, whereas, the total financial liabilities denominated in foreign currencies amount to KEGP 252,628.

d) **Fair value for financial instruments**
According to the valuation principles used for valuing the Company's assets and liabilities included in note (2) to these financial statements, the carrying amounts of the financial assets and liabilities referred to above are not materially different from their fair values as of the balance sheet date.

27 EARNINGS PER SHARE

Earnings per share were calculated by dividing the net profits for the year by the number of shares outstanding during the year without taking into consideration any future distributions to the Company's employees and board of directors relating to the year ended December 31, 2007 as there is no proposed distribution sheet prepared by the Company's board of directors. Earnings per share amounted to EGP 2.68.

28 RELATED PARTIES TRANSACTIONS

a. The Company's total sales to Alexandria Portland Cement Company during the year ended December 31, 2007 amounted to KEGP 576 included in net sales.

b. Total expenses charged to the Company by Lafarge S A during the year ended December 31, 2007 amounted to KEGP 1,696 included in the general and administrative expenses.

c. Total expenses charged to the Company by Titan Cement Company S A during the year ended December 31, 2007 amounted to KEGP 3,558 of which KEGP 176 was included in the cost of sales and KEGP 3,382 was included in the general and administrative expenses.

d. During 2007, the Company received dividends amounting to KEGP 3,185 from Alexandria Portland Cement Company.