

EZDK Steel UK Limited

Directors' report and financial statements

31 December 2006

5396866 (England and Wales)

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Directors' report and financial statements Contents

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company is to carry on the business as a commercial company, primarily in advertising, marketing and promotional activities

Business review

The company has made a profit before tax of £17,010, and it is anticipated that the company will be profitable in the ensuing year

Financial instruments

The company has minimal risk exposure, as it is fully supported by its joint venture owners

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The directors who have held office during the period are as follows

A S Aboukheir
S E J Rowe

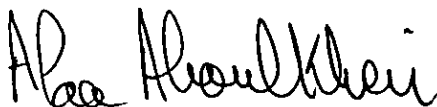
None of the directors who held office at the end of the year had any disclosable interest in the shares of the company

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP, as auditors of the company is to be proposed at the forthcoming Annual General Meeting



AS Aboukheir
Director

43 Sloane Street
London
SW1X 9LU

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting policies).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of EZDK Steel UK Limited

We have audited the financial statements of EZDK Steel UK Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8 February 2008

Profit and loss account

For the year ended 31st December 2006

		2006	Period from 17 March to 31 December 2005
	<i>Notes</i>	£	£
Turnover	2	357,544	148,662
Administrative Expenses		<u>(350,162)</u>	<u>(145,005)</u>
Operating Profit		7,382	3,657
Other Interest receivable and similar income	6	9,643	3,422
Other Interest paid		<u>(15)</u>	<u>-</u>
Profit on ordinary activities before taxation	3	17,010	7,079
Tax on profit on ordinary activities	7	<u>(11,518)</u>	<u>(1,785)</u>
Profit on ordinary activities after taxation	12	<u><u>5,492</u></u>	<u><u>5,294</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

A statement of total recognised gains and losses has not been included as part of these financial statements as there are no recognised gains and losses other than those passing through the profit and loss account

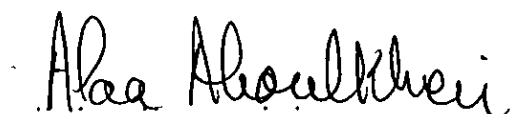
A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

Balance sheet

at 31 December 2006

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		532,169		2,739
Current assets					
Debtors	9	82,523		26,419	
Cash at bank and in hand		<u>277,982</u>		<u>161,795</u>	
		360,505		188,214	
Creditors: amounts falling due within one year	10	<u>(781,788)</u>		<u>(185,559)</u>	
Net current assets/(liabilities)			<u>(421,283)</u>		<u>2,655</u>
Total assets less current liabilities			<u>110,886</u>		<u>5,394</u>
Capital and reserves					
Called up share capital	11		100		100
Capital contribution	11		100,000		-
Profit and loss	12		<u>10,786</u>		<u>5,294</u>
Shareholders funds - equity interests	14		<u>110,886</u>		<u>5,394</u>

These financial statements were approved by the board of directors on 30th Nov 07 and were signed on its behalf by



A S Aboulkheir
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

The Company is jointly owned between Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries) and Al EZZ Dekheila Steel Company - Alexandria SAE, and is included in the consolidated financial statements of these companies which are available to the public from the address given in note 16

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Leasehold Improvements	Over term of lease
Fixtures, fittings & equipment	25% reducing balance
Office Furniture	15% reducing balance

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents reimbursement of costs by the parent company

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Notes (continued)

(forming part of the financial statements)

3 Profit on ordinary activities before taxation	2006	2005
	£	£

Profit on ordinary activities is stated after charging

Auditors remuneration		
Audit	6,000	6,000
Auditors other fees	3,191	2,086
Depreciation and other amounts written off tangible assets		
Owned	36,057	913
Operating lease rentals	108,364	21,110

4 Remunerations of directors	2006	2005
	£	£

Directors' emoluments	<u>54,232</u>	<u>27,025</u>
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5 Staff numbers and costs

The average number of persons employed by the company(including directors) during the year, analysed by category, was as follows

	Number of employees 2006	Number of employees 2005
Administration	1	1
Management	1	1
	<u>2</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows

	2006	2005
	£	£
Wages and salaries	82,065	45,929
Social security costs	10,441	5,467
	<u>92,506</u>	<u>51,396</u>

Notes (continued)

(forming part of the financial statements)

