





Investments
in **the**
Cement Industry



1. CIDCO & Affiliated Companies

Cement Industry Investment and Development Co., (private joint stock) or CIDCO Cement Holding was established on 3/3/2004 and registered with Company Registrar with the objective to manage all cement companies that are owned by BMIIC. CIDCO is completely owned by BMIIC.

The mission and philosophy of the mentioned company is particular attention to the cement industry as a primary investment portion in BMIIC portfolio and as an industry with high growth potential and comparative advantage in Iran and investment and investment management in cement industry and related industries in order to establish new units with optimization and increase efficiency and performance in existing cement units and creating synergy among subsidiaries and cement projects. Another objective of CIDCO are to become a major cement supplier with significant market share and growth in Iran and the region.

The following table demonstrates investee companies owned by Cement Industries Development & Investment Co. on 20/03/2007:

Description	(Amounts in million RIs)		
	Year Ended 20/03/2007		Year Ended 20/03/2007
	Cost Price	Percent	Cost Price
Shomal Cement	1,259,072	40.40	1,210,725
Ghaen Cement	454,688	25.67	454,688
Mazandaran Cement	239,690	9.76	262,120
Faraz Firouzkouh Cement	92,057	32.00	92,057
Neyzar Qom Cement	28,320	20.00	20,320
Darab Cement	143,837	9.71	143,837
Kerman Cement	595	0.54	-
Azar Khak	1,000	20.00	1,000
Total	2,219,259		2,184,747

In addition to the abovementioned companies, the management of other cement subsidiaries including Kerman Cement Co., Firouzkouh Cement Co., Sarouj Bushehr Cement Co., Kerman Momtazan Cement Co. (subsidiary of Kerman Cement Co.) as well as Bandar Deir Cement Project is delegated to CIDCO.

1.1. Shomal Cement Company

Shomal Cement Company is listed on the Tehran Stock Exchange (TSE) and 40.40% of its shares are held by CIDCO, 0.26% by BMIIC, 12.77% by Bank Melli Iran Investment Management Company, 5.20% by National Development Investment Co. totaling the investment to 58.63% enabling CIDCO to have management control of the Company through its four seats on the board of directors of Shomal Cement Company.

Shomal Cement Company is implementing a 1,800 tons/day capacity increase which is projected to complete at end of 1386 (March 20th, 2008).

1.2. Kerman Cement Company

BMIIC, Bank Melli Iran Investment Management Company, National Development Investment Co. each hold 38.37%, 7.57% and 4.52% of Kerman Cement Co. shares respectively totaling 50.47% of the shares. CIDCO manages Kerman Cement Co. by controlling four seats on the board of directors of Kerman Cement Co., which is listed on the TSE.

Based on the studies on Kerman Province and considering the plans under execution that indicates the adequate supply for future market demands, the implementation of new plans at plant site is to the interest of the Company and therefore Kerman Cement Co. has participated (33.33%) in Momtazan Kerman Cement Co. plan with the capacity of 3,300 tons/day.

1.3. Mazandaran Cement Company

60.40% of Mazandaran Cement Co. is owned by CIDCO Company which also controls the company's management through its 3 seats on the board of directors. 60.40 percent shareholding consists of 9.7% by CIDCO, 4.8% by Tose'e Melli Investment Co., 25.9% by Shomal Cement Co. and 20% by Kerman Cement Co. Shares of Mazandaran Cement Co. are traded on the TSE.

The Company is implementing a 2,000 tons/day capacity increase plan projected for commissioning by mid 1386 (3rd quarter of 2007) and an expansion plan of 3,300 tons/day plan projected for commissioning by early 1387 (2nd quarter of 2008)

1.4. Ghaen Cement Company

Currently BMIIC holds 13.53% shares of Ghaen Cement Co. 25.67% is held by CIDCO, 4.89% by Tose'e Melli Investment Co. (totaling 44.09%). CIDCO has two members on the board of directors. The management of Ghaen Cement Co. lies with the Cement Supply Investment Co. The shares of Ghaen Cement Co. are traded in the TSE.



1.5. Ardebil Cement & Azar Shahr Lime Company

43.38 percent of this company (enlisted on TSE) is controlled by BMIIC (30.64%), Bank Melli Investment Management Co. (8.49%) and Kerman Cement Co. (4.25%). Two board member of Ardebil Cement & Azar Shahr Lime Co. are appointed by BMIIC.

1.6. Darab Cement Company

CIDCO owns 9.69% of Darab Cement Co., the company managed by Ehdas San'at Co., and its shares are traded in the TSE.

1.7. Profit (Loss) Summary of Investee Cement Companies

(Amounts in million RIs)

Description	20/03/2003	20/03/2004	21/03/2005	20/03/2006	20/03/2007	Budget of 2007/08
Shomal Cement Co.	111,826	157,138	159,584	216,457	*1,034,900	113,113
Kerman Cement Co.	86,209	135,913	229,856	303,209	266,831	250,414
Mazandaran Cement Co.	65,680	103,493	133,532	150,554	240,992	279,136
Ghaen Cement Co.	69,987	122,067	133,872	147,324	172,003	163,642
Ardebil Cement Co.	49,343	81,807	118,343	170,759	111,562	176,053
Darab Cement Co.	(5,574)	32,643	110,038	150,947	64,435	105,056
Total	377,471	633,061	885,225	1,139,250	1,890,723	1,087,414
% Compare to the Previous Year	100%	168%	140%	129%	166%	58%

* 866,424 million Rials of this amount is the result of exchanging the shares of Firouzkouh and Saveh.

1.8. Sarouj Boushehr Cement Project

BMIIC holds 32.63% of the Sarouj Boushehr Cement Project for the production capacity of 6,000 tons/day and is managed by CIDCO. The estimated time of commissioning the Project is December 2007.

1.9. Momtazan Kerman Cement Project

Momtazan Kerman Cement Co. has a 3,300 tons/day production project and 33.33% of it is owned by Kerman Cement Co. and is managed by CIDCO. The Project is expected to be commissioned on September 2007.

1.10. Faraz Firouzkouh Cement Project

Faraz Firouzkouh Cement Co. has a 3,300 tons/day production project. CIDCO owns 32% of its shares and appoints two of its board members. This Project has become operative from the beginning of 1386 (2007/08).

1.11. Neyzar Qom Cement Project

This company is currently erecting a plant with 3,300 tons/day production capacity. 20% of this company is owned by CIDCO and one of its board members is appointed by the BMIIC. Based on the preliminary studies, the project will be commissioned by end of 1387 (2008/09).

1.12. Bandar Deir Cement Project

Bandar Deir Cement Co. has a 6,000 tons/day output project in Boushehr Province. The company is owned by BMIIC (51%), Kerman Cement Co. (35%) and Azar Khak Co. (14%). This company was established with the objective of production and exports of cement. The Project is in its preliminary stages and measures have been taken to receive financial currency facilities from the Currency Reserve Account.

