

**BENI SUEF CEMENT COMPANY (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
TOGETHER WITH AUDITOR'S REPORT**

AUDITOR'S REPORT TO THE MANAGEMENT OF BENI SUEF CEMENT COMPANY (S.A.E)

Report on the Financial Statements

We have audited the accompanying financial statements of **Beni Suef Cement Company (S.A.E)**, represented in the separate balance sheet as at 31 December 2010, as well as the related separate 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 and applicable Egyptian laws. 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 € 2,338K. 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.

Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, 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 (S.A.E)** as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

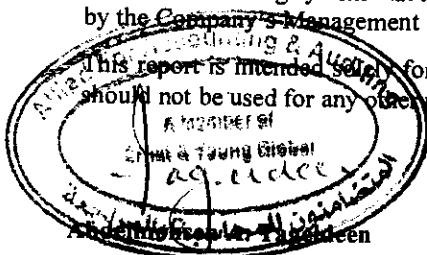
Without qualifying our opinion, we draw attention to the following:

- Complying with Beni Suef's Governor decision to collect state development fees of LE 2 against each cement ton produced effective 22 October 2002, the Company has paid amounts to Beni Suef Governorate on account of the amounts due by the Company and in return has raised a court case to cancel that decision and refund the amounts paid. The Company's legal advisor believes that the likelihood of the Company gaining this case is probable, accordingly, the total balance paid amounting to LE 9.6 M as of 31 December 2010 was included in the other current assets until the final ruling in the court case.
- The Nile Organization has raised a court case against the Company claiming compensation amounting to LE 300 M for the harms resulted from the Company's use of the quarries land. The Company's legal advisor believes that the likelihood of the Company gaining this case is probable.
- During the 4th quarter of 2007, the Company obtained the license for the second line for cement production for LE 135 M through a bid held by the Trading and Industrial Authority. The Industrial Development Authority subsequently raised the license value to LE 251 M where the Company in return has raised a court case against the Industrial Development Authority during October 2008 to safeguard its right in the license. The Company's legal advisor believes that the likelihood of the Company gaining this case is probable.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The company maintains a costing system that meets the purpose and the physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

This report is intended solely for the use of the Company and the ultimate Parent Company and should not be used for any other purpose.



Certified Public Accountant (USA)

Fellow of the Egyptian Association of Accountants and Auditors

R.A.A. 15058

Cairo: 12 February 2011

Beni Suef Cement Company (S.A.E)

SEPARATE INCOME STATEMENT

For The Year Ended 31 December 2010

	Notes	2010 KEGP	2009 KEGP
Sales of goods	(3)	1,312,428	947,745
Cost of sales	(4)	(699,121)	(591,700)
Gross profit		613,307	356,045
Other operating income	(5)	1,958	4,446
Administrative expenses	(6)	(46,961)	(38,204)
Other operating expenses	(7)	(20,666)	(5,212)
Provisions	(21)	(9,331)	(2,457)
Provision no longer required		10,832	6,714
Gain on disposal of property, plant and equipment		(2,223)	270
Foreign exchange differences		(33,000)	6,946
Operating profit		513,916	328,548
Finance costs	(8)	(35,495)	(21,535)
Finance income		2,106	1,589
Gain from sale of available-for-sale investments	(14)	119,871	24,696
Investments income		-	9,694
Profit before tax		600,398	342,992
Current income tax expense	(9)	(32,636)	-
Deferred income tax expense	(9)	(71,283)	(68,375)
Profit for the year		496,479	274,617
Earnings per share	(35)	9.54	5.28

- The accompanying notes from (1) to (40) are an integral part of these financial statements.

Beni Suef Cement Company (S.A.E)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2010

	2010	2009
	KEGP	KEGP
Profit for the year	<u>496,479</u>	<u>274,617</u>
Total comprehensive income for the year, net of tax	<u>496,479</u>	<u>274,617</u>

There are no other components of comprehensive income during the year ended 31 December 2010. Hence, the total comprehensive income is equal to the profit of the year.

- The accompanying notes from (1) to (40) are an integral part of these financial statements.

Beni Suef Cement Company (S.A.E)

