BENI SUEF CEMENT COMPANY AND PARTNERS
"MISRIEEN TITAN FOR TRADE AND DISTRIBUTION"
(LIMITED PARTNERSHIP COMPANY)
FINANCIAL STAEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
TOGETHER WITH AUDITOR'S REPORT

ERNST & YOUNG

Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbouli, Tageldeen& El-Kilany
37 El Ahrar Street, Mobica Tower
P.O. Box 97 Dokki, Giza - Egypt

Phone:+ 20 2 3336 2000
Fax: + 20 2 3760 0813
cairo.office@eg.ey.com
www.ey.com/eyme

AUDITOR'S REPORT TO THE PARTNERS OF BENI SUEF CEMENT COMPANY AND PARTNERS "MISRIEEN TITAN FOR TRADE AND DISTRIBUTION" (LIMITED PARTNERSHIP COMPANY)

We have audited the accompanying balance sheet of Beni Suef Cement Company and Partners "Misrieen Titan for Trade and Distribution" (Limited Partnership Company) (the "Company") as of December 31, 2007 and the related statements of income, changes in partners' 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 the Company was not successful in obtaining new contracts and accordingly did not recognize any revenues during the last five years which could affect the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Allied For Accounting & Auditing
A Member of Ernst & Young Global
المتضامنون للمحاسبة والمراجعة

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

Cairo: January 28, 2008

Beni Suef Cement Company and Partners
" Misrieen Titan for Trading and Distribution"
(Limited Partnership Company)
Balance Sheet as of December 31, 2007
(amounts expressed in Egyptian pound)

	Note	2007 EGP	2006 EGP
Non-current Assets			
Property,plant and equipment, net	(2e,3)	**2,823**	7,259
Total non-current assets		**2,823**	7,259
Current assets			
Prepayments and other debit balances	(2f,4)	**371,735**	331,963
Cash on hand and at bank	(5)	**49,085**	28,834
Total current assets		**420,820**	360,797
Total assets		**423,643**	368,056
Partners' equity and liabilities			
Partners' equity			
Capital	(8)	**20,000**	20,000
Accumulated deficit		**(1,345,140)**	(782,283)
Net losses for the year		**(542,617)**	(562,857)
Partners' Equity		**(1,867,757)**	(1,325,140)
Current liabilities			
Provision for expected claims	(2g)	**16,677**	16,677
Due to related party	(2k,6)	**2,195,463**	1,585,150
Accrued expenses and other credit balances	(7)	**79,260**	91,369
Total current liabilities		**2,291,400**	1,693,196
Total partners' equity and liabilities		**423,643**	368,056

General Manager

Spiro Spathis

- The accompanying notes from (1) to (12) are an integral part of the financial statements.
- Auditor's report attached.

Beni Suef Cement Company and Partners
" Misrieen Titan for Trading and Distribution"
(Limited Partnership Company)
Statement of Income
For the year ended December 31, 2007
(amounts expressed in Egyptian pound)

	Note	2007 EGP	2006 EGP
General and administrative expenses	(2i, 9)	(542,617)	(562,857)
Net losses for the year		**(542,617)**	**(562,857)**

- The accompanying notes fromm (1) to (12) are an integral part of the financial statements.

Beni Suef Cement Company and Partners
" Misrieen Titan for Trading and Distribution"
(Limited Partnership Company)
Statement of Changes in Partners' Equity
For the year ended December 31, 2007
(amounts expressed in Egyptian pound)

	Capital EGP	Accumulated deficit EGP	Net loss for the year EGP	Total EGP
Balance as of January 1, 2006	20,000	(431,954)	(350,329)	**(762,283)**
Transferred to accumulated deficit	-	(350,329)	350,329	-
Net losses for the year	-	-	(562,857)	**(562,857)**
Balance as of December 31, 2006	**20,000**	**(782,283)**	**(562,857)**	**(1,325,140)**
Transferred to accumulated deficit	-	(562,857)	562,857	-
Net losses for the year	-	-	(542,617)	**(542,617)**
Balance as of December 31, 2007	**20,000**	**(1,345,140)**	**(542,617)**	**(1,867,757)**

- The accompanying notes fromm (1) to (12) are an integral part of the financial statements.

