ALEXANDRIA PORTLAND CEMENT COMPANY S.A.E.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
TOGETHER WITH THE AUDITOR'S REPORT

ERNST & YOUNG

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AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALEXANDRIA PORTLAND CEMENT COMPANY (S.A.E)

We have audited the accompanying balance sheet of Alexandria Portland Cement Company (S.A.E) (the "Company") as of December 31, 2007 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. The International Standards on Auditing require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We obtained all information and disclosures, which we considered necessary for the purposes of our audit. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

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 € 1,250K. 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.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Allied for Accounting & Auditing
A Member of Ernst & Young Global

Abdelmohsen A. Tageldeen
CPA (USA) - FESAA
(RAA 15058)

Cairo: January 17, 2008

Alexandria Portland Cement Company S.A.E
Balance Sheet
As of 31 December 2007

	Note	2007 EGP'000	Restated 2006 EGP'000
Assets			
Non-current assets			
Property, plant and equipment, net	(3)	611,996	644,884
Other Long-term assets, net	(4)	1,262	1,714
Projects under construction	(5)	71,449	42,767
Goodwill		-	35,500
Investments in subsidiaries & affiliates	(6)	32,336	32,336
Investments in government Bonds		359	359
Total non-current assets		717,402	757,560
Current assets			
Inventories (Net)	(7)	120,110	114,589
Due from affiliates	(8)	15,377	11,741
Trade receivable		198	148
Prepaid expenses and other debit balances	(9)	46,322	34,663
Bank & cash balances	(10)	326,718	209,347
Total current assets		**508,725**	370,488
Total assets		**1,226,127**	1,128,048
Shareholders' equity			
Issued and paid up capital	(11)	120,575	120,000
Legal reserve		31,297	31,297
General reserve		373,829	9,031
Retained earning		-	240,890
Net profit for the year		172,010	188,836
Total shareholders' equity		**697,711**	590,054
Non-current liabilities			
Non-current portion of term loan	(12)	274,667	359,295
Sales tax installments-long term		2,489	2,488
Deferred tax liabilities	(27)	9,227	817
Total non-current liabilities		**286,383**	362,600
Current liabilities			
Provisions	(15)	25,710	23,142
Due to affiliates	(13)	14,540	18,503
Accounts payable		42,125	38,387
Accrued expenses & other credit balances	(14)	75,043	54,151
Current portion of term loan	(12)	84,615	38,605
Total current liabilities		**242,033**	172,788
Minority Interest		-	2,606
Total shareholders' equity and liabilities		**1,226,127**	1,128,048

Khaled Sabry
Chief Financial Officer

Khaled Badawy
Chief Executive Officer

- The accompanying notes from (1) to (30) form an integral part of the financial statements.
- Auditor's report attached.

Alexandria Portland Cement Company S.A.E
Income Statement
For the year ended 31 December 2007

	Note	2007 EGP'000	2006 EGP'000
Sales, net	(20)	532,543	493,402
Cost of sales	(21)	(285,863)	(250,055)
Gross profit		**246,680**	243,347
General & Administrative expenses	(22)	(17,865)	(16,416)
Operating profit		**228,815**	226,931
Finance expenses		(22,838)	(37,229)
Provisions		(14,411)	(4,951)
Investment income		900	-
Foreign exchange gain (loss)		683	(1,149)
Other income	(23)	3,980	4,605
Gain from sale of fixed assets		223	-
Net profit for the Year before minority interest		**197,352**	188,207
Minority interest share		-	(658)
Net profit for the Year after minority interest and before taxes		**197,352**	187,549
Deferred tax (expense) revenue		(8,410)	1,287
Other Taxes (taxes on deposits interest)		(1,359)	-
Current Income tax		(15,573)	-
Net profit for the Year after minority interest and taxes		**172,010**	188,836
Earnings per share EGP	(24)	14.27	15.74

- The accompanying notes from (1) to (30) form an integral part of the financial statements.

