# ALEXANDRIA DEVELOPMENT LIMITED

## AUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER 2006

Ref: 1272158
Sims: 53043

# REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31st December 2006.

## 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 € 1,395,210 (2005: €53,120 loss).

The Directors do not recommend a dividend for the year.

## DIRECTORS

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

| | |
|---|---|
| Jean-Charles Blatz | (resigned 28th April 2006) |
| Stamatis Douzinas | |
| Michael Sigalas | |
| Samer Berekdar | (resigned 28th April 2006) |
| Eric Meuriot | (appointed 28th April 2006) |
| Michel Rose | (appointed 28th April 2006) |
| Ulrich Glanauch | (appointed 28th April 2006) |
| Dimitri Papalexopoulos | (appointed 28th April 2006) |

## AUDITORS

Ernst & Young 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

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

The directors are responsible for preparing the financial statements in accordance with applicable Jersey 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 ALEXANDRIA DEVELOPMENT LIMITED**

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Balance Sheet, the Income Statement, the Statement of Change in Shareholders' Equity, the Cash Flow Statement and the related notes 1 to 10. 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 2006 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

Ernst & Young LLP
Jersey, Channel Islands
Date: 23 October 2007

## BALANCE SHEET

## AS AT 31ST DECEMBER 2006

| | Notes | 2006 | 2005 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 2 | 73,929,508 | 73,929,508 |
| **Current assets** | | | |
| Debtors | 3 | 1,385 | 1,157 |
| Cash and cash equivalents | 4 | 1,103,982 | 10,310 |
| | | 1,105,367 | 11,467 |
| **TOTAL ASSETS** | | € 75,034,875 | € 73,940,975 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 6 | 72,643,986 | 72,643,986 |
| Retained earnings | | 2,365,628 | 970,418 |
| **TOTAL SHAREHOLDERS' EQUITY** | | 75,009,614 | 73,614,404 |
| **Current liabilities** | | | |
| Creditors | 5 | 25,260 | 326,571 |
| **TOTAL EQUITY AND LIABILITIES** | | € 75,034,875 | € 73,940,975 |

The financial statements were approved by the Board of Directors on the 16th day of OCTOBER 2007 and were signed on its behalf by:

"A" **Director:**

"B" **Director:**

S. LOURINAS

*(The notes on pages 8 to 12 form part of these financial statements)*

## INCOME STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER 2006

| | | 2006 | | 2005 |
|---|---|---|---|---|
| **INCOME:** | | | | |
| Bank interest receivable | | 37,691 | | 327 |
| Dividends from related undertaking | | 1,392,057 | | - |
| | | 1,429,748 | | 327 |
| **EXPENDITURE:** | | | | |
| Loss on exchange | | 4,456 | | 36,688 |
| Audit fees | | 9,458 | | 10,878 |
| Audit fees over/under-accrued in prior years | ( | 1,169) | | 3,775 |
| Accountancy fee | | 7,626 | | 7,341 |
| Mourant secretarial and administration fees | | 12,613 | | 11,809 |
| Mourant administration fees over-accrued in prior year | | - | ( | 18,852) |
| Annual filing fee | | 227 | | 215 |
| Exempt company fee | | 910 | | 875 |
| Bank interest and charges | | 417 | | 718 |
| | | 34,538 | | 53,447 |
| **NET PROFIT/LOSS FOR THE YEAR** | € | 1,395,210 | € ( | 53,120) |

*(The notes on pages 8 to 12 form part of these financial statements)*

## STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31ST DECEMBER 2006

| | Share Capital | Retained earnings | Total |
|---|---|---|---|
| Balance at 1st January 2005 | 72,643,986 | 1,023,538 | 73,667,524 |
| Loss for the year | - | ( 53,120) | ( 53,120) |
| Balance at 31st December 2005 | € 72,643,986 | € 970,418 | € 73,614,404 |
| Balance at 1st January 2006 | 72,643,986 | 970,418 | 73,614,404 |
| Profit for the year | - | 1,395,210 | 1,395,210 |
| Balance at 31st December 2006 | € 72,643,986 | € 2,365,628 | € 75,009,614 |

*(The notes on pages 8 to 12 form part of these financial statements)*

## CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER 2006

| | 2006 | 2005 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit/(loss) for the year | 1,395,210 | ( 53,120) |
| Increase in debtors | ( 227) | ( 47) |
| (Decrease)/Increase in creditors | ( 301,311) | 40,669 |
| **Net cash flow from operating activities** | 1,093,672 | (12,498) |
| **Net Increase/(decrease) in cash and cash equivalents** | 1,093,672 | ( 12,498) |
| **Cash and cash equivalents at beginning of year** | 10,310 | 22,808 |
| **Cash and cash equivalents at end of year** | € 1,103,982 | € 10,310 |

*(The notes on pages 8 to 12 form part of these financial statements)*

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER 2006

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") 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.

