BENI SUEF CEMENT COMPANY (S.A.E.)

AUDITOR'S REPORT
AND SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

BENI SUEF CEMENT COMPANY (S.A.E.)

Special purpose financial statements – For the year ended 31 December 2015

Contents

Auditor's report

To : The Board of Directors of Beni Suef Cement Company (S.A.E.)

Report on special purpose financial statements

We have audited the accompanying special purpose financial statements of Beni Suef Cement Company (S.A.E.), which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared by management of Beni Suef Cement Company (S.A.E.) in accordance with the accounting policies described in note 2 to the special purpose financial statements.

Management's responsibility for the Special purpose financial statements

Management is responsible for the preparation of these special purpose financial statements in accordance with the accounting policies described in note 2 to the special purpose financial statements and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose 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 special purpose financial statements.

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

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Opinion

In our opinion, the special purpose financial statements of Beni Suef Cement Company (S.A.E.) for the year ended 31 December 2015 are prepared, in all material respects, in accordance with the accounting policies described in note 2 to the special purpose financial statements.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared for the internal use of Board of Directors of Beni Suef Cement Company (S.A.E.), As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the board of directors of Beni Suef Cement Company (S.A.E.) and should not be distributed to or used by other parties.

Other matter

Beni Suef Cement Company (S.A.E.) has prepared a separate set of financial statements for the year ended 31 December 2015 in accordance with the Egyptian Accounting Standards (EAS) on which we issued a separate unqualified auditor's report to the shareholders of Beni Suef Cement Company (S.A.E.) dated 16 March 2016.

PricewaterhouseCoopers
PricewaterhouseCoopers

30 March 2016
Cairo

Mansour & Co. PricewaterhouseCoopers
pwc
منصور وشركاه برايس وترهاوس كوبرز

BENI SUEF CEMENT COMPANY (S.A.E.)

Statement of financial position - At 31 December 2015

(All amounts are in Thousands Egyptian Pounds)	Notes	31 December 2015	31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	5	2,311,883	2,175,284
Projects under construction	6	172,978	130,806
Intangible assets	7	77,846	83,603
Non-current employee advances	8	18,561	24,523
Investments available for sale	9	83	-
Total non-current assets		**2,581,351**	**2,414,216**
Current assets			
Inventories	10	418,584	325,493
Prepayments and other debit balances	11	91,422	114,004
Due from related parties	12	42,709	128,019
Cash and cash equivalents	13	83,946	68,550
Total current assets		**636,661**	**636,066**
Total assets		**3,218,012**	**3,050,282**
Non-current liabilities			
Medium –Term Loans	14	504,000	390,000
Deferred income tax liability	15	354,588	478,092
Total non-current liabilities		**858,588**	**868,092**
Current Liabilities			
Provisions	16	24,927	5,719
Trade and Notes Payables	17	233,963	126,963
Accrued expenses and other credit balances	18	76,826	64,331
Advances from customers		60,035	112,622
Due to related parties	12	23,741	17,125
Shareholders Loans	19	275,564	438,220
Credit facility	20	6,122	
Current term loan	21	-	29,796
Electricity installments	22	-	6,377
Current Income tax liability	23	-	2,362
Total current liabilities		**701,178**	**803,515**
Total liabilities		**1,559,766**	**1,671,607**
Net assets		**1,658,246**	**1,378,675**
Equity			
Share Capital	24	520,000	520,000
Payments under capital increase	25	260,000	-
Legal reserve	26	98,543	98,543
Retained earnings		317,207	328,925
Net loss of the year		(37,955)	(29,899)
Revaluation surplus		500,451	461,106
Total equity		**1,658,246**	**1,378,675**

The accompanying notes on pages 7 – 33 form an integral part of these special purpose financial statements.

Auditors' report attached

Khaled Sabry
Chief Financial Officer

for

Michail Sigalas
Chairman

29 March 2015

BENI SUEF CEMENT COMPANY (S.A.E.)

Statement of Comprehensive income - For the Year ended 31 December 2015

(All amounts are in Thousands Egyptian Pounds)

	Note	2015	2014
Net sales	27	1,235,518	961,307
Cost of sales	28	(1,097,586)	(829,614)
Gross profit		**137,932**	**131,693**
Administrative, Selling and marketing expenses	29	(73,952)	(62,737)
Other operating expense	30	(34,158)	(24,655)
Other operating income	31	15,276	6,007
Profit from operation		**45,098**	**50,308**
Finance cost, net	32	(137,296)	(53,242)
Loss before income tax		**(92,198)**	**(2,934)**
Income tax expense	33	54,243	(26,965)
Net loss for the year		**(37,955)**	**(29,899)**

The accompanying notes on pages 7 – 33 form an integral part of these special purpose financial statements.

BENI SUEF CEMENT COMPANY (S.A.E.)