6 Other interest receivable and similar income

	2006	2005
	£	£
Bank interest	9,643	3,422

7 Taxation

	2006	2005
	£	£

Domestic current year tax

U K corporation tax	11,518	1,785
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Current tax charge

11,518	1,785
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Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	17,010	7,079
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Profit on ordinary activities before taxation multiplied by standard rate of U K corporation tax of 30% (2005 19%)

5,103	1,345
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Effects of

Non deductible expenses	3,433	440
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Depreciation add back	10,817	173
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Capital allowances	(7,407)	(173)
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Small companies relief	(1,483)	
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Prior year adjustment	1,055	
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6,415	440
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Current tax charge

11,518	1,785
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Notes (continued)
(forming part of the financial statements)

8 Tangible fixed assets	Leasehold Improvements	Office Furniture	Fixtures, Fittings & Equipment	Total
	£	£	£	£
Cost				
At 1 January 2006	-	-	3,652	3,652
Additions	469,657	43,755	52,075	565,487
At 31 December 2006	469,657	43,755	55,727	569,139
Depreciation				
At 1 January 2006	-	-	913	913
Charge for the year	15,791	6,563	13,703	36,057
At 31 December 2006	15,791	6,563	14,616	36,970
Net book value				
At 31 December 2006	453,866	37,192	41,111	532,169
At 31 December 2005	-	-	2,739	2,739

9 Debtors	2006 £	2005 £
Called up share capital not paid	-	100
Other Debtors	37,188	18,477
Prepayments and accrued income	45,335	7,842
	82,523	26,419

10 Creditors: amounts falling due within one year	2006 £	2005 £
Trade creditors	35,725	67
Amounts owed to group undertakings	467,832	155,838
Corporation tax	10,463	1,785
Other taxes and social security costs	2,336	2,282
Other creditors	15	-
Accruals and deferred income	265,417	25,587
	781,788	185,559

Notes (continued)

(forming part of the financial statements)

11 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Equity 100 Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Equity 100 Ordinary shares of £1 each	100	100

12 Statement of movements on reserves

	Capital Contribution Reserve £	Profit and Loss Account £
Balance at 1 January 2006	-	5,294
Capital contribution	100,000	-
Retained profit for the year	-	5,492
Balance at 31 December 2006	100,000	10,786

13 Commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2006 £	2005 £
Contracted	4,293	-

Annual commitments under non – cancelable operating leases are as follows

	2006 Land and Buildings £	2005 Land and Buildings £
Operating leases which expire		
Within one year	-	36,000
In the second to fifth years inclusive	167,500	167,500
Over five years	-	-
	167,500	203,500

14 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	5,492	5,294
New share capital subscribed (net of issue costs)	-	100
Capital contribution	100,000	-
Net addition to shareholders fund	105,492	5,394
Opening shareholders funds	5,394	-
Closing shareholders funds	110,886	5,394

Notes (continued)

(forming part of the financial statements)

15 Related party disclosures

The Related Party Transactions that have occurred in the year are as follows

All turnover is derived from the company's shareholders

The company shareholders provided advances to EZDK Steel UK Limited for working capital of £330,442 from Al EZZ Group Holding Company for Industry and Investment SAE and £339,196 from Al EZZ Dekheila Steel Co - Alexandria SAE

At the year end EZDK Steel UK Limited owed £229,539 to Al EZZ Group Holding Company for Industry and Investment SAE and £238,293 to Al EZZ Dekheila Steel Co - Alexandria SAE

16 Ultimate parent company

The company is jointly owned by Al EZZ Group Holding Company for Industry and Investment SAE (EZZ Industries), incorporated in Egypt, and Al EZZ Dekheila Steel Company - Alexandria SAE, (formerly known as Alexandria National Iron and Steel Company SAE) also incorporated in Egypt

EZZ Industries also holds a controlling interest in Al EZZ Dekheila Steel Company - Alexandria SAE and is the ultimate parent company of EZDK Steel UK Limited

The largest group in which the results of the company are consolidated is that headed by EZZ Industries, registered in Egypt. The consolidated accounts of this group are available to the public and may be obtained from EZZ Group Holding Company for Industry and Investment SAE, 10 Shehab St, Mohandesseen, Cairo, Egypt

No other group accounts include the results of the company