السويس للأسمنت
Suez Cement
Italcementi Group

2012 Annual Report




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ANNUAL REPORT

SUSTAINABLE DISCLOSURE

السويس للأسمنت

Suez Cement

Italcementi Group

2012 Annual Report

Letter to Stakeholders

Suez Cement Group of Companies (SCGC) was able to maintain its market leadership in 2012 and demonstrate its commitment to the country through a continued focus on customer satisfaction and strategic investments in modernization, the environment, safety and social initiatives. Given these commitments, our 2012 strategy gave SCGC an even greater determination to ensure we generate shared value for all our stakeholders.

The political situation in Egypt this year remained unstable, even though some signs of stabilization emerged after the presidential elections in June. Despite the overall turmoil, cement consumption grew an estimated 5% compared to 2011, buoyed above all by the residential sector. The industry's competitive environment created by the presence of new producers in the market, in addition to significant increases in the cost of energy as well as chronic fuel shortages (notably natural gas and mazut) affected the profitability and sustainability of many businesses throughout Egypt. Another challenge was posed by the severe disruption of transport, which hit the economy hard and led to a decline in foreign investment and major construction projects.

With the largest product portfolio in Egypt, SCGC gives its customers the choice of the most relevant and highest performing binders for every application. The added value for our end-users includes enhanced productivity and profitability. SCGC was also able to increase its reach to the end-user market through the innovative BravoBuild outlet shops.

Our continuous monitoring of customer feedback through customer satisfaction surveys, call centers and unique services are all important components of our commitment to excellence. All of the above has allowed SCGC and its affiliated subsidiaries to curb the impact of Egypt's challenging environment on our operations while we wait for the market to rebound.

We believe investment is still an important tool to maintain our sustainable development programme. Therefore we continued to implement our intensive modernization investment project to boost our production-line efficiency according to stringent environmental and safety requirements.

In 2011, we launched the new motto "Safety, a way of living". Since then, our goal has been to further our efforts to ensure the global implementation of our safety policy and programmes to become among the safest companies in the industry. Monitoring, reporting, technical and administrative support at the corporate level were implemented alongside safety inspections and safety training hours for all employees and contractors. The goal was to ensure the full implementation of our safety policy at every level, which helped contribute toward the reduction of workplace accidents.

Driven by our ongoing commitment to improve the quality of life and social wellbeing of the communities we work in, SCGC continued to fund social initiatives, which are founded on the needs of local community members. In 2012, we made education, sustainable livelihoods, health and social awareness our key priorities.

Our achievements in 2012 could not have been achieved without the contributions of our employees. SCGC staff worked hard to serve our customers and stakeholders and we would like to take this opportunity to thank them for their dedication and commitment.

Omar Mohanna

Bruno Carré

Composition of the Board of Directors as of December 31st, 2012

Mr. Omar Mohanna

Chairman

Mr. Bruno Carré

Managing Director

Board Members

- Mr. Giovanni Ferrario
- Mr. Mohamed Chaibi
- Mr. Matteo Rozzanigo
- Mr. Fabrizio Donegà
- Mr. Mohamed Iftekhar Khan
- Mr. Raed Ibrahim Al Mudaiheem
- Mr. Yves-René Nanot
- Mr. Khaled Abu Bakr
- Mr.Ahmed Hussein El Araby
- Mr.Emad Elwy Farag

Financial Highlights - Consolidation for 2012

	Dec-12	Dec-11	Dec-10
Revenue	4,597	4,820	6,152
Gross Profit	858	1,087	2,120
EBITDA	1,103	1,202	2,128
Net Earnings	524	569	1,236
Return on Sales	11%	12%	20%
Gross Margin	19%	23%	34%
EBITDA Margin	24%	25%	35%
Fixed Assets	3,954	3,931	3,961
Total Assets	9,683	9,661	10,041
Cash & Cash Equivalents	1,622	1,448	1,758
Working Capital	1,346	1,348	1,493
Total Debt	94	110	54
Minority Interest	673	635	714
Shareholder Equity	7,083	7,136	7,325
Net Fixed Assets Turnover	116%	123%	155%
ROA , Total Assets Turnover	47%	50%	61%
Return on Equity	7%	8%	17%