Statement of changes in equity - For the Year ended 31 December 2015

(All amounts are in Thousands Egyptian Pounds)

	Share capital	Payments under capital increase	Legal reserve	Retained earnings / (Losses)	Revaluation Surplus	Total
Balance at 1 January 2014	**520,000**	-	**89,027**	**505,749**	**509,858**	**1,624,634**
Transfer to legal reserve	-	-	9,516	(9,516)	-	-
Dividends distribution	-	-	-	(162,720)	-	**(162,720)**
Depreciation transferred for revalued buildings, machinery and equipements	-	-	-	10,401	(10,401)	-
Effect of change of enacted tax rate on assets revaluation reserve	-	-	-	(14,989)	(38,351)	**(53,340)**
Net profit for the year	-	-	-	(29,899)	-	**(29,899)**
Balance at 31 December 2014	**520,000**	-	**98,543**	**299,026**	**461,106**	**1,378,675**
Balance at 1 January 2015	**520,000**	-	**98,543**	**299,026**	**461,106**	**1,378,675**
Transfer to legal Reserve	-	-	-	-	-	-
Payments Under Capital Increase	-	260,000	-	-	-	**260,000**
Depreciation transferred for revalued buildings, machinery and equipements	-	-	-	18,181	(18,181)	-
Effect of change of enacted tax rate on assets revaluation reserve	-	-	-	-	57,526	**57,526**
Net loss for the year	-	-	-	(37,955)		**(37,955)**
Balance at 31 December 2015	**520,000**	**260,000**	**98,543**	**279,252**	**500,451**	**1,658,246**

The accompanying notes on pages 7 – 33 form an integral part of these special purpose financial statements.

BENI SUEF CEMENT COMPANY (S.A.E.)

Statement of cash flows - For the year ended 31 December 2015

(All amounts are in Thousands Egyptian Pounds)	Notes	31 December 2015	31 December 2014
Cash flows from operating activities			
(Loss) for the year before income taxes		(92,198)	(2,934)
Depreciation of fixed assets	5	74,061	69,780
Amortization of intangible assets	7	3,639	3,972
Provisions no longer required		-	(322)
Provisions	16	5,681	
Inventory Write-off	10	1,026	124
Impairment in other debit balances	11	1,334	
Credit Interest	32	(677)	(1,174)
Finance cost	32	115,458	65,538
Impairment in Employees Advances	8	18,925	
Change in present value of employees advances	8	5,962	-
Net profits before changes in working capital		**133,211**	**134,984**
Changes in working capital			
Change in cash margins		(7,068)	(19,343)
Changes in inventory		(94,117)	(157,260)
Changes in due from related parties		85,310	(66,150)
Changes in prepayments and other receivables		21,248	(36,463)
Changes in Employees advances		(18,925)	(16,249)
Changes in trade and notes payable		107,000	38,483
Changes in accrued expenses and other payables		12,840	(24,936)
Changes in advance from customer		(52,587)	27,917
Changes in due to related parties		6,616	8,105
Cash flows generated from (used in) operating activities		**193,528**	**(110,912)**
Provisions used		(570)	(272)
Tax paid		-	(63,482)
Net Cash flows generated from (used in) operating activities		**192,958**	**(174,666)**
Cash flows from investing activities			
Payments for additions in projects under construction	6	(254,722)	(120,914)
Purchase of property, plant and equipment	5	(5,411)	-
Payment under Investments in subsidiaries	9	(83)	-
Interest income received		339	1,174
Net cash flows used in investing activities		**(259,877)**	**(119,740)**
Cash flows from financing activities			
Dividends paid		-	(162,720)
Change in loan payable to holding company		74,797	206,399
Change in credit facilities		6,122	-
Change in medium - term loans		114,000	360,121
Settlement of term loan		(29,796)	(36,448)
Settlement of term instalments		(6,377)	(12,753)
Finance cost paid		(83,499)	(43,465)
Net cash flows generated from financing activities		**75,247**	**311,134**
Net increase in cash and cash equivalents		**8,328**	**16,728**
Cash and cash equivalents at beginning of the year	13	41,088	24,360
Cash and cash equivalents at end of the year		**49,416**	**41,088**

The accompanying notes on pages 7 – 33 form an integral part of these special purpose financial statements.

	31 December 2015	31 December 2014
Cash and cash equivalents	83,946	68,550
Less: Resticted cash	(34,530)	(27,462)
	49,416	**41,088**

BENI SUEF CEMENT COMPANY (S.A.E.)

Notes to the financial statements - For the year ended 31 December 2015

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

1. General information

Beni Suef Cement Company was established in accordance with the decree of the Egyptian Minister of the General Public Business Sector No. 76/1993 dated 19 October 1993 as an Egyptian joint stock Company wholly owned by the Mining and Refractories Company under the provisions of the Egyptian Public Business Sector Law No. 203 of 1991 and its executive regulation.

The Company was registered in the commercial registry on 3 January 1994 and has started actual production on 30 September 1994.

According to the privatization program of the General Public Business Sector Companies implemented by the Egyptian government, the Company was privatized through the acquisition of 76% of the Company's shares by a foreign major investor on 12 July 1999. The foreign investment's share has increased to 95% of the Company's shares on 31 December 2000.

An Extraordinary General Assembly meeting of the Company was held on 29 August 1999 and decided to reconcile the company's status in accordance with Law No. 159 of 1981 and its executive regulation and the capital market Law No. 95 of 1992 and its executive regulation.

The purpose of the Company is the production of cement and all other building materials such as lime stone. concrete units, ready-made concrete and other building materials, marketing and selling these products and any other raw materials inside and outside Egypt, and the production of cement bags and others to pack the cement produced and other raw materials and building materials and their transport. The Company may also acquire or operate cement silos and import all the cement production materials, paper bags and spare parts of vehicles and equipment necessary for operating its business and operate and use all types of quarries.

