

TITAN BETON AND AGGREGATES MISR (L.L.C)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
TOGETHER WITH AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Beni Suef Cement Company (S.A.E)**, represented in the statement of financial position as at 31 December 2014, as well as the statement of comprehensive 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. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Building a better
working world

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **Beni Suef Cement Company (S.A.E)** as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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


Amr M. El Shaabini
FESAA - FEST
(RAA 9365)
(CMAR 103)

Cairo: 20 January 2015

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

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2014

	Notes	2014 EGP '000'	2013 EGP '000'
Sales		76,496	54,401
Rendering service		506	570
Revenue		<u>77,002</u>	<u>54,971</u>
Cost of sales	(3)	<u>(76,748)</u>	<u>(65,600)</u>
GROSS PROFIT\ (LOSS)		<u>254</u>	<u>(10,629)</u>
Administrative, selling and distribution expenses	(4)	(2,165)	(1,794)
Provisions		-	(1,500)
Decline in value of receivable		(217)	(50)
Other operating income		580	299
Other operating expenses		<u>(345)</u>	<u>(119)</u>
OPERATING (LOSSES)		<u>(1,893)</u>	<u>(13,793)</u>
Finance cost		(355)	(24)
Finance income		23	595
Foreign exchange difference		<u>(60)</u>	<u>-</u>
(LOSSES) BEFORE TAX		<u>(2,285)</u>	<u>(13,222)</u>
Deferred tax income	(18)	<u>982</u>	<u>3,422</u>
(LOSSES) FOR THE YEAR		<u>(1,303)</u>	<u>(9,800)</u>
Add:			
Other Comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive losses for the year, net of tax		<u>(1,303)</u>	<u>(9,800)</u>

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 EGP '000'	2013 EGP '000'
Assets			
Non-current assets			
Property, plant and equipment	(5)	44,774	50,762
Construction in progress	(6)	6,749	1,041
Intangible assets	(7)	377	401
Deferred tax asset	(18)	4,779	3,797
		<u>56,679</u>	<u>56,001</u>
Current assets			
Trade receivables	(8)	4,772	3,693
Notes Receivable maturing within 90 days		8,723	-
Inventories	(9)	1,179	673
Due from related parties	(10a)	-	1,280
Loan receivable –parent	(11)	-	2,200
Prepayments and other receivables	(12)	4,292	4,963
Cash on hand and at banks	(13)	4,967	7,964
		<u>23,933</u>	<u>20,773</u>
Total assets		<u>80,612</u>	<u>76,774</u>
Equity and liabilities			
Equity			
Issued capital	(15)	80,000	80,000
Legal reserve		15	15
Accumulated deficit		(16,218)	(6,418)
(Losses) for the year		(1,303)	(9,800)
Total equity		<u>62,494</u>	<u>63,797</u>
Current liabilities			
Trade payables		7,509	6,221
Advance from customers		2,517	-
Notes payable		91	109
Accrued expenses and other credit balances	(16)	1,069	787
Due to related parties	(10b)	4,491	3,863
Loan payable –parent	(14)	514	-
Provisions	(17)	1,927	1,997
		<u>18,118</u>	<u>12,977</u>
Total equity and liabilities		<u>80,612</u>	<u>76,774</u>



Chief Financial Officer



Chief Executive Officer

General Manager

- The accompanying notes from (1) to (24) are an integral part of these financial statements.
- Auditor's report attached.

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

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2014

	Issued capital EGP '000'	Legal reserve EGP '000'	Accumulated deficit EGP '000'	Losses for the year EGP '000'	Total EGP '000'
At 1 January 2013	80,000	15	(3,069)	(3,349)	73,597
Transferred to accumulated deficit (Losses) for the year	-	-	(3,349)	3,349	-
	-	-	-	(9,800)	(9,800)
At 31 December 2013	80,000	15	(6,418)	(9,800)	63,797
At 1 January 2014	80,000	15	(6,418)	(9,800)	63,797
Transferred to accumulated deficit (Losses) for the year	-	-	(9,800)	9,800	-
	-	-	-	(1,303)	(1,303)
At 31 December 2014	80,000	15	(16,218)	(1,303)	62,494

