

TITAN BETON & AGGREGATES COMPANY (L.L.C)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
TOGETHER WITH AUDITOR'S REPORT

AUDITOR'S REPORT TO THE MANAGEMENT OF TITAN BETON & AGGREGATES MISR L.L.C

Report on the Financial Statements

We have audited the accompanying financial statements of **TITAN BETON & AGGREGATES MISR L.L.C**, represented in the balance sheet as at 31 December 2011, 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 Auditing Standards and applicable Egyptian laws. Those standards require that we comply with ethical requirements and 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 SA group reporting purposes amounting to Euro 400K. 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.


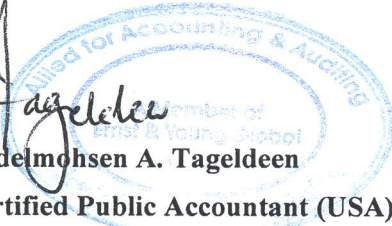
Opinion

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 **TITAN BETON & AGGREGATES MISR L.L.C**, as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the related applicable Egyptian laws and regulations.

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.


A circular blue ink seal. The outer ring contains the text 'Allied for Accounting & Auditing'. The inner part contains the text 'Member of Ernst & Young Global'. The name 'Abdelmohsen A. Tageldeen' is written across the seal in a cursive script.
Abdelmohsen A. Tageldeen
Certified Public Accountant (USA)

Fellow of the Egyptian Association of Accountants and Auditors

R.A.A. 15058

Cairo: 29 January 2012

TITAN BETON & AGGREGATES COMPANY (L.L.C)

SEPARATE INCOME STATEMENT

For The Year ended 31 December 2011

	Notes	2011 KEGP	2010 KEGP
Sales		31,755	23,197
Rendering of service		986	986
Revenue		<u>32,741</u>	<u>24,183</u>
Cost of sales	(3)	(31,773)	(23,769)
Gross profit		<u>968</u>	<u>414</u>
Administrative expenses	(4)	(906)	(541)
Provision	(15)	(34)	(35)
Other operating income		72	60
Other operating expense		-	(314)
Foreign exchange difference		(13)	59
Operating profit		<u>87</u>	<u>(357)</u>
Finance income		3,022	3,704
Profits before tax		<u>3,109</u>	<u>3,347</u>
Deferred tax income / (expenses)	(16)	67	(690)
Profits for the year		<u><u>3,176</u></u>	<u><u>2,657</u></u>

- The accompanying notes from (1) to (23) are an integral part of these financial statements.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

SEPARATE STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 KEGP	2010 KEGP
Assets			
Non-current assets			
Property, plant and equipment	(5)	20,621	21,406
Construction in progress	(6)	525	301
Intangible assets	(7)	322	340
		<u>21,468</u>	<u>22,047</u>
Current assets			
Trade receivables		1,596	990
Inventories, net	(8)	265	210
Due from related parties	(9a)	1,436	159
Loan to parent company	(10)	42,785	-
Prepayments and other receivables	(11)	8,317	3,054
Cash and short-term deposits	(12)	5,513	50,332
		<u>59,912</u>	<u>54,745</u>
Total assets		<u>81,380</u>	<u>76,792</u>
Equity and liabilities			
Equity			
Issued capital	(13)	80,000	80,000
Legal reserve		15	15
Accumulated deficit		(6,245)	(8,902)
Profit for the year		3,176	2,657
Total equity		<u>76,946</u>	<u>73,770</u>
Non-current liabilities			
Deferred tax liability	(16)	623	690
		<u>623</u>	<u>690</u>
Current liabilities			
Trade payables		789	402
Notes payable		13	-
Accrued expenses and other credit balances	(14)	2,061	877
Advances from customers		64	288
Due to related parties	(9b)	141	56
Provisions	(15)	743	709
		<u>3,811</u>	<u>2,332</u>
Total equity and liabilities		<u>81,380</u>	<u>76,792</u>

Chief Financial Officer

Chief Executive Officer

- The accompanying notes from (1) to (23) are an integral part of these financial statements.