The authorized capital of Company is one billion EGP. The Company issued and paid up capital is EGP 520,000,000.

Major shareholder is "Alexandria Portland Cement Company (S.A.E.)" having share percentage 99.998%.

The address of the Company is located in Cairo – Florida tower, El-Sheikh Ali Gad El-Haq, 7th floor, Heliopolis, Cairo, Egypt.

2. Accounting policies

The principal accounting policies adopted in the preparation of these Special purpose financial statements are summarized below:

A. Basis of preparation of these Special purpose financial statements

The Special purpose financial statements have been prepared in accordance with TITAN Cement SA's accounting manual, and applicable laws and regulations which have been consistently applied to all years presented, unless otherwise stated. The Special purpose financial statements have been prepared under the historical cost conventions

The preparation of Special purpose financial statements in conformity with TITAN Accounting Manual requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Note 4 disclose the significant accounting estimates used and personal judgement applied in the preparation of the Special purpose financial statements.

B. Foreign currency translation

(1) Functional and presentation currency
Items included in the Special purpose financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Thousands Egyptian Pounds which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

C. Property, plant and equipment

Motor vehicles, Tools, Computers, Furniture and office equipment and Quarries compensations are stated at historical cost less accumulated depreciation or depletion. Historical cost includes all costs associated with acquiring the asset and bringing it to a ready-for-use condition.

In May 2008, Lands, Buildings and Machinery and equipment are were revalued at the fair value and the difference between carrying amount and the fair value was recognized as revaluation surplus reserve. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is stated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to the retained earnings. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on revalued carrying amount of the asset and depreciation based on these assets original cost.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets excluding land, which is not depreciated.

Estimated useful lives of assets are as follows:

Buildings	Up to 40 Years
Machinery and equipment	Up to 40 Years
Motor vehicles	5 - 15 Years
Tools	5 - 20 Years
Computers	4 - 10 Years
Furniture and office equipment	4 - 10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of financial position date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset and are included in income from operations.

Property, plant and equipment (continued)

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset or the estimated useful life of the renovation, whichever is less.

D. Projects under construction

Recognition of project under construction by cost, minus impairment losses, and is recognized as fixed assets when it meets the conditions of recognition of fixed assets and when the value of project under construction exceeds the carrying amount, the cost of project under construction is impaired to the expected carrying amount and the difference is recognized in income statement.

E. Intangible assets

Intangible assets are measured at historical cost minus accumulated losses. Historical cost include all incremental expenditures required to acquire the intangible asset. Intangible assets represent computer software and the related licenses.

Computer software recognized as intangible assets are amortized using the straight- line method over their estimated useful life (5 - 20 years).

F. Investment in subsidiaries

Subsidiaries are entities over which the Company owns 50% voting rights, or over which the Company has power to govern the financial and operating policies, such investments are presented in the Special purpose financial statements by cost.

The cost basis requires recording the investment in subsidiaries by the acquisition cost and investment income based on recorded limited to dividends recognized over those profits is considered recovery of the investments and it is recorded as a decrease in the investment cost.

G. Impairment of non-financial assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive income for the period for the amount by which the carrying amount of the asset exceeds its value in use, which is the higher of an asset's fair value less cost recoverable amount. For the purposes of assessing impairment, assets are companied at the lowest level, for which there are separate identifiable cash flows.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. Impairment losses are also reversed to release the impairment amount that shall not exceed the carrying amount that would have been determined (net of amortization or depreciation). The reversals are recorded in the Statement of Comprehensive income.

H. Financial assets

(1) Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' and 'treasury bills' in the Statement of financial position

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(2) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

Financial assets (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the company's right to receive payments is established.

(3) Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or a company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

I. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The needed provision are determined with the value of the slow moving, obsolete and damaged inventory items, according to the management's estimates.

J. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months and amounts restricted against issued letter of guarantee and letter of credit less and bank overdrafts.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with original maturities of three months or less. Amounts restricted against issued letter of guarantee and letter of credit and any other amounts restricted are deducted for the purpose of preparing statement of cash flows

K. Share capital

Ordinary shares are classified as equity.

L. Borrowings

Borrowings are recognized initially at the amount of the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the Statement of Comprehensive income over period of the borrowings.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of financial position date.

M. Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Special purpose financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

N. Trade payables

Trade payables are carried at the fair value of goods or services received from others, whether invoiced or not. Where material, goods and services received and trade payables are initially recognised at the present value of expected cash outflows using the market rate of interest for similar borrowings. Thereafter, trade payables are carried at amortized cost.

O. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

P. Employee benefits

(1) Profit sharing

The employees have the right of 10% of the declared cash dividends as profit sharing. Such profit sharing should not exceed the total annual payroll. Profit sharing is recognised as expenses through statement of comprehensive income and as a liability when approved by the Company's shareholders.

The Company signed a 3 years agreement with the Labour Union dated 26 March 2015 and to be effective from 1 January 2015 in which the Company guarantee payment not less than 9 month to the employees as profit sharing. Payment of these profit sharing are to be paid on 12 monthly instalments during the year and to be considered as payments under dividends and to be settled from the declared dividends after approval by the General Assembly Meeting.