Alexandria Portland Cement Company S.A.E
Statement of Changes in Shareholders Equity
For the year ended 31 December 2007

	Issued and paid up capital	Legal reserve	General reserve	Retained earnings (accumulated Loss)	Net profit for the year	Total
	EGP'000	EGP'000	EGP'000	EGP'000	EGP'000	EGP'000
Balance as of December 31, 2005	120 000	26 953	9 031	65 119	194 376	415 479
Transfer to retained earnings	-	-	-	194 376	(194 376)	-
Legal reserve	-	4 344	-	(4 344)	-	-
Dividends	-	-	-	(11 790)	-	(11 790)
Net profit for the year	-	-	-	-	188 836	188 836
Balance as of December 31, 2006 as perivousely reported	120 000	31 297	9 031	243 361	188 836	592 525
Prior year adjustments (Note 17)	-	-	-	(2 471)		(2 471)
Balance as of December 31, 2006 as restated	120 000	31 297	9 031	240 890	188 836	590 054
Increase in share capital (note 11)	575	-	-	-	-	575
Transfer to retained earnings	-	-	-	188 836	(188 836)	-
Interim Dividends Paid (note 16)	-	-	-	(36 170)	-	(36 170)
Revaluation adjustments (note 17)	-	-	(45 686)	-	-	(45 686)
Net profit for the year	-	-	-	-	172 010	172 010
Write - back of provisions	-	-	16 928	-	-	16 928
Transfer to general reserve	-	-	393 556	(393 556)	-	-
Balance as of December 31, 2007	**120 575**	**31 297**	**373 829**		**172 010**	**697 711**

- The accompanying notes from (1) to (30) form an integral part of the financial statements.

Alexandria Portland Cement Company S.A.E
Statement of Cash Flow
For the Year ended 31 December 2007

	Note	2007 EGP'000	2006 EGP'000
Cash flows from operating activities			
Net profit for the year before tax		197,352	187,549
Adjustments to reconcile net profit with cash flows from operating activities			
Depreciation & Amortization		45,443	47,648
Interest Expense		-	44,667
Foreign exchange gain		(683)	-
Capital Gains		(223)	-
Goodwill		35,500	-
Provisions		2,568	1,440
Minority Intrest		(2,606)	658
interest income		-	(7,387)
Operating profit before working capital changes		**277,351**	274,575
Increase in inventory		(5,670)	(37,673)
Decrease in Trade receivables		(50)	-
(Increase) Dercrease in other debit balances		(11,659)	(3,023)
Increase in due from affiliates		(3,636)	(283)
Increase in Accounts payable		3,738	-
Increase (Decrease) in other credit balances		20,892	(10,980)
Increase (Decrease) in due to affiliates		(3,963)	15,838
Interest paid		-	(47,758)
Net cash from operating activities		**277,004**	190,696
Cash flows from investing activities			
Additions of projects under constructions		(40,896)	(26,930)
Proceeds from sale of Property Plan and Equipment		1,162	-
Interest Received		-	6,518
Net cash (used in) from investing activities		**(39,734)**	(20,412)
Cash flows from financing activities			
Issuance of share capital		575	-
Dividands paid		(36,170)	(11,793)
Payments of short and long-term loans		(38,617)	(71,948)
Revaluation Adjustment		(45,686)	-
Net cash used in financing activities		**(119,898)**	(83,741)
Net increase in cash and cash equivalents during the year		117,372	86,543
Cash and cash equivalents at beginning of the year		209,346	122,804
Cash and cash equivalents at end of the year	(10)	**326,718**	209,347

- The accompanying notes from (1) to (30) form an integral part of the financial statements.

1. The Company

The purpose of the Company is the manufacture and the trade of all kinds of cement, gypsum, bricks, tiles, limestone and concrete. In addition to all materials and products related to the cement production and bricks and building materials in general, either manufactured by the company or jointly with others, and the marketing of these products in Egypt and for export and import purposes.

Alexandria Portland Cement Company (APCC) S.A.E. was incorporated by a Royal Decree dated 7 December 1948. The Company was then subject to the provisions of the subsequent laws governing the public sector companies. The Articles of Association of the Company were amended in accordance with the provisions of the General Public Business Sector Law no. 203 of 1991, when the Company was a subsidiary of the Holding Company for Chemical Industries.

The Company is listed on the Egyptian Stock Exchanges as an Egyptian joint stock company.

According to the privatization program of the General Public Business Sector Companies, encountered by the Egyptian government, the Company was privatized as a result of the transfer of ownership of 73.65% of its shares by Blue Circle Industries PLC as of 24 January 2000.

The Extraordinary General Assembly meeting of the Company held on 1 February 2000 has decided the cancellation of the Company statutes to comply with the companies' law no. 159 of 1981 and Capital Market Law no. 95 of 1992, and its executive regulations.