- Auditor's report attached

TITAN BETON & AGGREGATES COMPANY (L.L.C)

SEPARATE STATEMENT OF CHANGES IN EQUITY

For The Year ended 31 December 2011

	Issued capital KEGP	Legal reserve KEGP	Accumulated deficit KEGP	Profit for the year KEGP	Total KEGP
At 1 January 2010	80,000	15	(10,161)	1,259	71,113
Transferred to accumulated deficit	-	-	1,259	(1,259)	-
Profits for the year	-	-	-	2,657	2,657
At 31 December 2010	80,000	15	(8,902)	2,657	73,770
At 1 January 2011	80,000	15	(8,902)	2,657	73,770
Transferred to accumulated deficit	-	-	2,657	(2,657)	-
Profits for the year	-	-	-	3,176	3,176
At 31 December 2011	80,000	15	(6,245)	3,176	76,946

- The accompanying notes from (1) to (23) are an integral part of these financial statements.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

SEPARATE STATEMENT OF CASH FLOW

For The Year Ended 31 December 2011

	Note	2011 KEGP	2010 KEGP
Operating activities			
Profits before tax		3,109	3,347
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	(5)	2,741	2,155
Amortization of intangible assets	(7)	18	17
Provisions		34	21
Provisions for slow moving inventory		-	(267)
Interest income		(3,022)	(3,704)
Working capital adjustments:		2,880	1,569
Change in restricted cash		450	-
Change in trade receivable		(606)	(990)
Change in inventories		(55)	126
Change in due from related parties		159	249
Change in prepayments and other receivables		(5,441)	4,351
Change in trade payable		387	(20)
Change in notes payable		13	-
Change in due to related parties		85	(140)
Change in advances from customers		(224)	288
Change in accrued expenses and payables		1,184	750
Interest received		1,764	9,117
Net cash flows from operating activities		596	15,300
Investing activities			
Payments to construction in progress		(2,180)	(11,488)
Net cash flows (used in) investing activities		(2,180)	(11,488)
Financing activities			
Change in loan to parent company		(42,785)	45,620
Net cash flows (used in) from financing activities		(42,785)	45,620
Net (decrease) increase in cash and cash equivalent		(44,369)	49,432
Cash and cash equivalent at 1 January		49,821	389
Cash and cash equivalent at 31 December 2011		5,452	49,821

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

	Note	2011 KEGP	2010 KEGP
Cash on hand and at banks	(12)	5,513	50,332
Less:			
Reserved Time deposits		(61)	(511)
		5,452	49,821

- The accompanying notes from (1) to (23) are an integral part of these financial statements.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

1 THE COMPANY

Titan Beton & Aggregates Company L.L.C (4 M Titan Silos Company previously) is a Limited Liability Company (LLC) was incorporated on September 11, 1997 under the provisions of the law no. 159 of 1981 and its executive regulations.

The Company's head office location is in Cairo, Egypt. The company conducts its activities in Alexandria and Safaga.

In accordance with Extra Ordinary General Assembly Meeting held on 14 July 2008, the shareholders approved to change the company's name and its activities as follows:

- Change in Company name from "Four M Titan Silos L.L.C" to "Titan Beton & Aggregates Misr L.L.C."
- **Previous activity** was to owning, leasing, managing and operating cement silos. The company did not operate from around three years as no exports were produced by APCC and therefore no storage activity is performed.
- **Current activity** is exploitation, operating and leasing quarries and mines, establishing, building and operating of Ready-mix concrete plants, precast concrete plant and dryer mortar plants, participate in contracting projects, ownership, renting, management and operating of floating and ground cement terminal and its related barges and marine units, also export and rent all equipment and spare part related to the activity

The Company amended commercial registry on 8 March 2010 No.10841.

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 and the going concern basis

2-2 Changes in accounting policies

The accounting policies adopted in the preparation of the 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 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

Improvements to IFRSs

In April 2009 the Board issued its second 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 impact any on the financial position or performance of the Company.

IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

AS 36 Impairment of Assets: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 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 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 exchange rates as at the dates of the initial transactions.

2-5 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.

Rendering of services

Revenue from pumping readymade mix is recognized by reference to the stage of completion.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES- CONTINUED

2-6 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.

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.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES- CONTINUED

2-7 Property, plant and equipment

Property, plant and equipment are stated at historical cost net of accumulated depreciation. Depreciation is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Machinery and equipments	10-20
Building	10 (usage rights period)
Silo	5-10
Office equipment and Furniture	5-10
Vehicles	5
Tools	20

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.

2-8 Construction in construction

Projects under construction 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. Projects under construction are valued at cost less impairment.

2-9 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 and the related licenses and are amortized using the straight-line method over their estimated useful life (20 years).

2-10 Inventory

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

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES- CONTINUED

2-11 Accounts receivable and other debit balances

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.

2-12 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.

2-13 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.

2-14 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.

2-15 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.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES- CONTINUED

2-16 Revenue recognition

Revenue is recognized when the goods are delivered to the client and an invoice is issued.

2-17 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.

2-18 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.

