

**BENI SUEF CEMENT COMPANY AND PARTNERS
"MISRIEEN TITAN FOR TRADE AND DISTRIBUTION"
(LIMITED PARTNERSHIP COMPANY) (UNDER LIQUIDATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
TOGETHER WITH AUDITOR'S REPORT**

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Beni Suef Cement Company and Partners "Misrieen Titan for Trade and Distribution" (Limited Partnership Company) (Under Liquidation)**, represented in the balance sheet as at 31 December 2008, as well as the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. Management 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. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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.

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 € 750K. 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.

As the Company was not successful in obtaining new contracts, accordingly did not recognize any revenues during the last six years, therefore the partners meeting held on 16 November 2008 decided to liquidate the Company. On 25 November 2008 the Company was cancelled from the commercial register.

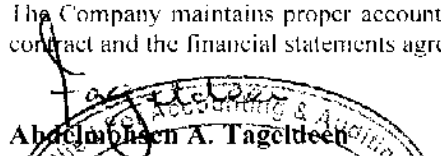

As result of the matter referred to in the preceding paragraph, the Company's financial statement as of 31 December 2008 has been prepared on a break up basis.

Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding three paragraphs, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **Beni Suef Cement Company and Partners "Misrieen Titan for Trade and Distribution" (Limited Partnership Company) (Under Liquidation)** as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's contract and the financial statements agree with the Company's records


Abdelmehsen A. Tageldeen
Certified Public Accountant (USA)
Ernst & Young Global
Fellow of the Egyptian Association of Accountants and Auditors
R.A. 15058


Cairo: 2 February 2009

Beni Suef Cement Company and Partners
 "Misrieen Titan For Trade and Distribution"
 (Limited Partnership Company) (Under Liquidation)

BALANCE SHEET

As Of 31 December 2008

	Note	2008 EGP	2007 EGP
Non-current assets			
Property, plant and equipment, net	(3-4,4)	-	2,823
Total non-current assets			2,823
Current assets			
Prepayments and other debit balances	(3-5,5)	273,437	371,735
Cash on hand and at bank	(3-13,6)	111,828	49,085
Total current assets		385,265	420,820
Total assets		385,265	423,643
Partners' equity and liabilities			
Partners' equity			
Capital	(9)	20,000	20,000
Accumulated deficit		(1,887,757)	(1,345,140)
Net losses for the year / year		(867,917)	(542,617)
Total partners' equity		(2,735,674)	(1,867,757)
Current liabilities			
Provision for expected claims	(3-6)	15,598	16,677
Due to related party	(3-9,7)	3,031,000	2,195,463
Accrued expenses and other credit balances	(8)	74,341	79,260
Total current liabilities		3,120,939	2,291,400
Total partners' equity and liabilities		385,265	423,643

General Manager
 Spiro Spathis



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

Beni Suef Cement Company and Partners
"Misrieen Titan For Trade and Distribution"
(Limited Partnership Company) (Under Liquidation)

STATEMENT OF INCOME
For The Year Ended 31 December 2008

	Note	2008 EGP	2007 EGP
Gain from sale of fixed assets		28,787	-
General and administrative expenses	(3-8,9)	<u>(896,704)</u>	<u>(542,617)</u>
NET LOSSES FOR THE YEAR		<u>(867,917)</u>	<u>(542,617)</u>

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

Beni Suef Cement Company and Partners
 "Misrieen Titan For Trade and Distribution"
 (Limited Partnership Company) (Under Liquidation)

STATEMENT OF CHANGES IN PARTNERS' EQUITY
 For The Year Ended 31 December 2008

	Capital	Accumulated deficit	Net losses for the year	Total
	EGP	EGP	EGP	EGP
Balance as of 1 January 2007	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 31 December 2007	20,000	(1,345,140)	(542,617)	(1,867,757)
Transferred to accumulated deficit	-	(542,617)	542,617	-
Net losses for the year	-	-	(867,917)	(867,917)
Balance as of 31 December 2008	20,000	(1,887,757)	(867,917)	(2,735,674)

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

Beni Suef Cement Company and Partners
 "Misrieen Titan For Trade and Distribution"
 (Limited Partnership Company) (Under Liquidation)

STATEMENT OF CASH FLOWS
 For The Year Ended 31 December 2008

	Note	2008 EGP	2007 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Net losses for the year		(867,917)	(542,617)
Non - cash			
Depreciation of property, plant and equipment		2,100	4,436
Provision used during the year		(1,079)	-
Gain from sale of property, plant and equipment		(28,787)	-
Working capital adjustment:			
Decrease (increase) in prepayments and other debit balances		98,298	(39,772)
Increase in due to related party		835,537	610,313
Decrease in accrued expenses and other credit balances		(4,920)	(12,109)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		33,232	20,251
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		29,511	-
NET CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		29,511	-
Net increase in cash and cash equivalent during the year		62,743	20,251
Cash and cash equivalent - beginning of the year		49,085	28,834
CASH AND CASH EQUIVALENT - END OF THE YEAR	(3-13,5)	111,828	49,085

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

Beni Suef Cement Company and Partners
"Misrieen Titan For Trade and Distribution"
(Limited Partnership Company) (Under Liquidation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

1 BACKGROUND

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

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

According to the contract dated 16 December 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 was trading and distribution of cement and practicing all services relating to that activity.

