

**LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2007**

Ref: 1378400  
Sims: 58922

# **LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED**

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## **REPORT OF THE DIRECTORS**

The Directors present their report and the audited financial statements for the year ended 31st December 2007.

### **INCORPORATION**

The Company is incorporated in Jersey, Channel Islands.

### **ACTIVITIES**

The principal activity of the Company is investment holding.

### **RESULTS AND DIVIDENDS**

The profit for the year amounted to € 4,708,262 (2006: loss of € 283,756).

The Directors do not recommend a dividend for the year (2006: € Nil).

### **DIRECTORS**

The Directors who held office during the year and subsequently were:-

Stamatis Douzinas

Dimitri Papalexopoulos

Michael Sigalas

Michel Rose (resigned 6th May 2008)

Eric Meuriot

Ulrich Glaunach (resigned 30th October 2007)

Guillaume Roux (appointed 30th October 2007 and resigned 6th May 2008)

Neil Curtis (appointed 23rd January 2008 and resigned 6th May 2008)

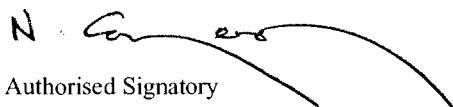
### **AUDITORS**

Ernst & Young LLP have expressed their willingness to continue in office.

### **REGISTERED OFFICE**

22 Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8PX

### **BY ORDER OF THE BOARD**



Authorised Signatory

**Mourant & Co. Secretaries Limited**

Secretary

Date: 7/7/08

## **LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the financial statements in accordance with applicable law and generally accepted accounting principles.

Jersey Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors should:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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 auditors' 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.

**Respective responsibilities of directors and auditors**

The directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

*Ernst & Young LLP*

Jersey, Channel Islands

Date: *10 July 2008*

# LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

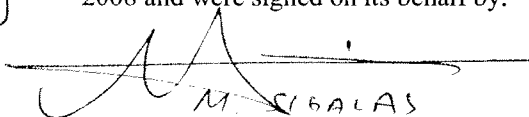
## BALANCE SHEET

AS AT 31ST DECEMBER 2007

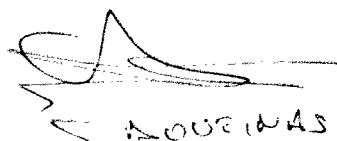
	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	2	230,600,421	224,169,284
<b>Current assets</b>			
Trade and other receivables	3	-	1,365
Cash and cash equivalents	4	834,521	2,597,250
		834,521	2,598,615
<b>TOTAL ASSETS</b>		€ 231,434,942	€ 226,767,900
<b>EQUITY AND LIABILITIES</b>			
Share capital	6	218,209,446	218,209,446
Retained earnings		13,200,096	8,491,834
<b>TOTAL SHAREHOLDERS' EQUITY</b>		231,409,542	226,701,280
<b>Current liabilities</b>			
Trade and other payables	5	25,400	66,620
<b>TOTAL EQUITY AND LIABILITIES</b>		€ 231,434,942	€ 226,767,900

The financial statements were approved and authorised for issue by the Board of Directors on the 7<sup>th</sup> day of July 2008 and were signed on its behalf by:

Director:

  
M. SIBALAS

Director:

  
S. LOURINAS

*(The notes on pages 8 to 14 form part of these financial statements)*

## LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

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### INCOME STATEMENT

#### FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>Note</u>	<u>2007</u>	<u>2006</u>
<b>INCOME:</b>			
Bank interest receivable		164,595	99,938
Dividends from related undertaking		6,304,575	-
		<hr/>	<hr/>
		6,469,170	99,938
		<hr/>	<hr/>
<b>EXPENDITURE:</b>			
Loss on exchange		381,314	290,174
Audit fees invoiced by Parent		-	49,375
Consultancy fees		-	-
Audit fees		9,035	9,450
Audit fees under-accrued in prior years		-	6,211
Accountancy fee		15,786	11,319
Mourant secretarial and administration fees		22,949	14,187
Annual filing fee		226	226
Exempt company fee		904	904
Bank interest and charges		1,569	1,848
Provision for impairment loss - East Cement	2	1,329,125	-
		<hr/>	<hr/>
		1,760,908	383,694
		<hr/>	<hr/>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		€ 4,708,262	€ ( 283,756)
		<hr/>	<hr/>

