

**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 2010
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 2010, 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 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 € 850K. 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 2010 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 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 and Partners "Misrieen Titan for Trade and Distribution" (Limited Partnership Company) (Under Liquidation)** 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.

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

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.


Abdelmohsen A. Bageldeen
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 and Partners
 "Misrieen Titan For Trade and Distribution"
 (Limited Partnership Company) (Under Liquidation)

BALANCE SHEET

At 31 December 2010

	Note	2010	2009
		EGP	EGP
Current assets			
Prepayments and other receivables	(4)	4,345	-
Cash on hand and at bank	(5)	47,454	47,587
		<u>51,799</u>	<u>47,587</u>
Total assets		<u>51,799</u>	<u>47,587</u>
Equity and liabilities			
Equity			
Capital	(8)	20,000	20,000
Accumulated deficit		(3,176,390)	(2,755,674)
Net losses for the year		(133)	(420,716)
Total equity		<u>(3,156,523)</u>	<u>(3,156,390)</u>
Current liabilities			
Provisions	(10)	3,300	111,481
Due to related party	(6)	3,156,000	3,030,655
Accrued expenses and other credit balances	(7)	49,022	61,841
Total current liabilities		<u>3,208,322</u>	<u>3,203,977</u>
Total equity and liabilities		<u>51,799</u>	<u>47,587</u>

General Manager
 Spiro Spathis



- The accompanying notes from (1) to (13) are an integral part of these financial statements.
- Auditor report attached.

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

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 EGP	2009 EGP
Gain from sale of property, plant and equipment	(9)	-	19,000
Administrative expenses		<u>(133)</u>	<u>(439,716)</u>
NET LOSSES FOR THE YEAR		<u><u>(133)</u></u>	<u><u>(420,716)</u></u>

- The accompanying notes from (1) to (13) 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 EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2010

	Capital EGP	Accumulated deficit EGP	Losses EGP	Total EGP
Balance as of 1 January 2009	20,000	(1,887,757)	(867,917)	(2,735,674)
Transferred to accumulated deficit	-	(867,917)	867,917	-
Losses for the year	-	-	(420,716)	(420,716)
Balance as of 31 December 2009	20,000	(2,755,674)	(420,716)	(3,156,390)
Balance as of 1 January 2010	20,000	(2,755,674)	(420,716)	(3,156,390)
Transferred to accumulated deficit	-	(420,716)	420,716	-
Losses for the year	-	-	(133)	(133)
Balance as of 31 December 2010	20,000	(3,176,390)	(133)	(3,156,523)

- The accompanying notes from (1) to (13) 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 2010

	Note	2010 EGP	2009 EGP
Operating activities			
Losses for the year		(133)	(420,716)
Provision charged		-	104,758
Provision used		(108,181)	(8,875)
Gain from disposal of property, plant and equipment		-	(19,000)
Working Capital Changes		(108,314)	(343,833)
Change in prepayments and other receivables		(4,345)	273,437
Change in due to related party		125,345	(345)
Change in accrued expenses and other credit balances		(12,819)	(12,500)
Net cash flows (used in) operating activities		<u>(133)</u>	<u>(83,241)</u>
Investing activities			
Proceeds from disposal of property, plant and equipment		-	19,000
Net cash flows from investing activities		<u>-</u>	<u>19,000</u>
Net (decrease) in cash and cash equivalent during the year		<u>(133)</u>	<u>(64,241)</u>
Cash and cash equivalent - beginning of the year		47,587	111,828
Cash and cash equivalent - end of the year	(5)	<u>47,454</u>	<u>47,587</u>

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

1 CORPORATE INFORMATION

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, the historical cost basis and the going concern basis

3-2 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

- *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.

3-3 Accounting Judgments, Estimates and Assumptions

The preparation of the Company's interim 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 counties 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.

3-4 Foreign currency translation

The interim 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 exchange rates as at the dates of the initial transactions.

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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

3-7 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.

3-8 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.

3-9 Impairment of assets

- 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.

3-10 Cash and cash equivalent

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

4 PREPAYMENTS AND OTHER DEBIT BALANCES

	2010	2009
	EGP	EGP
Tax authority	4,000	-
Other debit balances	345	-
	<u>4,345</u>	<u>-</u>

5 CASH ON HAND AND AT BANK

	2010	2009
	EGP	EGP
Cash on hand	47,454	47,454
Current account	-	133
	<u>47,454</u>	<u>47,587</u>

6 DUE TO RELATED PARTY

The balance of due to related party amounting to EGP 3,156,000 as of 31 December 2010, (EGP 3,030,655 as of 31 December 2009) represents the balance due to Beni Suef Cement Company (one of the Company's partners).

7 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2010	2009
	EGP	EGP
Tax authority(salaries tax)	-	12,819
Other credit balances	49,022	49,022
	<u>49,022</u>	<u>61,841</u>

8 CAPITAL

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

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

9 GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
	EGP	EGP
Professional fees	-	12,000
Bank charges	133	50
Miscellaneous and other expenses (taxes)	-	427,666
	<u>133</u>	<u>439,716</u>

10 PROVISIONS

	1 January 2010	Used	31 December 2010
	EGP	EGP	EGP
Provision for expected claims	111,481	(108,181)	3,300
	<u>111,481</u>	<u>(108,181)</u>	<u>3,300</u>

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2010

11 TAX SITUATION

a. Corporate taxes

The Company's records were inspected till the year 2004 and the taxes due were paid

The Company's records for years 2005 / 2009 were inspected but we did not receive any claim yet

b. Salary taxes

The Company's records were inspected till the year 2008 and the taxes due were paid.

c. Stamp duty taxes

The Company's records were inspected till year 2006 and the taxes due were paid

No tax inspection took place for the years 2007, 2008 and 2009

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. 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 (3) of the notes to the financial statements.

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.

13 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.