SEPARATE STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 KEGP	2009 KEGP Restated
Assets			
Non-current assets			
Property, plant and equipment	(10)	2,331,064	2,246,820
Construction in progress	(11)	17,209	85,764
Intangible assets	(12)	92,320	95,546
Investments in associate	(13)	-	-
Available-for-sale investments	(14)	-	17,489
		<u>2,440,593</u>	<u>2,445,619</u>
Current assets			
Inventories, net	(15)	119,220	104,501
Accounts receivable, net	(16)	-	-
Due from related parties, net	(17)	2,108	1,950
Prepayments and other receivables	(18)	106,806	109,948
Cash and short-term deposits	(19)	19,701	6,247
		<u>247,835</u>	<u>222,646</u>
Total assets		<u>2,688,428</u>	<u>2,668,265</u>
Equity and liabilities			
Equity			
Issued capital	(20)	520,000	520,000
Legal reserve		41,615	28,619
Retained earnings		590,069	306,001
Assets revaluation reserve		580,033	594,224
Total equity		<u>1,731,717</u>	<u>1,448,844</u>
Non-current liabilities			
Provisions	(21)	11,624	14,898
Credit facility	(22)	-	160,000
Non current portion from instalments	(23)	44,637	51,014
Interest-bearing loans and borrowings	(24)	142,835	148,398
Other non-current financial liabilities	(25)	-	1,003
Deferred tax liability	(9)	324,841	253,557
		<u>523,937</u>	<u>628,870</u>
Current liabilities			
Trade payables	(26)	37,772	36,180
Advances from customers		103,017	130,611
Accrued expenses and other payables	(27)	80,319	76,739
Income tax payable		22,111	-
Current portion of instalments	(23)	12,753	12,753
Interest-bearing loans and borrowings	(24)	35,708	29,680
Other current financial liabilities	(25)	1,003	2,007
Due to related parties	(28)	116,591	46,411
Short term borrowings – related party	(29)	23,500	256,170
		<u>432,774</u>	<u>590,551</u>
Total equity and liabilities		<u>2,688,428</u>	<u>2,668,265</u>


Chief Financial Officer


Chief Executive Officer

- The accompanying notes from (1) to (40) are an integral part of these financial statements.
- Audit report attached

Beni Suef Cement Company (S.A.E)

SEPARATE STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2010

	Issued capital	Legal reserve	Retained earnings	Asset revaluation reserve	Total
	KEGP	KEGP	KEGP	KEGP	KEGP
As at 1 January 2009	520,000	21,450	230,897	607,260	1,379,607
Transfer to legal reserve	-	7,169	(7,169)	-	-
Dividends	-	-	(215,905)	-	(215,905)
Depreciation transfer for buildings and machinery equipment	-	-	13,036	(13,036)	-
Profit for the year	-	-	274,617	-	274,617
At 31 December 2009 as previously stated	520,000	28,619	295,476	594,224	1,438,319
Prior year adjustment (Note 38)	-	-	10,525	-	10,525
At 31 December 2009 as restated	520,000	28,619	306,001	594,224	1,448,844
As at 1 January 2010	520,000	28,619	306,001	594,224	1,448,844
Transferred to legal reserve	-	12,996	(12,996)	-	-
Dividends (note 36)	-	-	(213,606)	-	(213,606)
Depreciation transfer for buildings and machinery equipment	-	-	14,191	(14,191)	-
Profit for the year	-	-	496,479	-	496,479
At 31 December 2010	520,000	41,615	590,069	580,033	1,731,717

The accompanying notes from (1) to (40) are an integral part of these financial statements.

Beni Suef Cement Company (S.A.E)
SEPARATE STATEMENT OF CASH FLOWS
For Year Ended 31 December 2010

	Notes	2010 KEGP	2009 KEGP
Operating activities			
Profit before tax		600,398	342,992
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment		65,899	44,220
Amortization of intangible assets		3,279	2,826
Finance costs		35,495	21,535
Finance income		(2,106)	(1,589)
Movements in provisions		(3,274)	(7,955)
Write down of inventory		(3,700)	-
Losses (Gain) on disposal of property, plant and equipment		2,223	(270)
Property, plant and equipment write-off		-	63
Gain from sale of investments		(119,871)	(24,696)
Unrealized forex		33,785	(5,093)
		<u>612,128</u>	<u>372,033</u>
Working capital adjustments :			
Restricted cash		782	(3,346)
Change in inventories		(11,019)	634
Change in due from related parties		(158)	(13)
Change in prepayments and other receivables		(7,376)	(38,565)
Change in trade payable		1,592	44,698
Change in advances from customers		(27,594)	79,469
Change in accrued expenses and other payables		3,549	(18,200)
Change in due to related parties		57,814	34,794
		<u>629,718</u>	<u>471,504</u>
Interest received		2,099	1,589
Net cash flows from operating activities		<u>631,817</u>	<u>473,093</u>
Investing activities			
Payments to acquire construction in progress		(85,996)	(652,636)
Proceeds from disposal of property, plant and equipment		2,132	944
Proceeds from sale of investments		137,360	39,120
Net cash flows from (used in) investing activities		<u>53,496</u>	<u>(612,572)</u>
Financing activities			
Dividends paid		(213,606)	(215,905)
Change in credit facilities		(160,000)	37,700
Change of borrowings		(39,289)	33,746
Change in Short term borrowings – related party		(232,670)	256,170
Payment of non - current liabilities		(2,007)	(2,195)
Interest paid		(23,098)	(21,535)
Net cash flows (used in) from financing activities		<u>(670,670)</u>	<u>87,981</u>
Unrealized forex		(407)	149
Net increase / (decrease) in cash and cash equivalents		<u>14,643</u>	<u>(51,498)</u>
Cash and cash equivalent at 1 January		2,901	54,250
Cash and cash equivalent at 31 December 2010	(19)	<u>17,137</u>	<u>2,901</u>

For the purpose of preparing the statement of cash flow, the cash and cash equivalent comprise of the following:

	Note	2010 KEGP	2009 KEGP
Cash on hand and at banks	(19)	19,701	6,247
Less:			
Cash margin		(2,449)	(3,146)
Reserved Time deposits		(115)	(200)
		<u>17,137</u>	<u>2,901</u>

The accompanying notes from (1) to (10) are an integral part of these financial statements.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

1 CORPORATE INFORMATION

The financial statements of the company for the year ended 31 December 2010 were authorized for issue in accordance with a resolution of the directors on 19 July 2010.