As of 11 July 2001, Lafarge, a Company registered in France, acquired Blue Circle Industries PLC (BCCC).

As of 26 May 2002, Alexandria Development Co. Ltd. acquired 10,614,137 shares of Alexandria Portland Cement Company, representing 88.45% of the Company shares.

The Extraordinary General Assembly Meeting (EGM) dated 20 December 06 has approved the merger of Blue Circle Cement Company (BCCC) (S.A.E) in APCC (S.A.E) and decided the date of 31 December 2006 to be the basis for the merge.

On 17 January 2007, the General Authority for Investment (GAFI) announced its final revaluation report of the net assets of the merged companies to be L.E 547,477 thousands.

Accordingly the company's capital has increased by L.E 574,700 (The Par value of the new issued stocks(to reach 120,574,700 and to general reserve of L.E 45,686,000 adjustment.

The Extraordinary General Assembly meeting dated 18 September 2007 has approved the merger based on the GAFI revaluation.

2. Significant accounting policies

a- Basis of prepartion

The financial statements have been prepared in Egyptian pound in accordance with the International Financial Reporting Standards, the applicable laws and regulations and the historical cost basis.

b- Changes in accounting policies

The adopted accounting policies were not changed from those policies adopted in the previous year.

c- Foreign currency translation

The Company's records are maintained in Egyptian pound. Transactions in foreign currencies during the year are recorded using the exchange rates prevailing on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pound using the exchange rates prevailing on that date. Translation differences are recorded in the statement of income.

d- 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
Buildings, utilities and internal roads	20-25
Plant, machinery and equipment	15-20
Vehicles	5-7
Tools and equipment	5-20
Furniture, office equipment and computer hardware	5-10

e- Projects under 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.

f- Other long-term assets
Other long-term assets is accounted for at acquisition cost after initial recognition less accumulated amortization and amortized using the straight-line basis over 5 years.

Other long-term assets represent computer software and its license.

g- Investments in subsidiaries & affiliates
Investments in Subsidiaries & affiliates are accounted for using the cost method. In case of permanent impairment in the value of the investment from its book value, the book value is to be adjusted by the amount of decrease and impairment loss is recognized in the income statement for each investment separately.

Revenue from investments is recognized based on to the dividends received from the investor companies, from earnings generated after the date of acquisition of those investments, this is after the date of dividends distribution declaration approved by the General Assembly Meetings of those investor companies.

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

i- Inventory
The inventory elements are valued as follows:

a) Spare parts and supplies: at the lower of cost using the moving average method or net realizable value. An allowance is made for any obsolete and slow moving inventory to reach the approximate net realizable value for that inventory when it is less than the cost.

b) Raw materials: at the lower of cost using the moving average method or net realizable value.

c) Finished products: at the lower of the cost of production based on the costing sheets or net realizable value.

d) Work in process: at the lower of the cost of production of the latest completed phase based on the costing sheets or net realizable value.

j- Account receivable and other debit balances
Accounts receivable and other debit balances are stated at book value. An allowance is made for any doubtful debts.

k- Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

l- Legal reserve

According to the Company's article of association, 5% of the net profits of the year is 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.

m- Borrowings

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 period exceeding twelve months after the balance sheet date, then the loan balance should be classified as long term liabilities.

n- Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

o- Revenue recognition

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

p- Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

q- Borrowing costs
Borrowing costs are recorded in the statement of income as financing expenses except the borrowing costs directly related to the acquisition, construction or production of a qualifying assets which is included as part of the cost of the asset.

r- 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.

s- Accounting estimates
The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

t- Impairment of assets
The Company regularly assesses whether there is an indication that an asset could be impaired. If any such indication exists, the recoverable amount of the asset is compared with its carrying amount, and when the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

u- Cash flow statement
The cash flow statement is prepared using the indirect method.

v- Cash and cash equivalent
For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

3. Property, plant and equipment

Amounts in EGP'000

Description	Land	Building and other utilities	Machinery and equipment	Vehicles	Furniture and fixtures owned	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost						
As of 31 December 2006	10,647	176,007	670,811	37,518	16,277	911,260
Transfer From Project under Cons.		2,243	9,410		201	11,854
disposal				(939)		(939)
As of 31 December 2007	**10,647**	**178,250**	**680,221**	**36,579**	**16,478**	**922,175**
Depreciation						
As of 31 December 2006	--	*46,597*	173,813	34,512	11,453	266,375
Charge for the year		8,407	34,313	805	1,218	44,743
disposal				(939)		(939)
As of 31 December 2007	--	**55,004**	**208,126**	**34,378**	**12,671**	**310,179**
Net book value						
As of 31 December 2007	**10,647**	**123,246**	**472,095**	**2,201**	**3,807**	**611,996**
As of 31 December 2006	**10,647**	**129,413**	**496,997**	**3,004**	**4,364**	**644,884**

4. Other long-term assets

Other long-term assets represent the cost of computer software and its license that amortized using the straight-line basis over 5 years.