On 16 November 2008, the partners have decided to liquidate the Company and as of 25 November 2009 Company was cancelled from the commercial register.

2 FUNDAMENTAL ACCOUNTING CONCEPT

The Financial statements have been prepared on a break up basis.

3 SIGNIFICANT ACCOUNTING POLICIES

3-1 Basis of preparation

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

3-2 Changes in accounting policies

There was no change in the accounting policies adopted this year from those policies adopted in the previous year.

3-3 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 financial position 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.

3-4 Property, plant and equipment

Property, plant and equipment are stated at historical cost net of accumulated depreciation.

3-5 Other debit balances

Other debit balances are stated at book value less any impairment losses.

3-6 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 financial position 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.

Beni Suef Cement Company and Partners
"Misrieen Titan For Trade and Distribution"
(Limited Partnership Company) (Under Liquidation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

3 – 7 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 financial position (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.

3 – 8 Expenses

All expenses including cost of sales, 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.

3 – 9 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.

3 – 10 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.

3 – 11 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 and the impairment loss is charged to the statement of income.

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.

3 – 12 Cash flow statement

The cash flow statement is prepared using the indirect method.

3 – 13 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.

Beni Suef Cement Company And Partners
 "Misrieen Titan For Trade And Distribution"
 (Limited Partnership Company) (Under Liquidation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

4 PROPERTY, PLANT AND EQUIPMENT, NET

	Vehicles	Office equipment	Furniture	Total
	EGP	EGP	EGP	EGP
Cost				
As of 1 January 2008	57,450	115,237	24,423	197,110
Disposals	(44,950)	(115,237)	(24,423)	(184,610)
As of 31 December 2008	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Accumulated depreciation				
As of 1 January 2008	(57,450)	(113,563)	(23,274)	(194,287)
Depreciation for the year	-	(951)	(1,149)	(2,100)
Disposals	44,950	114,514	24,423	183,887
As of 31 December 2008	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>(12,500)</u>
Net book value as of 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value as of 31 December 2007	-	1,674	1,149	2,823

5 PREPAYMENTS AND OTHER DEBIT BALANCES

	2008	2007
	EGP	EGP
Prepaid expenses	-	63,369
Tax authority	273,437	274,171
Employees' imprests and advances	-	33,695
Deposits with others	-	500
	<u>273,437</u>	<u>371,735</u>

6 CASH ON HAND AND AT BANK

	2008	2007
	EGP	EGP
Cash on hand	110,505	48,585
Current account	1,323	500
	<u>111,828</u>	<u>49,085</u>

7 DUE TO RELATED PARTY

The balance of due to related party amounting to EGP 3,031,000 as of 31 December 2008 represents the balance due to Beni Suef Cement Company (one of the Company's partners).

8 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2008	2007
	EGP	EGP
Accrued expenses	25,319	17,900
Tax authority	-	8,459
Social insurance authority	-	3,880
Other credit balances	49,021	49,021
	<u>74,340</u>	<u>79,260</u>

Beni Suef Cement Company And Partners
 "Misrieen Titan For Trade And Distribution"
 (Limited Partnership Company) (Under Liquidation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9 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. Ephtyha Spathis (limited partner)	1.00	200
	<u>100.00</u>	<u>20,000</u>

10 GENERAL AND ADMINISTRATIVE EXPENSES

	2008 EGP	2007 EGP
Salaries and wages	738,146	435,016
Professional fees	40,000	-
Telephone and fax	28,076	25,284
Car expenses	57,853	43,179
Rent	15,600	15,600
Miscellaneous and other expenses	14,929	19,102
Depreciation	2,100	4,436
	<u>896,704</u>	<u>542,617</u>

11 TAX SITUATION

a) Corporate taxes

The Company's records were inspected till year 2001, and the taxes due were paid

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 from 2005 till 2007.

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 2007.

c) Stamp duty taxes

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

12 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.

Beni Suef Cement Company And Partners
"Misrieen Titan For Trade And Distribution"
(Limited Partnership Company) (Under Liquidation)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

b) 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.

c) Fair value for financial instruments

According to the valuation principle 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.