Beni Suef Cement Company was established in accordance with the decree of the Egyptian Minister of the General Public Business Sector No. 76/1993 dated 19 October 1993 as an Egyptian joint stock Company wholly owned by the Mining and Refractories Company under the provisions of the Egyptian Public Business Sector Law No. 203 of 1991 and its executive regulation.

The Company was registered in the commercial registry on 3 January 1994 and has started actual production on 30 June 1994.

According to the privatization program of the General Public Business Sector Companies implemented by the Egyptian government, the Company was privatized through the acquisition of 76% of the Company's shares by a foreign major investor on 12 July 1999.

The foreign investment's share has increased to 95% of the Company's shares on 31 December 2000.

An extraordinary general assembly meeting of the Company was held on 29 August 1999 and decided the conciliation of the Company in accordance with Law No. 159 of 1981 and its executive regulation and the capital market Law No. 95 of 1992 and its executive regulation.

The purpose of the Company is the production of cement and all other building materials such as lime stone, concrete units, ready-made concrete and other building materials, marketing and selling these products and any other raw materials inside and outside Egypt, and the production of cement bags and others to pack the cement produced and other raw materials and building materials and their transport. The Company may also acquire or operate cement silos and import all the cement production materials, paper bags and spare parts of vehicles and equipment necessary for operating its business and operate and use all types of quarries.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2-1 Basis of preparation

The financial statements are prepared in Egyptian pound in accordance with the International Financial Reporting Standards, the applicable laws and regulations, the historical cost basis (except for land, buildings and machinery equipment) and the going concern basis

2-2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

- IAS 1 Revised presentation of Financial statements

The revised standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Company elected to present two statements.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

2 Basis of preparation and accounting policies - Continued

2-2 Changes in accounting policies - continued

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- *IAS 16 Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell". The Company amended its accounting policy accordingly, which did not result in any change in the financial position.
- *IAS 38 Intangible Assets:* Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the service. This amendment has no impact on the Company because it does not enter into such promotional activities. The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed. The Company reassessed the useful lives of its intangible assets and concluded that the straight-line method was still appropriate.
- *IAS 23 Borrowing Costs:* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Company has amended its accounting policy accordingly which did not result in any change in its financial position.

2-3 Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the interim financial statements:

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

2-4 Investments in associates

Investments in associates are accounted for using the cost method and in case there is a decline in the value of these investments from its carrying amount, the carrying amount is adjusted by the value of this decline and is charged to the statement of income for each investment separately. Investment income is recognized based on the Company's share of the dividend declared by the general assembly meeting of the investee companies.

2-5 Foreign currency translation

The financial statements are presented in Egyptian Pounds which is the Company's functional and presentation currency. Transactions in foreign currencies during the year are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

2 Basis of preparation and accounting policies - Continued

2-6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:-

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Company's right to receive the payment is established.

2-7 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

2 Basis of preparation and accounting policies - Continued

2-7 Taxes- continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

2-8 Available - for - sale investments

Investments designated as available-for-sale investments are initially recorded at cost and subsequently measured at fair value, unless fair value cannot be reliably measured. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

An assessment is made at each balance sheet date to determine whether there is objective evidence that an investment may be impaired. If such evidence exists, any impairment loss (being the difference between cost and fair value, less any impairment loss previously recognized) is recognized in the income statement.

2-9 Property, plant and equipment and depreciation

Vehicles, furniture and office equipment and tools are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the vehicles, furniture and office equipment and tools when that cost is incurred, if the recognition criteria are met.

Depreciation is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Vehicles	5 - 20
Furniture and office equipment	5 - 10
Tools	5

Effective from May 2008, land, buildings and machinery equipment (include strategic spare parts) are measured at fair value less accumulated depreciation on buildings and machinery equipment (include strategic spare parts) and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalue asset does not differ materially from its carrying amount.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

2 Basis of preparation and accounting policies - Continued

2-9 Property, plant and equipment and depreciation- continued

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revaluated carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revaluated amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation of buildings, machinery and equipment are calculated on a straight-line basis over the useful life of the asset as follows:

	Years
Buildings	40
Machinery and equipment	40

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

2-10 Constructions in progress

Constructions in progress represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Constructions in progress are valued at cost less impairment.

2-11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Internally generated intangible assets are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Intangible assets represent the computer programs, the related licenses and research and studies and are amortized using the straight-line method over their estimated useful life (5 years).