(2) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the company pays contributions to The Egyptian Authority for Social Insurance on a mandatory basis as per Egyptian Law of Social Insurance. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(3) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

Q. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of the money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

R. Earnings per share

(1) Basic
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weight average number of ordinary shares in issue during the year excluding ordinary shares purchase by the Company and held as treasury shares.

(2) Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

S. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales tax, returns or rebates. The Company recognizes revenue when significant risks and rewards of ownership of the goods are transferred to the buyer and when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement and after eliminating the Company's internal sales.

(a) Sales of goods
Sales of goods are recognised when company's has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Company warehouse or in the wholesalers' locations depending on the agreements. Accordingly, the risks and benefits have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income
Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount.

(c) Dividends revenue
Dividends revenue recognized when declared.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

T. Dividends

Dividends are recorded in the Company's Special purpose financial statements in the year in which they are approved by the Company's shareholders.

U. Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

V. Business combination

Fair Value Adjustments (FVA's), that necessary to convert the book values acquired in the statement of financial position of an acquiree to their fair values under TITAN accounting policies and are accounted at the functional currency of the acquiree.

3. Financial risk management

(1) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's efforts are addressed to minimize potential adverse effects of such risks on the Company's financial performance.

The Company does not use derivative instruments to hedge specific risks.

A. Market risk

i. Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from future commercial transactions recognized assets and liabilities in foreign currencies where its functional and presentation currency differ from that used by the Company at the date of the Special purpose financial statements.

At year end, major net assets / (Liabilities) foreign currency position presented in Egyptian pounds are as follows:

	Assets	Liabilities	31 December 2015	31 December 2014
US Dollars	3,852	(1,571)	**2,281**	**477**
Euro	1,259	(4,551)	**(3,292)**	**578**
JPY	-	-	-	**(37,408)**

ii. Price risk

The Company has no investment in quoted equity securities. Therefore company is not exposed to the fair value risk due to changes in prices.

Financial risk management (Continued)

iii. Cash flow and fair value interest rate risk

The company's interest rate risk arises from loans. Loans issued at variable rates expose the company to cash flow interest rate risk.

Loans and borrowings with variable interest rate that is subject to the changes of interest rate as of 31 December 2015 is amounting to EGP 738,924 (31 December 2014: EGP 804,000).

The company has no financial assets generating interest exposed to the changes in interest rate.

B. Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Financial institutions that the Company deals with are only those enjoying high credit quality.

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

(2) Capital risk management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain an optimum the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total trade and other payables and borrowings, less cash and cash equivalents. Total capital is calculated as equity in addition to total debt.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

Financial risk management (Continued)

The gearing ratio at 31 December 2015 was as follows:

	31 December 2015	31 December 2014
Borrowings		
Long-term liabilities	504,000	390,000
Trade and notes payables	233,963	126,963
Advances from Customers	60,035	112,622
Shareholders Loan	275,564	438,220
Due to related parties	23,741	17,125
Credit facility	6,122	-
Current term loans	-	29,796
Electricity instalments	-	6,377
Less: cash and cash equivalents	(83,946)	(68,550)
Net Debts	**1,019,479**	**1,052,553**
Total equity	1,658,246	1,378,675
Total Capital	**2,677,725**	**2,431,228**
Gearing ratio	**38%**	**43%**

(3) Fair value estimation

The fair value of financial assets or liabilities with maturities date less than one year is assumed to approximate their carrying value. The fair value of financial liabilities – for disclosure purposes – is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4. Critical accounting estimates and judgments

(1) Critical accounting estimates and assumptions

Estimates and adjustments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Property and equipment – useful life

The property and equipment owned by the Company have long lives that extend to 20 years. To ensure the use of reliable estimates, the management has benchmarked the useful lives of its owned assets with estimates made by other entities and with those estimates developed internally by its technical resources. Management, reviews the useful lives of property and equipment regularly, to ensure consistency with its estimate, or otherwise, revise the remainder of useful lives as appropriate.

Critical accounting estimates and judgments (continued)

b. Intangible assets
The Company recognizes the expenditure that is directly attributable to the electricity generation fees agreement. These expenditures have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight–line method to allocate these costs over 10 years.

c. Inventory provision
The Company forms a provision for obsolete and slow moving items based on periodic reports related to the expiry and the quality of inventory.

d. Income tax provision
The Company is subject to corporate income tax. The Company estimates the income tax provision by using the advice of an expert. In case there are differences between the final and preliminary results, these differences will affect the income tax provision in these years.

e. Employee loans
The company's management tests the impairment of loans and receivables from employee (under future profit sharing), that have definite life and based on the basis of expected financial and operational performance in future by preparing an business plan by using the growth rate and the discount rate prevailing.