	EGP
Cost	
As of 31 December 2006	3,304
Tranfers from Projects under construction	248
As of 31 December 2007	**3,552**
Accumulated amortization	
As of 31 December 2006	1,590
Charge for the year	700
As of 31 December 2007	**2,290**
Net book value	
As of 31 December 2007	**1,262**
As of 31 December 2006	1,714

Amounts in EGP'000

5. Projects under construction

	31-Dec-07 EGP	31-Dec-06 EGP
Cost		
Balance as of 31 December 2006	**42,768**	25,193
Additions	**40,783**	26,927
Transfers to fixed assets	**(12,102)**	(9,352)
Balance as of 31 December 2007	71,449	42,768

6. Investments in Subsidiaries & affiliates

	Percentage	31-Dec-07 EGP	31-Dec-06 EGP
4M/Titan silos LLC	50%	1,500	1,500
Bani Suif cement company	5%	30,836	30,836
		32,336	**32,336**

7. Inventories (Net)

	31-Dec-07 EGP	31-Dec-06 EGP
Raw Materials	7,891	8,767
Consumable Stores	102	127
Spare Parts and supplies	121,709	123,792
Packing Materials	6,112	5,230
Semi Finished Goods	6,214	5,175
Finished Product	1,163	3,189
Spare parts provision	(23,081)	(31,691)
	120,110	**114,589**

Amounts in EGP'000

8. Due from affiliates

	31-Dec-07 EGP	31-Dec-06 EGP
Beni Suef Cement Co.	10,137	7,804
4M Titan Silos	5,029	3,937
Alexandria Development Ltd	211	-
	15,377	**11,741**

9. Prepaid expenses and other debit balances

	31-Dec-07 EGP	31-Dec-06 EGP
Taxes Receivable	18,173	15,877
Cash Margin against letter of guarantees	1,172	-
Prepaid expenses	3,409	2,799
Advances to supplier	6,614	2,594
Others debit balances	17,178	13,617
Provision for other debit balances	(224)	(224)
	46,322	**34,663**

Amounts in EGP'000

10. Bank & Cash Balances

	31-Dec-07 EGP	31-Dec-06 EGP
Term Deposits		
Local Currency	297,880	119,982
Forgien Currency	24,146	87,937
	322,026	**207,919**
Current Accounts		
Cash	70	63
Local Currency	4,622	7,304
	4,692	**7,367**
	326,718	**215,286**
Bank overdraft	-	(5,939)
	326,718	**209,347**

The time deposits held with Suez Canal Bank are blocked against letters of guarantee.

11. Issued and paid up capital

The authorized capital of the Company amounted to L.E 200 million, and the issued and fully paid up capital amounted to L.E 120,574,700 divided among 12,057,470 nominal shares of L.E 10 par value each, as follows :

Name	APCC no. of shares before merger	No. of shares after merger	Percentage after merger %	Nominal Value after merger EGP
Alexandria development ltd	10614137	10614137	88.030%	106,141,370
BSCC	1061788	1061788	8,806%	10,617,880
BCCC	50000	50000	0.415%	500,000
BC.PRODUCTS	-	11494	0.095%	114,940
Associated International Cement Ltd.	-	45976	0.381%	459,760
others	274075	274075	2,273	2,740,750
Total	**12000000**	**12057470**	**100**	**120,574,700**

Amounts in EGP'000

12. Term loans:

Borrowings amounted to L.E 359,282,000 as of December 31, 2007 of which an amount of L.E 84,615,000 is classified as a current liability and an amount of L.E 274,667,000 is classified as non-current liability.