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

2 Basis of preparation and accounting policies- Continued

2-12 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a) Raw materials: purchase cost on a moving average basis.
- b) Finished products: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
- c) Work in process: at cost of production of the latest completed phase based on the costing sheets.
- d) Spare parts and supplies: purchase cost on a moving average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the income statement in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the income statement in the period in which the reversal occurs

2-13 Accounts receivable

Accounts receivable are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, accounts receivable are carried at amortized cost using the effective interest method less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

2-14 Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2-15 Impairment of assets

• Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

• Impairment of non financial assets

The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit's (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in 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.

2-16 Lease

Operating lease payments are recognized as an expense in profit or loss on a straight line basis over the lease term.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

2 Basis of preparation and accounting policies- continued

2-17 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2-18 Legal reserve

According to the Company's article of association, 5% of the net profits of the year are to be transferred to the legal reserve until this reserve reaches 50 % of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

2-19 Borrowing

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a year exceeding twelve months after the financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

2-20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-21 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 period in which these expenses were incurred.

2-22 Related party transactions

Related party transactions performed by the Company within its normal business transactions are recorded based on the conditions set by the board of directors.

2-23 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, short-term deposits with a remaining maturity of three months less restricted time deposits.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

3 SALES OF GOODS

	2010 KEGP	2009 KEGP
Cement sales (domestic)	<u>1,312,428</u>	<u>947,745</u>
	<u>1,312,428</u>	<u>947,745</u>

4 COST OF SALES

	2010 KEGP	2009 KEGP
Variable costs	440,976	385,645
Allowance for Obsolete and slow moving inventory	3,060	7,829
Fixed costs	95,794	74,953
Packing costs	84,503	69,021
Depreciation of property, plant and equipment	64,889	43,169
Distribution costs	17,688	8,091
Inventory change	(7,789)	2,992
	<u>699,121</u>	<u>591,700</u>

5 OTHER OPERATING INCOME

	2010 KEGP	2009 KEGP
Scrap sales	1,135	721
Others	823	3,725
	<u>1,958</u>	<u>4,446</u>

6 ADMINISTRATIVE EXPENSES

	2010 KEGP	2009 KEGP
Administrative expenses	35,489	30,157
Selling and marketing expenses	7,183	4,156
Amortization of intangible assets	3,279	2,834
Depreciation of property, plant and equipment	1,010	1,057
	<u>46,961</u>	<u>38,204</u>

7 OTHER EXPENSES

	2010 KEGP	2009 KEGP
Customers incentives	10,804	-
Sales tax	8,390	-
Business interruption	-	2,453
Others	1,472	2,759
	<u>20,666</u>	<u>5,212</u>

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

8 FINANCE COSTS

	2010 KEGP	2009 KEGP
Interest on credit facility	11,929	8,106
Interest on borrowings from related parties	12,367	7,352
Interest on instalments	6,061	5,512
Interest on debts and borrowings	5,138	565
	<u>35,495</u>	<u>21,535</u>

9 INCOME TAX

The major components of income tax expense for the year ended 31 December 2010 and 2009 are:

	2010 KEGP	2009 KEGP
Current income tax expense	32,636	-
Deferred tax expense	71,283	68,375
	<u>103,919</u>	<u>68,375</u>

Reconciliation between tax expense and the accounting profit multiplied by effective tax rate for the year ended 31 December 2010 and 2009 is as follows:

		2010 KEGP		2009 KEGP
Profits before income taxes- local books		<u>557,377</u>		<u>316,728</u>
Income tax at the applicable tax rate	20%	111,475	20%	63,346
Add/subtract the tax effect of below items:				
Gain from sale of Investment available for sale		(23,974)		(4,939)
Investment income		-		(1,938)
Depreciation of amortization		(25,135)		(85,198)
Provisions		(1,395)		(3,142)
Non deductible expenses		(269)		346
Carried forward losses		(28,066)		
Total		<u>32,636</u>		<u>(31,525)</u>
Accumulated tax losses		-		<u>31,525</u>
Income tax for the year	8.55%	<u>32,636</u>		<u>-</u>

DEFERRED TAX

	<i>Statement of financial position</i>		<i>Income statement</i>	
	2010 KEGP	2009 KEGP	2010 KEGP	2009 KEGP
Revaluation reserve	(145,062)	(148,623)	3,561	3,192
Depreciation and amortization	(183,023)	(109,572)	(41,925)	(99,950)
Provisions	3,244	4,638	(1,394)	(3,142)
Carry forward losses	-	-	(31,525)	31,525
Net deferred tax asset (liability)	<u>(324,841)</u>	<u>(253,557)</u>	<u>(71,283)</u>	<u>68,375</u>