(2) Critical Judgements in applying the Company's accounting policies

In general, applying the Company's accounting policies does not require judgments (apart from those involving estimates refer to in Note 4-1) that have significant effects on the amounts recognized in the Special purpose financial statements.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

5. Property, plant and equipment

	Land	Buildings	Machinery & equipment	Motor vehicles	Furniture & office equipment	Computers	Tools	31 December 2015	31 December 2014
Cost									
Balance at 1 January 2015	324,472	383,429	1,839,930	99,901	5,848	7,036	14,700	**2,675,316**	**2,638,774**
Additions	-	-	-	2,699	190	2,522	-	**5,411**	-
Transfers from project under construction	-	17,631	194,209	-	-	-	-	**211,840**	**36,542**
Disposals	-	(1,118)	(5,473)	-	-	-	-	**(6,591)**	-
Balance at 31 December 2015	**324,472**	**399,942**	**2,028,666**	**102,600**	**6,038**	**9,558**	**14,700**	**2,885,976**	**2,675,316**
Accumulated depreciation									
Balance at 1 January	-	73,203	306,835	97,044	4,862	6,513	11,575	**500,032**	**430,252**
Depreciation charge	-	12,459	57,721	1,559	258	508	1,556	**74,061**	**69,780**
Balance at 31 December 2015	-	**85,662**	**364,556**	**98,603**	**5,120**	**7,021**	**13,131**	**574,093**	**500,032**
Net book value as of 31 December 2015	**324,472**	**314,280**	**1,664,110**	**3,997**	**918**	**2,537**	**1,569**	**2,311,883**	**2,175,284**

Depreciation included in the Statement of Comprehensive income is as follows:

	31 December 2015	31 December 2014
Charged to cost of sales	72,756	68,535
Charged to administrative, Selling and marketing expenses	1,305	1,245
	74,061	**69,780**

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

6. Projects Under Construction

	31 December 2015	31 December 2014
Balance at 1 January	130,806	47,654
Additions	254,722	120,914
Transfer to Property, Plant and Equipment	(211,840)	(36,542)
Transfer to Intangible assets	(710)	(1,220)
Balance	**172,978**	**130,806**

This project under construction represents the following Categories:

	31 December 2015	31 December 2014
Buildings	63,387	36,191
Machinery and equipments	109,272	93,621
Technical and other installations	319	994
	172,978	**130,806**

Project under construction represents the additions made for buildings, machinery and equipment's which will be used in the installation of alternative Energy, which are expected to be capitalized within the year of 2016.

7. Intangible assets

	31 December 2015	31 December 2014
Cost		
Balance at 1 January	110,150	108,930
Transfer from projects under construction	710	1,220
Disposals	(2,828)	-
Balance	**108,032**	**110,150**
Amortization		
Balance at 1 January	26,547	22,575
Amortization charged for the year	3,639	3,972
Balance	**30,186**	**26,547**
Net book value	**77,846**	**83,603**

Intangible assets consist of; The Electricity Generation license, usage rights on a tunnel between the company's quarries in Beni-Suef Governorate and the factory and computer programs with its related licenses. These assets are amortized on a straight line basis from 5 to 20 years.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

8. Non-Current employee advances

	31 December 2015	31 December 2014
Non- Current employee advances	43,448	24,523
Change in present value of employee loans	(5,962)	
Impairment of advances under future profit sharing	(18,925)	-
	18,561	**24,523**

The ordinary general assembly meeting at 30 April 2014, approved the company's board of directors' decision to grant loans to the company's employees which should be settled from their share in future profits that will be declared by the company's general assembly meeting. In addition, at 26 March 2015, the company signed an agreement with employees, under which it obliged to pay 9 months as advances under future employees share in profit and to be paid on monthly instalments.

Non-current employee advances represents amounts receivable and will be settled within more than one year. The change in present value represents the discount of expected future cash flows of the employee advances using a discount rate of similar borrowing for the same period (12.7 % approximately) at the Statement of financial position date and in accordance with the financial assets subsequent measurements policy (Note 3).

9. Investments available for sale

	Country	Ownership	31 December 2015	31 December 2014
Green Alternative Energy Assets (S.A.E.)	Egypt	1%	83	-
			83	**-**

10. Inventories

	31 December 2015	31 December 2014
Spare parts	137,983	138,745
Fuel and lubricants	132,186	86,559
Raw material	31,041	26,677
Work in process	79,484	22,963
Finished goods	20,456	18,500
Goods in transit	19,980	17,098
Packing materials	4,319	1,977
Consignment stock	-	18,813
	425,449	**331,332**
Impairment in value of Spare parts inventory	(6,865)	(5,839)
	418,584	**325,493**

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

Inventories (continued)

Impairment in value of Spare parts inventory inventory as follows:

	31 December 2015	31 December 2014
Opening balance	5,839	5,715
formed during the year	1,026	124
	6,865	5,839

11. Prepayments and other debit balances

	31 December 2015	31 December 2014
Advances to suppliers	23,932	50,117
Deposits with others	36,866	36,859
Employees Advance	412	375
Customs Authority	5,982	8,216
Sales tax authority	12,181	9,398
Prepaid expenses	5,258	4,714
Withholding tax receivable	3,670	1,506
Interest Receivable	338	-
Sundry debtors	3,380	2,819
	92,019	**114,004**
Less : Impairment in Prepayments and other debit balances	(597)	-
	91,422	**114,004**

Impairment in Prepayments and other debit balances as follows:

	31 December 2015	31 December 2014
Opening balance	-	-
formed during the year	1,334	-
Used during the year	(737)	-
	597	-

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

12. Related parties transactions

i) Due from related parties

	Nature of relationship	31 December 2015	31 December 2014
Alexandria Portland Cement Company S.A.E.	Intermediate parent	37,493	123,349
Titan Beton & Aggregates Misr Company	Under common control	3,650	3,109
East Cement Company	Under common control	1,561	1,561
Other related parties	Under common control	5	-
		42,709	128,019

ii) Due to related parties

	Nature of relationship	31 December 2015	31 December 2014
Titan Cement Company S.A.	Ultimate parent	23,634	17,125
GAEA Company	Under common control	76	-
Adocim Cimento Beton Company	Under common control	31	-
		23,741	17,125

iii) Key Management personnel

Nothing had been paid to Board of director's during the year ended on 31 December 2015 neither during 2014 financial year.