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

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

STATEMENT OF CASH FLOW

For The Year Ended 31 December 2014

	Note	2014 EGP '000'	2013 EGP '000'
Operating activities			
(Losses) before tax		(2,285)	(13,222)
Depreciation of property, plant and equipment	(5)	6,471	7,354
Amortization of intangible assets	(7)	24	26
Provisions charged		-	1,500
Decline in value of receivable	(8)	217	50
Finance Cost		355	-
Finance income		(23)	(595)
Unrealized foreign exchange		68	-
Working capital adjustments:		4,827	(4,887)
Change in restricted cash		(75)	(52)
Change in trade receivable		(1,296)	(430)
Change in notes receivable		(8,723)	-
Change in inventories		(506)	(52)
Change in prepayments and other receivables		671	(1,477)
Change in trade payable		1,288	1,744
Change in notes payable		(18)	79
Change in due to related parties		302	470
Change in advances from customers		2,517	(958)
Change in accrued expenses and payables		284	(195)
		(729)	(5,758)
Provisions used	(17)	(70)	-
Interest received		1,303	-
Net cash flows from (used in) operating activities		504	(5,758)
Investing activities			
Payments to acquire construction in progress	(6)	(6,191)	(1,218)
Receipt of loan receivable- parent		2,200	12,600
Net cash flows (used in) from investing activities		(3,991)	11,382
Financing activities			
Receipt of loan payable- parent	(14)	514	-
Interest Paid		(31)	-
Net cash flows from financing activities		483	-
Net (decrease) increase in cash and cash equivalent		(3,004)	5,624
Unrealized foreign exchange		(68)	-
Cash and cash equivalent at 1 January 2014		7,851	2,227
Cash and cash equivalent at 31 December 2014		4,779	7,851

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

	Note	2014 EGP '000'	2013 EGP '000'
Cash on hand and at banks	(13)	4,967	7,964
Less:			
Reserved Time deposits	(13)	(188)	(113)
		<u>4,779</u>	<u>7,851</u>

- The accompanying notes from (1) to (24) are an integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

1 THE COMPANY

Titan Beton & Aggregates Misr L.L.C (previously named Four M Titan Silos Company (L.L.C) is a Limited Liability Company that was incorporated on 11 September 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.

The company's 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 is registered under the commercial registry 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 historical cost basis and the going concern basis.

The financial statements were approved by the management on 19 January 2015.

2-2 Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous year, except for the adoption of new standards and interpretations effective as of 1 January 2014:

New and revised Accounting Standards and Interpretations

Standards and amendments effective as of 1 January 2014:

- Investment Entities – Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in other Entities and IAS 27 Separate Financial Statements.
- Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 Financial Instruments: Presentation.
- Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36 Impairment of Assets
- Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- Improvements to IFRSs – 2010-2012 Cycle: Amendments to IFRS 13 – Short-term receivables and payables
- Improvements to IFRSs – 2011-2013 Cycle: Amendments to IFRS 1 – Meaning of 'effective IFRSs'
- IFRIC 21 Levies

Not all of these standards and amendments impact the company's financial statements. If a standard or amendments affect the company, it is described together with the impact in note 2 to these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

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
Buildings	10 (usage rights period)
Machinery and equipment	10-20
Silo	5-10
Office equipment and Furniture	4-10
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 progress

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

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 conditions are accounted for as follows:

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

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

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

2 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 MISR (L.L.C)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES- CONTINUED

2-16 Expenses

All expenses including cost of sales, general and administrative expenses and other expenses are recognized and charged to the statement of comprehensive income in the financial period in which these expenses were incurred.

2-17 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.

2-18 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 within three months less restricted time deposits.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

3 COST OF SALES

	2014 EGP '000'	2013 EGP '000'
Variable cost	55,766	43,397
Fixed cost	14,533	14,918
Depreciation and amortization	6,449	7,285
	<u>76,748</u>	<u>65,600</u>

4 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	2014 EGP '000'	2013 EGP '000'
Selling and distribution expenses	1,065	1,173
Administrative expenses	1,054	526
Depreciation and amortization	46	95
	<u>2,165</u>	<u>1,794</u>

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Silo	Office equipment and furniture	Vehicles	Tools	Total
	EGP '000'	EGP '000'	EGP '000'	EGP '000'	EGP '000'	EGP '000'	EGP '000'
Cost or valuation							
At 1 January 2014	8,752	55,510	8,756	1,404	1,181	11	75,614
Transferred from construction in progress (Note 6)	-	341	-	41	101	-	483
At 31 December 2014	8,752	55,851	8,756	1,445	1,282	11	76,097
Accumulated depreciation							
At 1 January 2014	2,010	12,791	8,756	694	597	4	24,852
Depreciation charged for the year	875	5,156	-	211	228	1	6,471
At 31 December 2014	2,885	17,947	8,756	905	825	5	31,323
Net book value at 31 December 2014	5,867	37,904	-	540	457	6	44,774
Net book value at 31 December 2013	6,742	42,719	-	710	584	7	50,762