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

10 PROPERTY, PLANT AND EQUIPMENT

	Land KEGP	Buildings KEGP	Machinery and equipment KEGP	Vehicles KEGP	Furniture and Fixture KEGP	Tools KEGP	Total KEGP
Cost or valuation:							
1 January 2010	324,472	236,542	1,733,678	96,592	9,467	6,429	2,407,180
Transfers from construction in progress	-	1,472	133,154	3,566	1,195	2,596	141,983
Strategic spare parts transferred from inventory	-	-	12,515	-	-	-	12,515
Disposals	-	-	(4,467)	(2,576)	-	(376)	(7,419)
31 December 2010	324,472	238,014	1,874,880	97,582	10,662	8,649	2,554,259
Cumulated depreciation:							
1 January 2010	-	13,189	45,984	89,457	7,583	4,147	160,360
Depreciation charge for the year	-	8,801	52,594	2,748	807	949	65,899
Disposals	-	-	(359)	(2,361)	-	(344)	(3,064)
31 December 2010	-	21,990	98,219	89,844	8,390	4,752	223,195
Net book value:							
31 December 2010	324,472	216,024	1,776,661	7,738	2,272	3,897	2,331,064
31 December 2009	324,472	223,353	1,687,694	7,135	1,884	2,282	2,246,820

- There is no mortgage over the property, plant and equipment.

- The gross carrying amount of fully depreciated property, plant and equipment that are still in use amounted to KEGP 87,295 as of 31 December 2010 (31 December 2009: KEGP 86,940).

- The depreciation charge for the year has been allocated to the income statement as follows:

	2010 KEGP	2009 KEGP
Cost of sales	64,889	43,169
Administrative expenses	1,010	1,051
	<u>65,899</u>	<u>44,220</u>

Revaluation of land and buildings

From May 2008 the Company has changed its accounting policy for the measurement of land and buildings to the revaluation model. The company has revalued its land, buildings and machinery using an independent valuer for land valuation and using Titan Cement group, Engineering and Technology department for building and machinery valuation. Land valuation is based on market price per square meter adjusted for area, location and industry type.

Buildings and machinery valuation is based on recent market quotes for the construction of new similar production line adjusted for production capacity and years of operation of the company's buildings and machinery.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

11 CONSTRUCTION IN PROGRESS

	2010 KEGP	2009 KEGP
At 1 January	85,764	463,873
Additions	73,714	555,497
Transferred to property, plant and equipment	(141,983)	(933,606)
Transferred to intangible assets	(53)	-
Write off construction in progress	(233)	-
At 31 December 2010/ 2009	<u>17,209</u>	<u>85,764</u>

12 INTANGIBLE ASSETS

Intangible assets represent the computer programs, the related licenses and researches and studies as follows:

	2010 KEGP	2009 KEGP
Cost		
At 1 January	104,889	7,750
Additions	53	97,139
At 31 December 2010 / 2009	<u>104,942</u>	<u>104,889</u>
Accumulated amortization		
At 1 January	9,343	6,517
Amortization for the year	3,279	2,826
At 31 December 2010 / 2009	<u>12,622</u>	<u>9,343</u>
Net book value	<u>92,320</u>	<u>95,546</u>

- The gross carrying amount of fully amortized intangible assets that are still in use amounted to KEGP 6,626 as of 31 December 2010 (31 December 2009: KEGP 6,626).

13 INVESTMENTS IN ASSOCIATE

	% of ownership	2010 KEGP	2009 KEGP
Misrieen Titan for Trade and Distribution Company	50%	106	106
Impairment of investments in associate		(106)	(106)
		<u>-</u>	<u>-</u>

On 6 November 2008, the Company's partners signed the contract to liquidate the Company. The Partners agreed to distribute the Company liquidation losses according to each partner share in the Company's inception contract.

On 25 November 2008, the Company cancelled its Commercial register and the Company is in process of undertaken the legal procedures related to the liquidation.

14 AVAILABLE - FOR- SALE INVESTMENTS

The company has sold its investments in Alexandria Portland Cement Company (S.A.E) of 581,788 shares to Kocem Limited Company (related party) during the year, the sales has taken place in 15 April 2009 whereas the carrying value of the investments in the company's books amounted to KEGP 17,489.

According to the sales agreement held with Kocem Limited Company the investments were sold at KEGP 137,360 which resulted in gain from sale of the investments amounted to KEGP 119,871 recorded to the current year income statement.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

15 INVENTORIES, NET

	2010 KEGP	2009 KEGP
Raw materials	5,010	2,127
Work in process	13,377	5,508
Finished goods	8,359	7,382
Spare parts and supplies	89,555	90,533
Packing materials	10,365	3,824
Fuel and oil	7,839	1,759
Goods in transit	1,359	1,197
	<u>135,864</u>	<u>112,330</u>
Less: decline in value of inventory	(4,129)	(7,829)
Strategic spare parts transferred to machinery and equipment (Note 10)	(12,515)	-
Total inventories at cost or net realizable value	<u>119,220</u>	<u>104,501</u>

16 ACCOUNTS RECEIVABLE, NET

	2010 KEGP	2009 KEGP
Accounts receivable	31	31
Less: impairment of accounts receivable	(31)	(31)
	<u>-</u>	<u>-</u>

17 DUE FROM RELATED PARTIES, NET

	2010 KEGP	2009 KEGP
Misrieen Titan for Trade and Distribution Company	3,156	3,031
Titan Beton & Aggregates Egypt	56	23
	<u>3,212</u>	<u>3,054</u>
Less: impairment of due from related parties	(1,104)	(1,104)
	<u>2,108</u>	<u>1,950</u>