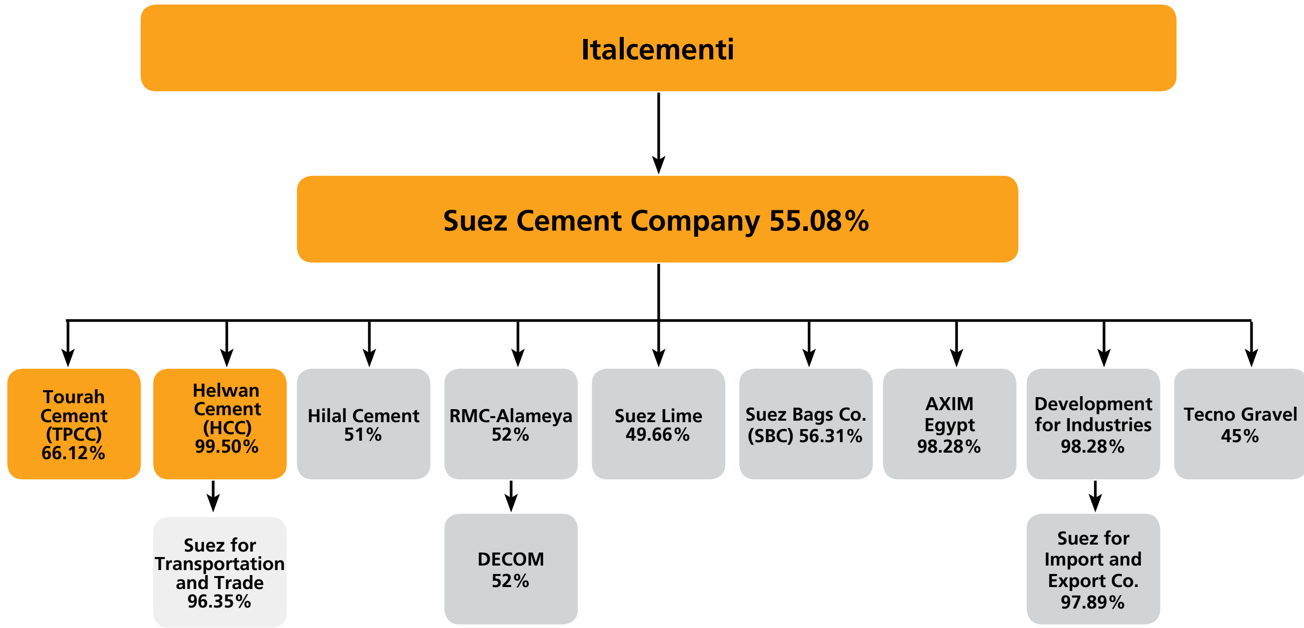
Shareholder Information

SCGC is one of Egypt's largest cement producers. With a long-standing history in the Egyptian market, SCGC is proud that its cement has helped build some of Egypt's most well-known landmarks and continues to serve market needs with innovative products and brands.

SCGC has an industry network of five production facilities located in Suez, Kattameya, Tourah, Helwan and El Minya, delivering quality white and grey cement to Egyptian and export markets.

The Group is comprised of Suez Cement Company (SCC), Tourah Portland Cement Company (TPCC), Helwan Cement Company (HCC), Suez Bags Company (SBC), Ready Mix Concrete Al-Alameya (RMCA) and Hilal Cement in Kuwait (KSCC).

Italcementi Group is SCC's majority shareholder with 55.08% ownership. SCC owns 66.12% of TPCC, 56.31% of Suez Bags and 99.5% of HCC. SCC, TPCC and SBC are listed on the Egyptian Stock Exchange, while HCC was voluntarily delisted in January 2010.



31 December 2012

The aforementioned structure includes SCC's direct and indirect ownership structure

Suez Cement Company (SCC)

Established in 1977, SCC is one of the largest grey cement producers in Egypt, with a production capacity of 3.97 million tonnes of clinker per year. The company started its activities with the construction of its plant in Suez and then another in Kattameya worth a total investment of LE 1.7 billion. Both plants operate using the dry method, with whitewash and primary heating. The company serves the domestic market and also exports its products to Arab, African and European markets.

Tourah Portland Cement Company (TPCC)

TPCC, Egypt's first cement company, was established in 1927 and currently produces nearly 3.2 million tonnes of cement annually. Besides licensing the oldest clay quarry in Egypt, TPCC was also the first to use the dry cement production method and modernize its lines by reusing wet kilns to get rid of bypass dust. In June 2006, TPCC received the API quality certification for producing Oil Well cement.