The following table represents analysis for outstanding balances of loans obtained, initial amount and terms of payment:

Lender	Loan currency	Loan principal amount	Outstanding balance at 31.12.2006	Outstanding balance at 31.12.2007	Current portion	Non Current portion
NSGB - first loan	EGP	**56,000**	28,000	19,382	8,615	10,767
CIB	EGP	**125,000**	125,000	125,000	25,000	100,000
HSBC	EGP	**85,000**	85,000	78,000	10,000	68,000
NSGB - second loan	EGP	**80,000**	80,000	64,000	16,000	48,000
HSBC - second loan	EGP	**45,000**	40,000	37,000	17,000	20,000
Cairo Barclays	EGP	**39,900**	39,900	35,900	8,000	27,900
HSBC	EGP	**70,000**	-	-	-	-
			397,900	**359,282**	**84,615**	**274,667**

NSGB - first loan

On April 13th 2003 NSGB issued a long term loan to the company to finance the early retirement pension for its employees valued at LE 56,000,000. The loan will be paid on 26 quarterly instalments valued at LE 2,153,846 per instalment starting January 2004 and ending on April 2010.

CIB loan

On September 2005 CIB issued a medium term loan to finance the company, valued at LE 125,000,000 with time deposits as collateral. The loan will be paid on 10 semi-annual instalments valued at LE 12,500,000 per instalment starting on the 31st March 2008 and ending on the 30th of September 2012.

HSBC loan

On August 28, 2005 the company entered into medium term loan agreement with HSBC. HSBC undertakes to lend the company an amount of L.E 85,000,000 (eighty five million Egyptian pound) in order to refinance shareholders loans.

The company shall repay the loan in ten equal semi-annual consecutive installments commencing on February 24, 2008 and ending on August 24, 2012.

Amounts in EGP'000

NSGB - second loan

On November 28, 2004 the company entered into long-term loan agreement with NSGB – Egypt. NSBC undertakes to lend the company an amount of K L.E 80,000 (eighty million Egyptian pound) in order to refinance shareholders loans.

The company shall repay the loan in ten equal semi-annual consecutive installments commencing on May 30, 2007 and ending on November 11, 2011.

HSBC - second loan

On November 30, 2004 the company entered into medium-term loan agreement with HSBC – Egypt. HSBC undertakes to lend the company an amount of K L.E 45,000 (forty five million Egyptian pound) in order to refinance shareholders loans.

The company shall repay the loan in nine equal semi-annual consecutive installments commencing after 24 month from disbursement date (December 1, 2006).

Cairo Barclays

On June 2, 2005 the company entered into a long-term loan agreement with Cairo Barclays Bank. Cairo Barclays Bank undertakes to lend the company an amount of K L.E 39 900 (Thirty nine million nine hundrend Egyptian pound) in order to refinance shareholders loans.

The loan term is five years starting from Augest 6, 2007 and ending on March 6, 2012.

13. Due to affiiates

	31-Dec-07 EGP	31-Dec-06 EGP
Beni Suef Cement Company C\A	14,245	18,474
4M Titan Silos	119	29
Titan	176	-
	14,540	**18,503**

Amounts in EGP'000

14. Accured expenses and other credit balances

	31-Dec-07 EGP	31-Dec-06 EGP
Accrued interset	8,633	8,045
Advance to customer	12,055	13,961
Social Security	128	132
Other Taxes	5,813	6,229
Payroll Tax	1,658	1,728
Income tax for the year	15,575	0
Dividend payable	328	330
Other credit balances	30,853	23,726
	75,043	**54,151**

15. Provisions:

	Balance 1/1/2007 EGP	Charged during the year EGP	Used During the year EGP	No Longer required EGP	Balance 31/12/2007 EGP
Litigation Provision	2,987	167	(104)	(960)	2,090
Provision for paid Vacation	687	-	(343)	-	344
Bonus Provision	1,268	-	(1,031)	-	237
Quarry Rehabilitation Provision	756	397	-	-	1,153
Other provisions	17,444	7,001	(2,409)	(150)	21,886
	23,142	7,565	(3,887)	(1,110)	25,710

16. Interim dividends

During the year, interim dividends of L.E 3 per share totalling L.E 36,170,000 has been declared and paid in accordance with the resoluation of the Extraordinary General Assembly Meeting dated 5 December 2007.

Amounts in EGP'000

17. Revaluation adjustments:

Revaluation adjustments represent the net effect of General Authority For Investment adjustments relating to the merger between the company and Blue Circle Cement Company as described in note (1).

