

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TITAN (former LOULIS) S.A.**

Report on the Financial Reporting Package

- [1] We have audited the accompanying financial reporting package of **TITAN (former LOULIS) S.A.** (the Company), which comprise the balance sheet as at 31 December 2007 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.

Board of Administrators' Responsibility for the Financial Reporting Package

- [2] The Company's Board of Administrators is responsible for the preparation and fair presentation of this financial reporting package in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial reporting package 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.

Auditor's Responsibility

- [3] Our responsibility is to express an opinion on this financial reporting package based on our audit. We conducted our audit in accordance with the 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 reporting package are free from material misstatement.

Scope of audit

- [4] An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial reporting package. The procedures selected depended on the auditor's judgment, including the assessment of the risks of material misstatement of the financial reporting package, 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 reporting package 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 the Board of Administrators, as well as evaluating the overall presentation of the financial reporting package.
- [5] We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- [6] In our opinion, the accompanying financial reporting package, give a true and fair view of the financial position of **TITAN (former LOULIS) S.A.** as at 31 December 2007 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.

Emphasis of matter

- [7] Without qualifying our opinion we draw attention on the fact that the taxation system in Romania is at an early stage of development and is subject to varying interpretation and to constant changes, which may be retroactive. In certain circumstances the tax authorities can be arbitrary in assessing tax penalties. Although the actual tax on a transaction may be minimal, penalties can be significant as they may be calculated based on the value of the transactions and range between 0.05 % - 0.3 % per day. In Romania, tax periods remain open for tax reviews for 5 years.

Other Matter

- [8] This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purposes. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Baker Tilly Klitou and Partners



Baker Tilly Klitou and Partners S.R.L.
Bucharest, 28 March 2008