18 PREPAYMENTS AND OTHER RECEIVABLES

	2010 KEGP	Restated 2009 KEGP
Deposits with others	36,381	25,454
Tax authority- Sales tax	29,902	43,715
Advances to suppliers	12,154	10,387
Other debtors	12,063	1,013
Tax authority- Corporate tax	-	10,525
Amounts receivable from Beni Suef Governorate	9,593	9,593
Customs authority	3,506	6,701
Prepaid expenses	1,592	1,109
Employees' receivables	1,229	922
Tax authority- withholding tax	376	526
Accrued interest receivable	10	3
	<u>106,806</u>	<u>109,948</u>

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

19 CASH AND SHORT-TERM DEPOSITS

	2010 KEGP	2009 KEGP
a) Egyptian pound		
Cash at banks- current accounts	16,935	2,809
	<u>16,935</u>	<u>2,809</u>
b) Foreign currency		
Cash at banks- current accounts	202	92
	<u>202</u>	<u>92</u>
	<u>17,137</u>	<u>2,901</u>
Restricted cash	115	200
Cash margin	2,449	3,146
	<u>19,701</u>	<u>6,247</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates.

The restricted cash held with Bank of Alexandria and National Société General Bank of LE 2,565 is reserved against letter of guarantees issued by the company in favour of third parties (note 31).

20 ISSUED CAPITAL

The Company's authorized capital amounts to KEGP 1 billion, while the Company's issued and paid up capital amounts to KEGP 520 million divided over 52 million shares of par value KEGP 10 each as follows:

	% of ownership	No. of Shares	Value KEGP
Titan For Investment Egypt limited	94.998	49399	493,990
Alexandria Portland Cement Company (S.A.E)	5.000	2600	26,000
Iapetos Limited	0.002	1.00	10
	<u>100.000</u>	<u>52000</u>	<u>520,000</u>

According to the agreement signed between Titan for Investment Egypt Limited and Alexandria Portland Cement Company (S.A.E) on 3 May 2010 Titan for Investment Egypt Limited has sold its share of the Company's net assets to Alexandria Portland Cement Company (S.A.E) and as a result the capital structure of the Company will be changed as follows:

	% of ownership	No. of Shares	Value KEGP
Alexandria Portland Cement Company (S.A.E)	99.998	51999	519,990
Iapetos Limited	0.002	1.00	10
	<u>100.000</u>	<u>52000</u>	<u>520,000</u>

21 PROVISIONS

	Balance as of 1 January 2010 KEGP	Charged KEGP	Used KEGP	No Longer required KEGP	Balance as of 31 December 2010 KEGP
Provision for bypass transfer	4,210	-	-	(4,210)	-
Provision for litigation	3,939	-	(198)	-	3,741
Provision for voluntarily early leave pay	3,140	5,057	(1,575)	(6,622)	-
Provision for tanning	2,431	4,185	-	-	6,616
Provision for other claims	1,178	89	-	-	1,267
	<u>14,998</u>	<u>9,331</u>	<u>(1,773)</u>	<u>(10,832)</u>	<u>11,624</u>

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

22 CREDIT FACILITY

	Interest rate Average of	Maturity	2010 KEGP	2009 KEGP
Credit facility	CAIBOR+1% CBE rate+1.25%	12 June 2013	-	160,000
			<u>-</u>	<u>160,000</u>

According to the credit facility agreement signed on 12 June 2008, the Company had obtained a revolving credit facility amounting to LE 700 M from HSBC (Mandated Lead Arranger & Facility Agent), National Societe Generale Bank and Piraeus Bank to be repaid after five years from the signing date of the agreement

The company has repaid all credit facility outstanding balance as of 31 December 2009.

23 TERM INSTALLMENTS

On 19 July 2009, the Company entered in a new agreement with the Egyptian Electricity Transmission Company to install new power transformers stations needed to supply electricity to the second line expansion project of the plant amounted to KEGP 75,020, the Company has paid KEGP 11,253 and the remaining balance amounting to KEGP 63,676 will be paid over 10 semi-annually instalments with an annual interest rate to be calculated according to the loan interest rate announced by the Central Bank of Egypt at the due date of each instalment, The outstanding balance as of 31 December 2010 amounted to KEGP 57,390 (exclusive interest).

	Current portion		Non-current portion	
	2010 KEGP	2009 KEGP	2010 KEGP	2009 KEGP
Balance	<u>12,753</u>	<u>12,753</u>	<u>44,637</u>	<u>51,014</u>

24 LOANS AND BORROWINGS

On 9 September 1992, the Company obtained a term loan amounting to JPY 10,253,894,440 from Mitsubishi Bank, to be repaid over 28 semi-annual instalments starting 20 June 2002 till 20 December 2015 with an annual interest rate of 2.7%.