- The gross carrying amount of fully depreciated property, plant and equipment that are still in use amounted to EGP 9,407 thousands as of 31 December 2014 (31 December 2013: EGP 8,870 thousands)

- 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:

	2014	2013
	EGP '000'	EGP '000'
Cost of sales	6,425	7,259
Administrative expenses	46	95
	6,471	7,354

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

6 CONSTRUCTION IN PROGRESS

	2014 EGP '000'	2013 EGP '000'
At 1 January	1,041	26,675
Additions	6,191	1,218
Transferred to property, plant and equipment (Note 5)	(483)	(26,730)
Transferred to intangible assets	-	(122)
Ending balance	6,749	1,041

7 INTANGIBLE ASSETS

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

	2014 EGP '000'	2013 EGP '000'
Cost		
Beginning balance	479	357
Transferred from construction in progress	-	122
Ending balance	479	479
Accumulated amortization		
Beginning balance	78	52
Amortization	24	26
Ending balance	102	78
Net book value	377	401

8 TRADE RECEIVABLE

	2014 EGP '000'	2013 EGP '000'
Trade receivable	5,039	3,743
Decline in value of trade receivable	(267)	(50)
	4,772	3,693

Movement in decline in value of trade receivable was as follows:

	2014 EGP '000'	2013 EGP '000'
Beginning balance	50	-
Charge for the year	217	50
As of 31 December	267	50

9 INVENTORIES

	2014 EGP '000'	2013 EGP '000'
Raw material	640	470
Fuel and Lubricants	262	203
Spares parts	277	-
	1,179	673

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

10 DUE FROM / TO RELATED PARTIES

A) DUE FROM RELATED PARTIES

		2014 EGP '000'	2013 EGP '000'
Alexandria Portland Cement Company	Interest receivable	-	1,280
		<u>-</u>	<u>1,280</u>

B) DUE TO RELATED PARTIES

		2014 EGP '000'	2013 EGP '000'
Beni Suef Cement Company	Current account	3,109	2,867
Alexandria Portland Cement Company	Current account	1,058	996
Alexandria Portland Cement Company	Interest payable	324	-
		<u>4,491</u>	<u>3,863</u>

11 LOAN RECEIVABLE- PARENT

	2014 EGP '000'	2013 EGP '000'
Loan to Alexandria Portland Cement Company S.A.E	-	2,200
	<u>-</u>	<u>2,200</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%.

On December 2011, the company has amended the intercompany loan agreement terms to be repaid within one year starting from December 2011.

On 28th of December 2012, the company has signed a loan extension agreement whereby the two parties agreed to extend the settlement term at which the loan will be repaid within one year from the date of the amended contract and to reduce the loan ceiling from EGP 50 Million to EGP 15 Million. During the period ended 31 March 2014, Alexandria Portland Cement Company has settled the remaining loan balance amounting to EGP 2,200 thousands.

12 PREPAYMENTS AND OTHER RECEIVABLES

	2014 EGP '000'	2013 EGP '000'
Advances to local suppliers	1,954	3,009
Tax authority- withholding taxes	909	656
Tax authority- sales tax	578	201
Personal receivables	63	362
Prepaid other expenses	536	484
Other receivables	252	251
	<u>4,292</u>	<u>4,963</u>

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

13 CASH AND BANKS

	2014 EGP '000'	2013 EGP '000'
a) Egyptian pound		
Cash on hand	155	34
Current accounts	4,618	7,816
	<u>4,773</u>	<u>7,850</u>
b) Foreign currency		
Current accounts	6	1
	<u>6</u>	<u>1</u>
Cash and cash equivalent	4,779	7,851
Reserved deposits and cash margins (Note 19)	188	113
	<u>4,967</u>	<u>7,964</u>

14 LOAN PAYABLE – PARENT

On 2 May 2014, the company obtained an intercompany revolving loan from Alexandria Portland Cement Company (Parent) for a ceiling of EGP 20 Million with an interest rate on the drawn amounts to be calculated based on Commercial banks interest rate on deposits plus 0.5% and to be repaid within one year from the contract date; accordingly, it is recorded under current liabilities. The loan balance as of 31 December 2014 is EGP 514 thousands (excluding interest).