The company's transactions with its related parties on commercial terms are approved by the Board of Directors and assembly meeting. Transactions with related parties can be summarized as follows:

	Nature of transaction	31 December 2015	31 December 2014
Alexandria Portland Cement Company S.A.E.	Sales clinker & pet coke	58,689	70,924
	Purchase clinker & pet coke	(42,625)	-
	Payment on behalf of company	(2,790)	-
	Finance	(173,933)	(206,399)
	Payment under capital increase	259,995	-
	Interest expense	(22,540)	(22,710)
Titan Beton & Aggregates Misr Company	Payment on behalf	542	241
Titan Cement Company S.A.	Cash payments	9,026	4,213
	Admin fees	(15,461)	(3,967)

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

13. Cash and cash equivalents

	31 December 2015	31 December 2014
Bank balances - EGP	44,304	40,200
Bank balances - foreign currencies	5,112	888
Cash restricted against Letter of credit	30,758	25,512
Cash restricted against Letters of Guarantee	3,772	1,950
	83,946	**68,550**

For the purpose of preparation of cash flow statement, cash and cash equivalent include:

	31 December 2015	31 December 2014
Restricted cash*	(34,530)	(27,462)
	49,416	**41,088**

* Restricted cash includes restricted cash balances against letters of credit and letters of guarantee provided to Governmental authorities and others.

14. Medium –Term Loans

	31 December 2015	31 December 2014
HSBC Bank	504,000	390,000
	504,000	**390,000**

12 June 2008, the Company obtained a revolving credit facility amounting to EGP 700 Million from HSBC Bank (Mandated Lead Arranger & Facility Agent), QNB – Al Ahly and Piraeus Bank to be repaid after five years from the signing date of the contract with interest rate equals to CBE lending rate plus 1.75 % on the drawn amounts of the local currency withdrawals and LIBOR plus 3.5% on US dollars and Euros withdrawals.

On January 2013, the company has renewed the Credit facility agreement whereby all parties agreed to reduce the facility from EGP 700 Million to EGP 670 Million and to repay the facility within five years from the renewing date. The credit facility balance as of 31 December 2015 amounted EGP 504,000 (31 December 2014 is LE 390,000) - Excluding Interest.
The fair value of loans in Special purpose financial statements date almost equal to the book value.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

15. Deferred income tax liability

Deferred income tax represents tax expenses on the temporary differences arising between the tax base of assets and liabilities and their accounting base in the Special purpose financial statements as follows:

	31 December 2015		31 December 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment	-	(248,503)	-	(292,052)
Revaluation reserve	-	(145,263)	-	(200,484)
Change in present value of employee loans	1,342	-	-	-
Carried Forward losses	34,995	-	10,977	-
Provisions	2,841	-	3,467	-
	39,178	**(393,766)**	**14,444**	**(492,536)**
Net deferred tax (Liabilities)		**(354,588)**		**(478,092)**

The movement of the net deferred tax liability is as follows:

	31 December 2015	31 December 2014
Balance at 1 January	(478,092)	(397,787)
Deferred tax charged to the statement of comprehensive income	65,978	(26,965)
Deferred tax charged to the statement of change in equity	57,526	(53,340)
Balance at 31 December	**(354,588)**	**(478,092)**

16. Provisions

	Legal provision	Tax provision	Other provision	Total
Balance at 1 January 2014	4,854	-	1,459	**6,313**
Used during the year	-	-	(272)	**(272)**
No longer required during the year	-	-	(322)	**(322)**
Balance at 31 December 2014 and 1 January 2015	**4,854**	**-**	**865**	**5,719**
Income tax expense	-	14,097	-	**14,097**
Formed during the year	-	-	5,681	**5,681**
Used during the year	(70)	-	(500)	**(570)**
Balance at 31 December 2015	**4,784**	**14,097**	**6,046**	**24,927**

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

17. Trade and Notes payables

	31 December 2015	31 December 2014
Trade payable	211,007	122,228
Notes payable	22,956	4,735
	233,963	126,963

18. Accrued expenses and other credit balances

	31 December 2015	31 December 2014
Accrued expenses	53,276	43,111
Tax authority - sales tax payable	13,599	11,798
Tax Authority – Others	-	1,902
Tax authority - withholding tax payable	2,926	2,297
Dividends payable	655	655
Deposits from others	4,247	2,659
Tax authority - payroll tax payable	1,455	442
Social insurance authority	372	350
Tax authority - stamp tax payable	46	47
other credit balances	250	1,070
	76,826	64,331

19. Shareholders Loan

	31 December 2015	31 December 2014
Loan payable- Holding company	228,803	414,000
Alexandria Portland Cement Company - Interest	46,761	24,220
	275,564	438,220

On 30 September 2013, the company obtained an intercompany revolving loan from "Alexandria Portland Cement Company" amounting to EGP 400 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. On 30 September 2014, the company has signed an extension agreement to the above mentioned loans 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; accordingly, it is recorded under current liabilities. On 31 December 2014, both companies agreed to raise the revolving loan to EGP 500 Million and to extend the loan term till 30 September 2015 to be paid on such date. An amendment has been made on 31 December 2015, whereas it's agreed to extend the due date till 31 June 2016, According to BOD dated 30 July 2015 both companies agreed to raise the revolving loan to EGP 600 Million.