The loan balance as of 31 December 2010 amounted to KEGP 178,543 (exclusive interest) as follows:

	Current portion		Non-current portion	
	2010 KEGP	2009 KEGP	2010 KEGP	2009 KEGP
Balance	<u>35,708</u>	<u>29,680</u>	<u>142,835</u>	<u>148,398</u>

25 OTHER NON-CURRENT FINANCIAL LIABILITIES

On 14 April 2004, the Company purchased treasury stocks amounting to 1650000 shares from the Mining and Refractories Holding Company which was owned by the Employees Fund of Beni Suef Cement Company for a total amount of KEGP 21,318. The Company paid KEGP 8,275 and the remaining balance amounting to KEGP 13,043 being paid over 7 annual instalments starting 1 April 2005 with an annual interest rate of 5% (guaranteed by letter of guarantee issued by the Company).

The company sold these treasury stocks later to Alexandria Portland Cement Company.

The balance due by the Company to the Mining and Refractories Holding Company as of 31 December 2010 amounted to KEGP 1,003 (inclusive interest) as follows:

	Current portion		Non-current portion	
	2010 KEGP	2009 KEGP	2010 KEGP	2009 KEGP
Balance	<u>1,003</u>	<u>2,007</u>	<u>-</u>	<u>1,003</u>

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

26 TRADE PAYABLES

	2010 KEGP	2009 KEGP
Trade payables - Egyptian pounds	36,994	28,836
Trade payables - Foreign currencies	778	7,344
	<u>37,772</u>	<u>36,180</u>

27 ACCRUED EXPENSES AND OTHER PAYABLES

	2010 KEGP	2009 KEGP
Accrued development fees	3,845	6,457
Retention from others	938	42,939
Accrued interest payable	3,017	2,986
Accrued vehicles and trucks rent	6,379	884
Accrued electricity cost	6,578	3,986
Accrued gas cost	5,946	2,089
Accrued other expenses	31,856	2,563
Accrued clinker cost	-	4,416
Tax authority- sales tax	12,134	-
Tax authority- income tax	2,852	3,652
Accrued employees bonus	4,566	4,486
Accrued employees salaries	137	127
Tax authority- withholding tax	905	789
Tax authority- payroll tax	257	325
Accrued professional fees	209	197
Social insurance authority	180	157
Tax authority- other taxes	39	38
Other credit balances	481	648
	<u>80,319</u>	<u>76,739</u>

28 DUE TO RELATED PARTIES

		2010 KEGP	2009 KEGP
Alexandria Portland Cement Company	Current account	93,752	38,275
Alexandria Portland Cement Company (Note 28)	Accrued interest	19,718	7,352
Titan Cement Company S.A	Current account	3,121	784
		<u>116,591</u>	<u>46,411</u>

29 SHORT TERM BORROWINGS – RELATED PARTY

During the period ended 30 June 2009, the Company obtained a short term loan from Alexandria Portland Cement Company (major shareholder) with an interest rate on the drawn amounts to be calculated based on the interest rate granted by the Commercial banks on deposits in addition to 0.5% as compensation to the lender.

The short term loan balance as of 31 December 2010 amounted to KEGP 23,500 (exclusive interests). The Company's management has the intention to pay the short term loan within twelve months after the balance sheet date and accordingly it is recorded in the current liabilities.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

30 PURCHASE COMMITMENTS

	Current portion	From 1 to 5	More than 5	Total
	KEGP	years	years	KEGP
		KEGP	KEGP	
<i>Future purchase commitments:</i>				
Gas supply	85,815	429,076	893,908	1,408,799

The purchase commitment amounting to 1,408,799 KEGP represents the minimum gas purchase quantity as per the contract agreement between the gas supplier and the company.

31 CONTINGENT LIABILITIES

The company contingent liabilities represents bank guarantees resulted from the company activities, accordingly, the company contingent liabilities has reached KEGP 2,271 as of 31 December 2010 against blocked deposits amounting to KEGP 116 (Note 19) and letter of guarantee cash margin amounting to KEGP 2,449 (Note 19) as shown below:

	Amount in currency	Equivalent in	Cash margin
	000'	KEGP	KEGP
Letters of guarantee - Egyptian pound	253,686	253,686	2,449
		<u>253,686</u>	<u>2,449</u>

32 TAX SITUATION

a) Corporate taxes

- The Company enjoyed a tax holiday for ten years ended on 30 June 2004.
- The Company's records were inspected till the year 2004 and the tax due is being settled.
- The Company's records were inspected for the year 2005 but the company didn't receive any tax claim up to date.
- The year ended 31 December 2006 is yet under inspection.
- No tax inspection took place for the Company's records for the years 2007, 2008 and 2009.

b) Sales taxes

- The Company's records were inspected from inception up to the year 2006 and the taxes due were paid.
- The Company's records were inspected for the years 2007 and 2008 and the inspection are transferred to internal committee
- No tax inspection took place for the Company's records for the year 2009.

c) Salary taxes

- The Company's records were inspected from inception up to the year 2000 and all taxes due were paid.
- The Company's records are currently being inspected for the years from 2001 till 2004.
- No tax inspection took place for the Company's records for the years from 2005 till 2009.

d) Stamp duty taxes

- The Company's records were inspected till the year 2005 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2006, 2007, 2008 and 2009.