15 ISSUED CAPITAL

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

Description	Percentage	No. of Quotas	Value EGP '000'
Alexandria Portland Cement Company S.A.E	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>

16 ACCRUED EXPENSES AND CREDIT BALANCES

	2014 EGP '000'	2013 EGP '000'
Accrued other expenses	491	69
Accrued employee bonus	344	294
Tax authority – withholding tax	64	295
Tax authority – payroll tax	56	54
Tax authority – sales tax	15	12
Social insurance authority	40	3
Accrued salaries	28	27
Other credit balances	31	33
	<u>1,069</u>	<u>787</u>

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

17 PROVISIONS

	Balance 1 January 2014 EGP '000'	Used During the year EGP '000'	Balance 31 December 2014 EGP '000'
Tax provision	497	(70)	427
Provision for litigation	1,500	-	1,500
	<u>1,997</u>	<u>(70)</u>	<u>1,927</u>

18 DEFERRED TAX

	<i>Statement of financial position</i>		<i>Income statement</i>	
	2014 EGP '000'	2013 EGP '000'	2014 EGP '000'	2013 EGP '000'
Depreciation and amortization	(6,048)	(5,054)	(994)	(2,343)
Carry forward losses	10,330	8,339	1,991	5,352
Provisions	497	512	(15)	413
Net deferred tax Asset	<u>4,779</u>	<u>3,797</u>	<u>982</u>	<u>3,422</u>

19 CONTINGENT LIABILITIES

The Company contingent liabilities represents bank guarantees resulted from the Company activities, accordingly, the Company contingent liabilities has reached EGP 188 thousands as 31 December 2014 against restricted deposits amounting to EGP 75 thousands and letter of guarantee cash margin amounting to EGP 113 thousands (Note 13) as shown below:

	Amount in currency 000'	Equivalent in EGP'000'	Cash margin EGP'000'	Restricted deposits EGP '000'
Qatar National Bank- Al Ahli	188	188	113	75
		<u>188</u>	<u>113</u>	<u>75</u>

20 TAX POSITION

a) Corporate taxes

- The Company's records were inspected and settled for the years 1997 till the year 2004
- The Company didn't receive any tax claim for the years from 2005 till 2008 and according to the Egyptian tax law no. 91 for year 2005 the company returns are authorized.
- No tax inspection took place for the Company's records for the years 2009 till 2014.

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 2014.

c) Salary taxes

- The Company's records were inspected till the year 2004 and settled.
- The Company's records were inspected for the years from 2005 till 2009 and some disputes were transferred to the internal committee.
- No tax inspection took place for the Company's records for the years 2010 till 2014.

d) Stamp duty taxes

- The Company's records were inspected till the year 1999 and the taxes due were paid.
- The company's records are inspected for the years 2000 till 2003 and the company is preparing for the appeal committee.
- No tax inspection took place for the Company's records for the years from 2003 till 2014.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

21 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, due from related parties trade receivable and other receivables. The financial liabilities include accounts payable, due to related parties, accrued expenses and other payables.

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.

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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:

	2014 EGP '000'	2013 EGP '000'
Trade receivables	4,772	3,693
Notes receivables	8,723	-
Cash at banks	4,812	7,930
Other receivables	4,292	4,963
Due from related parties	-	1,280
Loan receivable- parent	-	2,200
	<u>22,599</u>	<u>20,066</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.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2014

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risks related to traded and other receivables:

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

-Liquidity risk

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

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

The table below summarizes the maturity profile of the Company's undiscounted financial liabilities at 31 December 2014 based on contractual (undiscounted) payments:

	<i>Less than 6 months EGP '000'</i>	<i>6 to 12 months EGP '000'</i>	<i>1 to 5 years EGP '000'</i>	<i>> 5 years EGP '000'</i>	<i>Total EGP '000'</i>
<u>Year ended 31 December 2014:</u>					
Trade payables	7,509	-	-	-	7,509
Accrued expenses and other payable	1,069	-	-	-	1,069
Due to related parties	4,491	-	-	-	4,491
	<u>13,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,069</u>
<u>Year ended 31 December 2013:</u>					
Trade payables	6,221	-	-	-	6,221
Accrued expenses and other payable	787	-	-	-	787
Due to related parties	3,863	-	-	-	3,863
	<u>10,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,871</u>

23 RELATED PARTY TRANSACTIONS

The company consummates transactions with related parties on commercial terms approved by the General Manager. Transactions with related parties affecting the income statement can be summarized as follows:

- Interest expense to Alexandria Portland Cement Company during 2014 is amounting to EGP 324 thousands (Note 14).

24 COMPARATIVE FIGURES

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