**Scope of consolidation**

The Company has adopted the exemption available in International Accounting Standard (IAS) 27 and has not presented consolidated financial statements, as it is a wholly owned subsidiary of a parent, Lafarge Titan Egyptian Investments Limited ("LTEIL"). As a result, the financial statements contain information about Alexandria Development Limited as an individual company and do not contain consolidated financial statements as the parent company of its wholly owned subsidiary, Alexandria Portland Cement Company.

**Accounting for Investments in subsidiaries**

The investment in the Company's wholly owned subsidiary, Alexandria Portland Cement Company, is accounted for at cost less provision for impairment. Cost comprises the purchase price and all incidental expenses incurred in relation to the acquisition of the subsidiary.

**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.

## NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

## FOR THE YEAR ENDED 31ST DECEMBER 2006

### 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 Company's functional currency is EGP and the Presentational currency is Euro.

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 revenue is recognised when the right to receive such dividend is established.

**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

| | 2006 | 2005 |
|---|---|---|
| Alexandria Portland Cement Company<br>10,614,137 ordinary shares of EGP 30 each | € 73,929,508 | € 73,929,508 |
| Percentage of shares held | 88.45% | 88.45% |

Alexandria Portland Cement Company is incorporated in Egypt and its principal business activity is that of cement manufacturing.

### 3. DEBTORS

| | 2006 | 2005 |
|---|---|---|
| Loan receivable from LTEIL | 20 | 20 |
| Prepayment of fiscal fees | 1,365 | 1,137 |
| | € 1,385 | € 1,157 |

The loan receivable from LTEIL is unsecured, interest free and has no specified repayment date.

## NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

## FOR THE YEAR ENDED 31ST DECEMBER 2006

| 4. CASH AND CASH EQUIVALENTS | | 2006 | | 2005 |
|---|---|---|---|---|
| Deposits with Citibank International Plc - Euro | | 1,445 | | 8,494 |
| Deposits with Citibank International Plc - US$ | | 1,102,537 | | 1,816 |
| | € | 1,103,982 | € | 10,310 |

| 5. CREDITORS - DUE WITHIN ONE YEAR | | 2006 | | 2005 |
|---|---|---|---|---|
| Loan payable to Blue Circle Industries Plc | | 7,261 | | 7,115 |
| Loan Payable to LTEIL | | - | | 300,776 |
| Accrued expenses | | 17,999 | | 18,680 |
| | € | 25,260 | € | 326,571 |

The loan payable to Blue Circle Industries PLC is unsecured, interest free and has no specified repayment date.

| 6. SHARE CAPITAL | | 2006 | | 2005 |
|---|---|---|---|---|
| AUTHORISED: | | | | |
| 36,321,993 ordinary shares of €2.00 each. | € | 72,643,986 | € | 72,643,986 |
| ISSUED AND FULLY PAID: | | | | |
| 36,321,993 ordinary shares of €2.00 each. | € | 72,643,986 | € | 72,643,986 |

### 7. TAXATION

The Company has been granted exempt status for Jersey taxation purposes and therefore only suffers an annual exempt company fee of £ 600.

## 8. CONTROLLING PARTY

The company is wholly owned by LTEIL, incorporated in Jersey CI, which is in turn jointly owned and controlled by Financière Lafarge SA, incorporated in France and by Iapetos Limited, incorporated in Cyprus, each holding a 50% interest in LTEIL.

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.

## 10. FINANCIAL INSTRUMENTS

**Strategy in using financial instruments**

Financial instruments at the balance sheet date comprise balances due to and from parent company, debtors, cash and cash equivalents and accruals. As at the balance sheet date, the book values of these financial instruments approximated their fair values.

**Foreign Exchange risk**

The Company's exposure to foreign exchange risk is summarised below:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Financial Assets | Financial Liabilities | Financial Assets | Financial Liabilities |
| Denominated in Euro | 1,445 | - | 1,836 | - |
| Denominated in US$ | 1,102,537 | - | 8,494 | 300,776 |
| Denominated in GBP | | 25,260 | 1,137 | 25,795 |
| | € 1,103,982 | € 25,260 | € 11,467 | € 326,571 |

**Interest Rate Risk**

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant interest bearing assets.

**Credit Risk**

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