*(The notes on pages 8 to 14 form part of these financial statements)*

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**LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31ST DECEMBER 2007**

	Share Capital	Retained earnings	Total
Balance at 1st January 2006	218,209,446	8,775,590	226,985,036
Loss for the year	-	( 283,756)	( 283,756)
Balance at 31st December 2006	<u>€ 218,209,446</u>	<u>€ 8,491,834</u>	<u>€ 226,701,280</u>
Balance at 1st January 2007	218,209,446	8,491,834	226,701,280
Profit for the year	-	4,708,262	4,708,262
Balance at 31st December 2007	<u>€ 218,209,446</u>	<u>€ 13,200,096</u>	<u>€ 231,409,542</u>

*(The notes on pages 8 to 14 form part of these financial statements)*

# LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

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## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>			
Operating profit/(loss) for the year		4,708,262	(283,756)
Provision for impairment		1,329,125	-
Decrease in trade and other receivables		1,365	300,541
Bank interest receivable		(164,595)	
Increase in trade and other payables		(41,220)	48,748
<b>Net cash flow from operating activities</b>		<u>5,832,937</u>	<u>65,533</u>
<b>Cash flows from investing activities</b>			
Bank interest received		164,595	-
Purchase of financial assets		( 7,760,261)	-
<b>Net cash flows used in investing activities</b>		<u>( 7,595,666)</u>	<u>-</u>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>		<u>( 1,762,729)</u>	<u>65,533</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>2,597,250</u>	<u>2,531,717</u>
<b>Cash and cash equivalents at end of year</b>	4	<u>€ 834,521</u>	<u>€ 2,597,250</u>

*(The notes on pages 8 to 14 form part of these financial statements)*



# **LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31ST DECEMBER 2007**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee. The more significant accounting policies used are set out below.

##### **Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. Actual results could differ from those estimates.

##### **Accounting for investments in subsidiaries**

Under International Accounting Standard No 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries) the Company is required to prepare consolidated financial statements unless each shareholder produces consolidated financial statements available for public use that comply with IFRS. The Company's financial statements contain information of Lafarge Titan Egyptian Investments Limited ("LTEIL") as an individual company and do not contain consolidated financial statements as parent of its 95% owned subsidiary company, Beni Suef Cement Company, nor its 100% owned subsidiaries Alexandria Development Limited and East Cement Trade Limited, nor its 88.45% owned subsidiary Alexandria Portland Cement Company. The directors have not prepared consolidated financial statements, as each shareholder will account, for their interest in the Company's subsidiaries, directly in their own group financial statements which are publicly available and comply with IFRS. Consequently, the investments in subsidiary companies are accounted for at cost less impairment.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

# LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

### FOR THE YEAR ENDED 31ST DECEMBER 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Foreign currency translation

a) Currency of domicile, functional currency and presentation currency;

The currency of domicile is GBP (pounds sterling). Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro, which is the Company's functional and presentation currency.

b) Transactions and balances;

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

##### Dividend income

Dividend income is recognised when it becomes declared and payable.

##### Interest income and expense

Interest income and expense are recognised in the income statement for all debt instruments using the effective interest method.

##### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2. INVESTMENTS IN SUBSIDIARIES	<u>2007</u>	<u>2006</u>
Beni Suef Cement Company 49,399,000 ordinary shares of €2 each	170,460,047	170,460,047
Alexandria Development Limited 36,321,993 ordinary shares of €2 each	60,140,374	52,380,112
East Cement Trade Limited 5,836 ordinary shares of CYP£1 each	-	1,329,125
	<u>€ 230,600,421</u>	<u>€ 224,169,284</u>

The investment in East Cement Trade Limited was fully written down in June 2007 as it was considered to be impaired.

## LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE YEAR ENDED 31ST DECEMBER 2007

<b>2. INVESTMENTS IN SUBSIDIARIES (CONTINUED)</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Beni Suef Cement Company</b>		
Percentage of shares held	95%	95%
<p>Beni Suef Cement Company is incorporated in Egypt and its principal business activity is that of cement manufacturing.</p>		
<b>Alexandria Development Limited</b>		
Percentage of shares held	100%	100%
<b>East Cement Trade Limited</b>		
Percentage of shares held	100%	100%
<p>East Cement Trade Limited is incorporated in Cyprus and its principal business activity is that of investment holding. The investment in East Cement Trade Limited was fully written down in June 2007 as the Directors consider the investment to be impaired.</p>		
<b>3. TRADE AND OTHER RECEIVABLES</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Prepayment of Mourant & Co Limited management fees	-	248
Prepayment of fiscal fees	-	1,117
	<hr/>	<hr/>
	€ -	€ 1,365
	<hr/> <hr/>	<hr/> <hr/>
<b>4. CASH AND CASH EQUIVALENTS</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Deposits with Citibank International Plc	833,972	2,596,626
Deposits with HSBC Bank Plc	549	624
	<hr/>	<hr/>
	€ 834,521	€ 2,597,250
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## LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE YEAR ENDED 31ST DECEMBER 2007

<b>5. TRADE AND OTHER PAYABLES</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Accrued expenses	25,397	66,617
Shareholders' loan	3	3
	<hr/>	<hr/>
	€ 25,400	€ 66,620
	<hr/> <hr/>	<hr/> <hr/>

The loan payable to the shareholders is unsecured, interest free and there is no specified repayment date.

<b>6. SHARE CAPITAL</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
AUTHORISED:		
218,209,446 ordinary shares of €1.00 each	€ 218,209,446	€ 218,209,446
	<hr/> <hr/>	<hr/> <hr/>
ISSUED AND FULLY PAID:		
218,209,446 ordinary shares of €1.00 each	€ 218,209,446	€ 218,209,446
	<hr/> <hr/>	<hr/> <hr/>

#### 7. TAXATION

Under Article 123A of the Income Tax (Jersey) law 1961, as amended, the company has obtained Jersey exempt company status for the year and is therefore exempt from Jersey income tax on non Jersey source income and bank interest (by concession). A £600 annual exempt company fee is payable by the company.

#### 8. CONTROLLING PARTY

The Company is jointly owned by and controlled by Financière Lafarge SA, incorporated in France and by Iapetos Limited, incorporated in Cyprus, each holding a 50% interest in the Company.

Financière Lafarge SA is ultimately owned and controlled by Lafarge SA, incorporated in France. Iapetos Limited is ultimately owned and controlled by Titan plc, incorporated in Greece.

#### 9. RELATED PARTIES

All identified related parties' transactions have been disclosed in the financial statements.

# LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

### FOR THE YEAR ENDED 31ST DECEMBER 2007

#### 10. FINANCIAL RISK MANAGEMENT

##### a) Financial risk factors

The Company's activities exposed it to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

##### i) Interest rate risk

Interest rate is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Interest income earned on cash at bank is susceptible to changes in market interest rates. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

##### ii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company functional currency. The Company's policy is not to enter into any currency hedging transactions. At year-end the Company's exposure to foreign risk is summarised below:

	<u>2007</u>		<u>2006</u>	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
Denominated in Euro	300,200	3	342,364	3
Denominated in US\$	533,772	-	2,254,262	-
Denominated in GBP	-	25,397	-	66,617
Denominated in Egyptian Pounds	549	-	624	-
	<u>€ 834,521</u>	<u>€ 25,400</u>	<u>€ 2,597,250</u>	<u>€ 66,620</u>

##### iii) Credit risk

The Company has no significant concentration of credit risk. Financial assets which potentially subject the company to concentrations of credit risk consist principally of cash and cash equivalents and trade and other receivables. The company's cash is placed with quality financial institutions. Trade and other receivables represent amounts due from related parties which are unsecured and interest free.

##### iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses, such as maintaining sufficient cash and other highly liquid current assets.

The table below summarizes the maturity profile of the Company's financial liabilities as at the year end.



## **LAFARGE TITAN EGYPTIAN INVESTMENTS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE YEAR ENDED 31ST DECEMBER 2007**

##### **11. SUBSEQUENT EVENTS**

On 6th May 2008 there was a transfer of shares between the existing shareholders. Lafarge SAS transferred 109,104,723 fully paid "A" shares of €1 to Iapetos Limited. Subsequently, the Company is fully owned by Titan plc.

The company name, Lafarge Titan Egyptian Investments Limited was changed to Titan Egyptian Investments Limited on 7th May 2008.