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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33 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash and short-term deposits, trade receivable and other receivables, due from related parties. The financial liabilities include accounts payable, credit facilities, interest bearing loan and borrowings, accrued expenses and other payables and due to related parties.

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 these notes to the financial statements.

The carrying amounts of the financial assets and liabilities referred to in note (2) above are not materially different from their fair values.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise interest bearing loans and borrowings, credit facilities and trade and notes payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as Accounts receivable and cash and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and currency risk, such as equity risk. Financial instruments affected by market risk include interest bearing loans and borrowings and short-term deposits.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Company monitors the maturity structure of assets and liabilities with the related interest rates.

- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency)

The total financial assets denominated in foreign currencies amount to KEGP 7,571, whereas, the total financial liabilities denominated in foreign currencies amount to KEGP 180,224.

- Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument of customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks as follows:

	2010 KEGP	2009 KEGP
Due from related parties	2,108	3,054
Bank accounts and short-term deposits	19,701	2,901
Other receivables	106,806	45,434
	<u>128,615</u>	<u>51,389</u>

Beni Suef Cement Company (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Credit risks related to Due from related parties:

Due from related parties is within minimal credit risk.

Credit risks related to financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by Company's treasury in accordance with the Company's policy.

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

Credit risks related to other receivables:

Outstanding other receivables are regularly monitored by the company's management.

- Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, interest bearing loans and finance leases.

The table below summarizes the maturity profile of the Company's undiscounted financial liabilities at 31 December 2010 based on contractual (undiscounted) payments:

	<i>Less than 6 months KEGP</i>	<i>6 to 12 months KEGP</i>	<i>1 to 5 years KEGP</i>	<i>> 5 years KEGP</i>	<i>Total KEGP</i>
Year ended 31 December 2010:					
Interest bearing loans and borrowings	-	35,708	142,835	-	178,543
Short term loan-- related party	23,500	-	-	-	23,500
Term Instalments	12,753	44,637	-	-	57,390
Other financial liabilities	1,003	-	-	-	1,003
Trade payables	37,772	-	-	-	37,772
Accrued expenses and other payable	77,467	-	-	-	77,467
Advances from customers	103,017	-	-	-	103,017
Due to related parties	116,591	-	-	-	116,591
	372,103	80,345	142,835	-	595,283
Year ended 31 December 2009:					
Credit facility	160,000	-	-	-	160,000
Interest bearing loans and borrowings	-	29,680	148,398	-	178,078
Short term loan-- related party	256,170	-	-	-	256,170
Term Instalments	12,753	51,014	-	-	63,767
Other financial liabilities	-	1,003	2,007	-	3,010
Trade payables	36,180	-	-	-	36,180
Accrued expenses and other payable	65,321	-	-	-	65,321
Advances from customers	130,611	-	-	-	130,611
Due to related parties	46,411	-	-	-	46,411
	707,446	81,697	150,405	-	939,548

35 EARNINGS PER SHARE

Earnings per share were calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year that was not changed during the year. Earnings per share for the year ended 31 December 2010 amounted to EGP 9.54 (31 December 2009: EGP 5.28).

36 DIVIDENDS

In accordance with the resolution of the Annual Assembly meeting held 7 April 2010, the Company has declared dividends to shareholders amounted to EGP 213.6 M which was paid during June 2010.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2010

37 RELATED PARTY TRANSACTIONS

- a) Total expenses charged to the Company by Titan for 31 December 2010 amounted to KEGP 5,307 included in the general and administrative expenses.
- b) Total interest expenses charged to the Company by Alexandria Portland Cement Company for 31 December 2010 amounted to KEGP 12,367 included in the finance costs.
- c) Total cost of clinker charged to the Company by Alexandria Portland Cement Company for 31 December 2010 amounted to KEGP 51,798.
- d) In accordance with the resolution of the general assembly meeting held o the Company paid dividends amounted to KEGP 10,686 to Alexandria Portland Cement Company
- e) Gain resulted from sale of shares of Alexandria Portland Cement Company to Kocem company limited amounted to KEGP 119,871

38 PRIOR YEAR ADJUSTMENT

Prior year adjustment represents differences in income tax calculation related to prior years amounting to KEGP 10,525. The company was using higher foreign exchange rate rather than used by Tax Authority in their inspection of 2005, therefore the company has used the agreed foreign exchange rate by the Tax Authority as a basis and restate the income tax returns for 2007 and 2008 by KEGP 10,525.

39 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, some substantial events took place in Egypt that impacted the economic environment which in turn could expose the Company to various risks including sustainability of revenues, growth of business, fluctuations in foreign currencies exchange rates and valuation / impairment of assets.

These events do not have an impact on the financial statements for the year ended December 31, 2010, but may impact the financial statements of future periods. While it is difficult to quantify this effect at this point in time, the impact will become visible in the future financial statements. The significance of such an impact will depend on extent and length until which these events and its effect will end.

40 COMPARATIVE FIGURES

The comparative figures have been reclassified to comply with the current year presentation.