The loan balance as of 31 December 2015 EGP 228,803 (31 December 2014 is EGP 414,000) excluding interest.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

20. Credit facility

	31 December 2015	31 December 2014
Arab African International Bank's over draft	6,122	-
	6,122	-

This amounts represents over draft from Arab African International bank with no financial guarantees.

21. Current Term Loan

On 9 September 1992, the Company obtained a term loan amounting to JPY 10,253,894,440 from Mitsubishi Bank in Japan. Such loans should be repaid over 28 semi-annual instalments starting 20 June 2002 till 20 December 2015 with an annual interest rate of 2.7%, The Company settled all due instalments and the loan balance is zero as of 31 December 2015.

	31 December 2015	31 December 2014
Current term loan	-	29,796

22. Electricity instalments

On 19 July 2009, the company entered in a new agreement with the Egyptian Company for electricity transmission to install new power transformers stations needed to supply electricity to the second line expansion project of the plant for EGP 75 Million. The company paid EGP 11 Million in advance and the remaining will be paid over five years on semi-annual installments from 1 July 2010 till 31 December 2014 with an annual interest rate tied with loans interest rate announced by the Central Bank of Egypt, The company settled all due instalments and the balance is zero as of 31 December 2015.

	31 December 2015	31 December 2014
Electricity Instalments	-	6,377

23. Current income tax liability

	31 December 2015	31 December 2014
Opening balance	2,362	66,598
Income tax paid	-	(64,236)
Adjustments for tax differences	(2,362)	-
Balance	-	2,362

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

24. Share Capital

The Company's authorized capital amounts to LE 1 billion, while the Company's issued and paid up capital amounts to LE 520,000,000 divided over 52 million shares of par value LE 10 each as follows:

Shareholders	Ownership %	No. of Shares	Value EGP
Alexandria Portland Cement Company (S.A.E.)	99.998%	51,998,990	519,989,900
Iapetos Limited	0.00192%	1,000	10,000
Titan For Investment Egypt limited	0.00008%	10	100
	100%	52,000,000	520,000,000

25. Payments under capital increase

On 14 December 2015 Company's Board of directors decided to increase issued capital by EGP 260,000 within the limit of authorized capital through partial conversion of debt balance due to major shareholder Alexandria Portland Cement Company which approved in Extra ordinary general assembly meeting held on 21 January 2016 and till the date of issuance of Special purpose financial statements the legal requirements were not yet completed to register it in the commercial register.

26. Legal reserve

In accordance with the Companies Law No. 159 of 1981 and the Company's Articles of Association, 5% of annual net profit is transferred to the legal reserve. Upon the recommendation of the Board of Directors, the Company may stop such transfers when the legal reserve reaches 50% of the issued capital. The statutory reserve is not eligible for distribution to shareholders.

27. Net sales

	31 December 2015	31 December 2014
Cement sales (domestic)	1,530,939	954,285
Clinker sales	58,496	70,924
Rebate	(353,917)	(63,902)
	1,235,518	961,307

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

28. Cost of goods sold

	31 December 2015	31 December 2014
Variable cost	828,868	578,914
Fixed Cost	164,654	120,508
Inventory change	(63,753)	(3,266)
Packing Cost	94,035	64,799
Manufacturing Depreciation and amortization	72,756	68,535
Provision for slow moving inventory	1,026	124
	1,097,586	**829,614**

29. Administrative, selling and marketing expenses

	31 December 2015	31 December 2014
Salaries and wages	28,815	25,336
Legal fees	10,184	9,770
Technical support expenses titan	15,461	3,967
Donations	2,204	1,958
Transportation expense	2,236	1,721
Depreciation and amortization	4,944	5,219
Catering expense	988	796
Maintenance expense	939	1,038
Advertising expense	391	484
Accommodation	490	655
Consulting fees	3,341	8,593
Other expenses	3,959	3,200
	73,952	**62,737**

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

30. Other operating expense

	31 December 2015	31 December 2014
Provision formed	5,681	-
Development fees expenses	-	4,515
Impairment in prepayments	1,334	-
Interest on delayed development fees	-	7,107
Staff severance cost	7,460	2,134
Usufruct land cost	-	7,162
Change in fair value of discounting employees advances	5,962	-
Impairment in employees advances	12,381	-
Other expenses	1,340	3,737
	34,158	**24,655**

31. Other operating income

	31 December 2015	31 December 2014
Development fees reimbursement	7,150	-
Accruals no longer required	5,165	-
Scrap sales	1,103	1,722
Provisions no longer required	-	322
Other income	1,858	3,963
Finance cost – net	**15,276**	**6,007**