2-19 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.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

3 COST OF SALES

	2011 KEGP	2010 KEGP
Variable cost	23,919	18,000
Fixed cost	5,113	3,865
Depreciation and amortization	2,741	2,171
Slow moving inventory	-	(267)
	<u>31,773</u>	<u>23,769</u>

4 ADMINISTRATIVE EXPENSES

	2011 KEGP	2010 KEGP
Administrative expenses	480	436
Selling and distribution expenses	408	104
Depreciation and amortization	18	1
	<u>906</u>	<u>541</u>

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Silo	Office equipments and furniture	Vehicles	Tools	Total
	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP
Cost or valuation							
At 1 January 2011	3,387	19,100	8,756	490	533	11	32,277
Transferred from construction in progress	22	1,887	-	47	-	-	1,956
At 31 December 2011	<u>3,409</u>	<u>20,987</u>	<u>8,756</u>	<u>537</u>	<u>533</u>	<u>11</u>	<u>34,233</u>
Accumulated depreciation							
At 1 January 2011	275	1,555	8,755	176	110	-	10,871
Depreciation charged for the year	342	2,194	1	106	97	1	2,741
At 31 December 2011	<u>617</u>	<u>3,749</u>	<u>8,756</u>	<u>282</u>	<u>207</u>	<u>1</u>	<u>13,612</u>
Net book value at 31 December 2011	<u><u>2,792</u></u>	<u><u>17,238</u></u>	<u><u>-</u></u>	<u><u>255</u></u>	<u><u>326</u></u>	<u><u>10</u></u>	<u><u>20,621</u></u>
Net book value at 31 December 2010	<u>3,112</u>	<u>17,545</u>	<u>1</u>	<u>314</u>	<u>423</u>	<u>11</u>	<u>21,406</u>

- The gross carrying amount of fully depreciated property, plant and equipment that are still in use amounted to KEGP 8,870 as of 31 December 2011 (31 December 2010: KEGP 8,868)

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

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

	2011 KEGP	2010 KEGP
Cost of sales	<u>2,741</u>	<u>2,170</u>
	<u><u>2,741</u></u>	<u><u>2,170</u></u>

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

6 CONSTRUCTION IN PROGRESS

	2011 KEGP	2010 KEGP
At 1 January	301	12,406
Additions	2,180	11,488
Transferred to property, plant and equipment	(1,956)	(23,236)
Transferred to intangible assets	-	(357)
At 31 December 2011	<u>525</u>	<u>301</u>

7 INTANGIBLE ASSETS

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

	2011 KEGP	2010 KEGP
Cost		
Beginning balance	357	-
Transferred from construction in progress	-	357
Ending balance	<u>357</u>	<u>357</u>
Accumulated amortization		
Beginning balance	17	-
Amortization for the year	18	17
Ending balance	<u>35</u>	<u>17</u>
Net book value	<u>322</u>	<u>340</u>

8 INVENTORIES, NET

	2011 KEGP	2010 KEGP
Raw material	248	187
Spares parts	101	107
Less: Decline in value of spare parts	(84)	(84)
	<u>265</u>	<u>210</u>

9 DUE FROM / TO RELATED PARTIES

A) DUE FROM RELATED PARTIES

	2011 KEGP	2010 KEGP
Alexandria Portland Cement Company	1,436	-
Alexandria Portland Cement Company	-	159
	<u>1,436</u>	<u>159</u>

B) DUE TO RELATED PARTIES

	2011 KEGP	2010 KEGP
Beni Suf Company for Cement	104	56
Alexandria Portland Cement Company	37	-
	<u>141</u>	<u>56</u>

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

10 LOAN TO PARENT COMPANY

	2011 KEGP	2010 KEGP
Loan to Alexandria Portland Cement Company S.A.E	42,784	-
	<u>42,784</u>	<u>-</u>

During the period ended 30 June 2011, the Company has granted a short term loan to Alexandria Portland Cement Company 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.

On December 2011, the company has amended the intercompany loan agreement terms to be repaid within one year starting from December 2011; accordingly, it is recorded under current assets.

The short term loan balance as of 31 December 2011 has reached KEGP 42,784 (exclusive interests).