Misrieen Titan for Trading and Distribution

(Limited Partnership Company)

Statement of Cash Flows

For the year ended December 31, 2007

(amounts expressed in Egyptian pound)

	Note	2007 EGP	2006 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Net losses for the year		**(542,617)**	(562,857)
Depreciation of fixed assets		**4,436**	4,442
Operating lossess before changes in working capital		**(538,181)**	(558,415)
(Increase) in prepayments and other debit balances		**(39,772)**	(37,644)
Increase in due to related party		**610,313**	589,636
(Decrease) increase in accrued expenses and other credit balnaces		**(12,109)**	1,865
NET CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES		**20,251**	(4,558)
Net increase (decrease) in cash and cash equivalent during the year		**20,251**	(4,558)
Cash and cash equivalent - beginning of the year		**28,834**	33,392
CASH AND CASH EQUIVALENT - END OF THE YEAR	(2o,5)	**49,085**	28,834

- The accompanying notes fromm (1) to (12) are an integral part of the financial statements.

Beni Suef Cement Company and Partners
"Misrieen Titan for Trading and Distribution"
(Limited Partnership Company)
Notes to the Financial Statements
as of December 31, 2007

1 BACKGROUND

Mohamed Mansour Hassan Company and Partners "Misrieen Titan for Trading and Distribution" was established on July 8, 1997 as a Limited Partnership Company.

The Company was registered in the commercial registry under No. 115794 on September 11, 1997.

According to the contract dated December 16, 2002, some of the old partners were replaced by new partners and the Company's name was changed to Beni Suef Cement Company and Partners "Misrieen Titan for Trading and Distribution" (Limited Partnership Company).

The purpose of the Company is trading and distribution of cement and practicing all services relating to that activity.

2 SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation
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. Fundamental accounting concept
The financial statements have been prepared under the going concern concept on the assumption that the partners will provide adequate funds to the Company to meet its liabilities as they fall due.

d. 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.

e. 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
Vehicles	5
Office equipment	5
Furniture	5

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

g. 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.

h. **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.

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

j. **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.

k. **Related party transactions**
Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the General Manager.

l. **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.

m. **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.

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

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

3 PROPERTY AND EQUIPMENT, NET

	Vehicles EGP	Office equipment EGP	Furniture EGP	Total EGP
Cost				
As of January 1, 2007	57,450	115,237	24,423	197,110
As of December 31, 2007	57,450	115,237	24,423	197,110
Accumulated depreciation				
As of January 1, 2007	(57,450)	(111,563)	(20,838)	(189,851)
Depreciation for the year	-	(2,000)	(2,436)	(4,436)
As of December 31, 2007	**(57,450)**	**(113,563)**	**(23,274)**	(194,287)
Net book value as of December 31, 2007	-	**1,674**	**1,149**	**2,823**
Net book value as of December 31, 2006	-	3,674	3,585	7,259

4 PREPAYMENTS AND OTHER DEBIT BALANCES

	2007 EGP	2006 EGP
Prepaid expenses	**63,369**	37,961
Tax authority	**274,171**	274,171
Employees' imprests and advances	**33,695**	19,331
Deposits with others	**500**	500
	371,735	331,963

5 CASH ON HAND AND AT BANK

	2007 EGP	2006 EGP
Cash on hand	**48,585**	28,238
Cash at bank	**500**	596
	49,085	28,834

6 DUE TO RELATED PARTY

The balance of due to related party amounting to EGP 2,195,463 as of December 31, 2007 represents the balance due by the Company to Beni Suef Cement Company (one of the Company's partners).

7 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2007 EGP	2006 EGP
Accrued expenses	**17,900**	29,461
Tax authority	**8,459**	12,887
Social insurance authority	**3,880**	-
Other credit balances	**49,021**	49,021
	79,260	91,369

8 CAPITAL

The Company's capital amounts to EGP 20,000 distributed as follows:

	%	Value EGP
Beni Suef Cement Company (general partner)	50.00	**10,000**
East Cement Trade Limited Company (general partner)	49.00	**9,800**
Ms. Ephtyhia Spathis (limited partner)	1.00	**200**
	100.00	**20,000**

9 GENERAL AND ADMINISTRATIVE EXPENSES

	2007 EGP	2006 EGP
Salaries and wages	**435,016**	404,569
Professional fees	-	30,500
Telephone and fax	**25,284**	33,066
Car expenses	**43,179**	33,710
Rent	**15,600**	15,600
Miscellaneous and other expenses	**19,102**	40,970
Depreciation	**4,436**	4,442
	542,617	**562,857**

10 TAX SITUATION

a) **Corporate taxes**
The Company's records were inspected till the year 2001. The Company objected on the assessment and the issue is currently in the Internal Committee.

The Company's records were inspected for the years from 2002 till 2004 and the tax assessment was not yet received.

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

b) **Salary taxes**
The Company's records were inspected till the year 2001 and the taxes due were paid.

No tax inspection took place for the Company's records for the years from 2002 till 2006.

11 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 bank and other debit balances. The financial liabilities include due to related party 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. There are neither financial assets nor financial liabilities denominated in foreign currencies.

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.

12 COMPARATIVE FIGURES

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