32. Finance cost, net

	31 December 2015	31 December 2014
Interest Expense	106,039	65,538
Foreign Exchange Expense	10,009	(11,122)
Changes in present value of employee advances	12,506	
LG Charges & Commissions	9,419	-
Interest income	(677)	(1,174)
Finance cost – net	**137,296**	**53,242**

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

33. Income tax expense

	31 December 2015	31 December 2014
Current income tax expenses	-	-
Deferred Tax	(65,978)	26,965
	(65,978)	**26,965**
Income tax Provision	14,097	-
Adjustments for tax differences	(2,362)	-
	(54,243)	**26,965**

	31 December 2015	31 December 2014
Net (loss) / Profit income before tax	(92,198)	(2,934)
Tax calculated at applicable tax rate	(20,745)	(880)
Non-deductible expense	911	-
Income not subject to tax	(2,825)	(3,947)
Change in enacted tax rate	88,637	(22,138)
	65,978	**(26,965)**

34. Contingent liabilities

At 31 December 2015, the Company had contingent liabilities in respect of bank and other guarantees in addition to other aspects arising from the ordinary course of business from which it is anticipated that no material liabilities will arise. Through the ordinary course of business not covered letters of guarantee issued by the Company's request from Commercial International Bank to third party amounted to EGP 251 Million.

(All amounts expressed in Thousands Egyptian Pounds unless otherwise stated)

35. Comparative figures

Some of the comparative figures have been reclassified in the special purpose separate financial statements as of 31 December 2014 to conform to the current presentation of the special purpose separate financial statements to be presented as follows:

Statements of financial position reclassification	2014 Before reclassification	Reclassification	2014 after reclassification
Non-current employee advances	-	24,523	24,523
Prepayments and other debit balances	138,527	(24,523)	114,004
Trade and Notes Payables	-	126,963	126,963
Trade Payables	122,228	(122,228)	-
Notes Payables	4,735	(4,735)	-
Accrued expenses and other credit balances	63,618	713	64,331
Dividends payable	713	(713)	-
Due to related parties	41,345	(24,220)	17,125
Shareholders Loans	414,000	24,220	438,220

Statements of comprehensive income reclassification	2014 Before reclassification	Reclassification	2014 after reclassification
Other operating income	5,685	322	6,007
Provisions no longer required	322	(322)	-
Finance cost, net	(65,538)	12,296	(53,242)
Finance income	1,174	(1,174)	-
Foreign exchange differences	11,122	(11,122)	-

36. Capital commitment

The company has capital commitment as of 31 December 2015 amounted to EGP 100,915 in respect of the construction of alternative Energy projects

37. Non-cash transaction

The significant non-cash transactions represents in the following:

- Unpaid debit interest amounted EGP 31,959.
- Uncollected credit interest amounted EGP 338.
- Payment under capital increase eliminated amounted to EGP 260,00 against elimination the same amount from Shareholders Loans and due from related parties

38. Tax position

Below is a summary for the tax position of the company as the date of preparing Special purpose financial statements:

(1) Corporate tax

- The Company enjoyed a tax holiday for ten years ended on 30 June 2004.
- The Company records were inspected and settled for the year 2006.
- The Company records were inspected for the year 2007 and the settlement in progress.
- The Company records were inspected for the year 2008 and the disputes were transferred to internal committee.
- No tax inspection took place for the Company's records for the years 2009 up till 2014.

(2) Sales tax

- The Company records were inspected till the years 2012 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2013 and 2014.

(3) Stamp tax

- The Company records were inspected till the year 2005 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2006 up till 2014.

(4) Payroll tax

- The Company records were inspected from inception up to the year 2004 and all taxes due were paid.
- The Company records are under inspection for the years 2005 till 2007.
- No tax inspection took place for the Company's records for the years from 2008 up till 2014.

39. Material legal cases

- The Nile Organization has raised a court case against the Company claiming compensation amounting to LE 300,000,000 for the harms resulted from the Company's use of the quarries land the case was postponed to 18 April 2016. The Company's legal advisor believes that the likelihood of the Company winning this case is probable.

- In 28 October 2007, the Company obtained extension license for the second production line for LE 134,500,000 through an auction made by the Trading and Industrial Ministry. The Industrial Development General Authority subsequently raised the license value to LE 251,000,000 whereas the Company in return has raised a court case against the Industrial Development General Authority to safeguard its right in the license the case was postponed to 23 March 2016. The Company's legal advisor believes that the likelihood of the Company winning this case is probable.

- Legal cases were raised against the company, seeking the revocation of the implementation of the decision of the Ministerial Privatization Committee of Egypt taken in the year 1998 regarding the sale of company's shares to Financiere Lafarge through a public auction. On 15 February 2014, a court decree dismissed the privatization law-suit raised against the company On 19 January 2015 the Supreme Administrative Court issued its judgment whereby the case was postponed until the Supreme Constitutional Court rules on the lawsuit no. 120 of 36 JY challenging the constitutionality of law no. 32/2014 (Appeal Procedures on State Contracts Law). According to the External Lawyer Letter, the decree affirmed the sale of the shares of Beni Suef Cement Company to Financiere Lafarge Company.