11 PREPAYMENTS AND OTHER RECEIVABLES

	2011 KEGP	2010 KEGP
Letter of credit	6,589	-
Tax authority- withholding taxes	465	368
Advances to local suppliers	373	827
Tax authority- sales tax	270	365
Prepaid other expenses	261	222
Staff receivables	200	20
Deposits	142	101
Prepaid quarry rent	-	956
Interest receivable	17	195
	<u>8,317</u>	<u>3,054</u>

12 CASH AND SHORT-TERM DEPOSITS

	2011 KEGP	2010 KEGP
a) Egyptian pound		
Cash on hand	-	72
Current accounts	5,452	2,749
Short term deposits	-	47,000
	<u>5,452</u>	<u>49,821</u>
Reserved deposits (Note 17)	61	511
Cash at banks	<u>5,513</u>	<u>50,332</u>

13 ISSUED CAPITAL

Issued and paid up capital of the company amounts to KEGP 80,000, distributed among 800,000 quotas of EGP 100 per quota and is distributed as follows:

Description	Percentage	No. of Shares	Value KEGP
Alexandria Portland Cement Company	96.5375%	772 300	77,230
East Cement Trade Limited	3.4625 %	2 7700	2,770
	<u>100 %</u>	<u>800 000</u>	<u>80,000</u>

TITAN BETON & AGGREGATES COMPANY (L.L.C)

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At 31 December 2011

14 ACCRUED EXPENSES AND CREDIT BALANCE

	2011 KEGP	2010 KEGP
Accrued raw material purchase cost	1,432	265
Accrued other expenses	400	376
Accrued employee bonus	132	141
Tax authority – withholding tax	35	43
Tax authority – social insurance	29	17
Tax authority – payroll tax	18	13
Tax authority – sales tax	7	19
Other credit balances	8	3
	<u>2,061</u>	<u>877</u>

15 PROVISIONS

	Balance 1 January 2011 KEGP	Charged KEGP	Balance 31 December 2011 KEGP
Tax provision	<u>709</u>	<u>34</u>	<u>743</u>
	<u>709</u>	<u>34</u>	<u>743</u>

16 DEFERRED TAX

	<i>Statement of financial position</i>		<i>Income statement</i>	
	2011 KEGP	2010 KEGP	2011 KEGP	2010 KEGP
Depreciation and amortization	(1,692)	(68)	(1,624)	(68)
Carry forward losses	903	952	(49)	952
Provisions	166	(1,574)	1,740	(1,574)
Net deferred tax asset (liability)	<u>(623)</u>	<u>(690)</u>	<u>67</u>	<u>(690)</u>

17 CONTINGENT LIABILITIES

The Letters of guarantee issued at the Company's request by banks in favour of third parties as of 31 December 2011 amounted to KEGP 61 whereas; the cash margin of these letters amounted to KEGP 61 (note 12) as follows:

	Amount in currency 000'	Equivalent in KEGP	Cash margin KEGP
National Societie General	61	61	61

TITAN BETON & AGGREGATES COMPANY (L.L.C)

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At 31 December 2011

18 TAX POSITION

a) Corporate taxes

The Company's records were inspected and settled for the years 1997 till the year 2001

The Company's records under inspection for the years 2001, 2004

No tax inspection took place for the Company's records for the years from 2005 till 2011

b) Sales taxes

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

No tax inspection took place for the Company's records for the years 2007 till 2011.

c) Salary taxes

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

The Company's records are currently being inspected for the years from 2002 till 2009.

No tax inspection took place for the Company's records for the years 2010 and 2011.

d) Stamp duty taxes

The Company's records were inspected till the year 1999 and the taxes due were paid.

The company's records for the years 2000- 2003 were inspected and we are preparing for appeal committee.

No tax inspection took place for the Company's records for the years from 2003 till 2011.

19 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.

TITAN BETON & AGGREGATES COMPANY (L.L.C)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise trade and 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 trade receivable and cash and short-term deposits, which arise directly from its operations.

The Company's 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)

- 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:

	2011 KEGP	2010 KEGP
Trade receivables	1,596	990
Due from related parties	1,436	159
Cash and short-term deposits	5,513	50,332
Other receivables	8,317	3,054
Loan to parent company	42,785	-
	<u>59,647</u>	<u>54,535</u>

Credit risks related to Due from related parties and loans to parent:

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 traded and other receivables:

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At 31 December 2011

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES- CONTINUED

-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 2011 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>
<u>Year ended 31 December 2011:</u>					
Trade payables	789	-	-	-	789
Accrued expenses and other payable	2,061	-	-	-	2,061
Due to related parties	141	-	-	-	141
	<u>2,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,991</u>
<u>Year ended 31 December 2010:</u>					
Trade payables	402	-	-	-	402
Accrued expenses and other payable	877	-	-	-	877
Due to related parties	56	-	-	-	56
	<u>1,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335</u>

21 RELATED PARTY TRANSACTIONS

Interest income from Alexandria Portland Cement Company during the year 2011 is amounting to KEGP 1,436

22 CURRENT EVENTS

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

It is difficult to conclude any impact for the said period.

23 COMPARATIVE FIGURES

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