18. Prior year adjustment

Prior year adjustment represents adjustment on deferred tax assets opening balance of L.E 2,471,000

19. Committments

	Current portion EGP	Non-Current portion EGP
Future purchase committments:		
Gas supply	**18,932**	**253,998**

The purchase commitment represents the minimum gas purchase quantity as per the contract agreement between the gas supplier and the company.

20. Sales, net

	31-Dec-07 EGP	31-Dec-06 EGP
Cement Sales (domestic)	532,355	492,610
Rendered services	188	792
	532,543	493,402

Amounts in EGP'000

21. Cost of sales

	31-Dec-07 EGP	31-Dec-06 EGP
Payroll Expenses	24,428	20,119
Energy cost	68,766	55,637
Materials cost	106,093	93,990
Depreciation	44,389	46,274
Maintenance	20,618	20,026
Other fixed cost	15,433	15,672
Spare parts	596	49
Direct production overhead	4,529	(2,547)
Insurance and taxes	1,011	835
	285,863	**250,055**

22. General and Administrative expenses

	31-Dec-07 EGP	31-Dec-06 EGP
Personnel Expenses	8982	7440
Depreciation	1,054	1,374
Transportation services	659	860
Professional fees	2,845	2,614
Other	4,325	4,128
	17,865	**16,416**

Amounts in EGP'000

23. Other income

	31-Dec-07 EGP	31-Dec-06 EGP
Scrap sales	2,773	4,040
Miscellaneous	1,207	565
	3,980	**4,605**

24. Earning per share

The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31-Dec-07 EGP	31-Dec-06 EGP
Net profit for the year	172,010	188,836
Number of shares outstanding '000	12,057	12,000
Earning per share EGP	**14.27**	**15.74**

Amounts in EGP'000

25. Related Party Transactions

The transactions with related parties for the period are represented in transactions with holding company and its affiliated companies and some of the shareholders as follows:

Company	Debit EGP	Credit EGP	Description of transactions
Beni Suef Cement Company S.A.E	10,137	14,245	These balances represent current account between both companies and includes value of Clinker sales to Beni Suef Cement Company.
4M / Titan silos	5,029	119	These balances represent current account between both companies and includes payment of KUSD 100 to settle the company loan
Alexandria Development Investment Limited	211		This debit account represents current account between both companies.
Titan		176	This Credit account represents current account between both companies.

26. Contingencies

The Company had contingent liabilities in respect of bank guarantees amounting to EGP 5,226 thousands as of 31 December 2007.

27. Deferred income tax

	Asset 2007 EGP	Liability 2007 EGP
Fixed assets depreciation	-	44,287
Provisions	19,854	-
Intercompany interest Loan	15,206	
	35,060	44,287
Net deferred tax liabilities	-	**9,227**

28. Tax position

Corporate income tax

The company is regularly presenting the annual tax returns on the statutory due dates.

For the years up to December 31, 2001, the tax disputes were resolved and settled

For the years 2002 and 2003, the books were inspected by the tax authority and points of dispute are referred to an internal committee.

The years 2004 and 2005 have not yet been inspected by the tax authority

Salary tax

The company timely remits salary taxes withheld from its employees to the Tax Authority, in accordance with the Income Tax Law with respect to salaries.

The salary taxes were inspected and taxes paid until December 31, 2002 and a settlement was made. For the year ended December 31, 2003, the books are under inspection.

Sales tax

The company pays the sales taxes collected from its customers for the sales of cement and freight on the due dates. The sales tax authority inspected the company's books until June 30, 2005, and taxes due were paid.

Real estate tax

The company's books were inspected and settled until 2003. Years 2004 and 2005 were still under appeal.

Stamp tax

The company's books were inspected and settled until 2003 and points of dispute are referred to an internal committee which amounted to L.E 3.02 Millions and provision was taken.

29. Financial instruments and risk management

Financial instruments
The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hand and at banks, accounts receivable and other debit balances. The financial liabilities include current portion of long term loans, accounts payable, due to affiliates 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 (2) of these notes to the financial statements.

Foreign currency risk
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.

Fair Value for financial instruments
Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of bank overdrafts, term loans, obligations under finance leases, and payables. Derivatives consist of foreign exchange contracts.

The fair values of financial instruments, with the exception of certain available-for-sale investments carried at cost are not materially different from their carrying values.

30. Comparative figures

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