Helwan Cement Company (HCC)

Established in 1929, HCC was the second cement producer to enter the market. HCC has a production capacity of 3.52 million tonnes of clinker per year. The company manufactures grey and white cement in its Helwan and El Minya plants, with a combined capacity of 3.8 million tonnes per year. HCC was voluntarily delisted from the Egyptian Stock Exchange in January 2010.

Suez Bags Company (SBC)

SBC was established in 1988 as an Egyptian joint-stock company. SBC owns five lines, with a combined production capacity of 300 million bags per year. Four of these lines are for the production of bags for cement, gypsum and other building materials, while the third caters to special orders, such as chemicals, seeds and animal feed. Made with imported semi-Copake (semi-extensible) kraft-layer paper from Austria, Sweden, Russia and Canada, the company's bags meet the highest quality standards. Because of its imported ink and specialized technology, the company is the only supplier able to print four colors on all bag types.

Ready Mix Concrete Al-Alameya

Since 1985, RMCA has become one of the leading companies in Egypt for the production of ready-mix concrete. RMCA and the ready-mix company Decom together produce more than 1 million cubic meters of concrete annually and have a market share of 14%. They are supported by 22 central mixing plants, 6 of which are located in the Greater Cairo area. RMCA and Decom also have a fleet of 173 truck mixers and 42 concrete pumps. This dedicated presence in the ready-mix concrete sector offers excellent potential for growth in the cement industry, given the experienced management team led by RMCA and an Egyptian market that is ripe for expansion and diversification.

Suez Lime

Suez Cement signed an agreement in June 2007 with UNICALCE, one of the world's leading suppliers of lime, for the establishment of the joint-venture company Suez Lime to manufacture quick and hydrated lime for the Egyptian market. The lime is used in a diverse range of applications such as water and waste treatment, soil stabilization, agricultural applications and asphalt modification. It is also used as a component in building products, such as mortars, plasters, whitewash and stuccos.

Suez for Transportation and Trade (STT)

Suez for Transportation and Trade (STT) is responsible for developing bulk and bag sales (delivered sales) as well as enhancing the quality of services provided to clients. With proven expertise in logistics, STT dispatched almost 1,119,539 tonnes of cement in 2012. In addition, STT expanded its business through the establishment of BravoBuild retail shops that sold 43,440 tonnes of cement. In 2012, profits exceeded those of 2011 by 14.3% to reach LE 2.4 million.

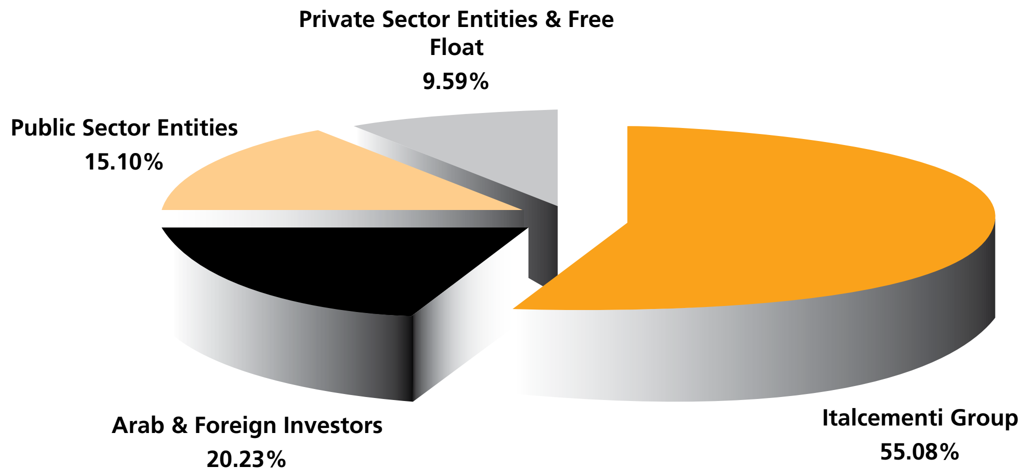
Hilal Cement Company – Kuwait

KSCC was established in 1984 as a closed joint-stock Kuwaiti company. The main activities of KSCC, which is the third largest cement business in Kuwait, include importing, storing and distributing cement and other bulk materials.

Suez for Import & Export (S.A.E)

S.A.E., a subsidiary of SCGC, was established in 2009. The current objective of the company is to import cement to fulfill domestic grey cement market needs.

SCC Shareholding Structure as of December 31st, 2012



SCC Trading Volume on The Egyptian Stock Market 2012

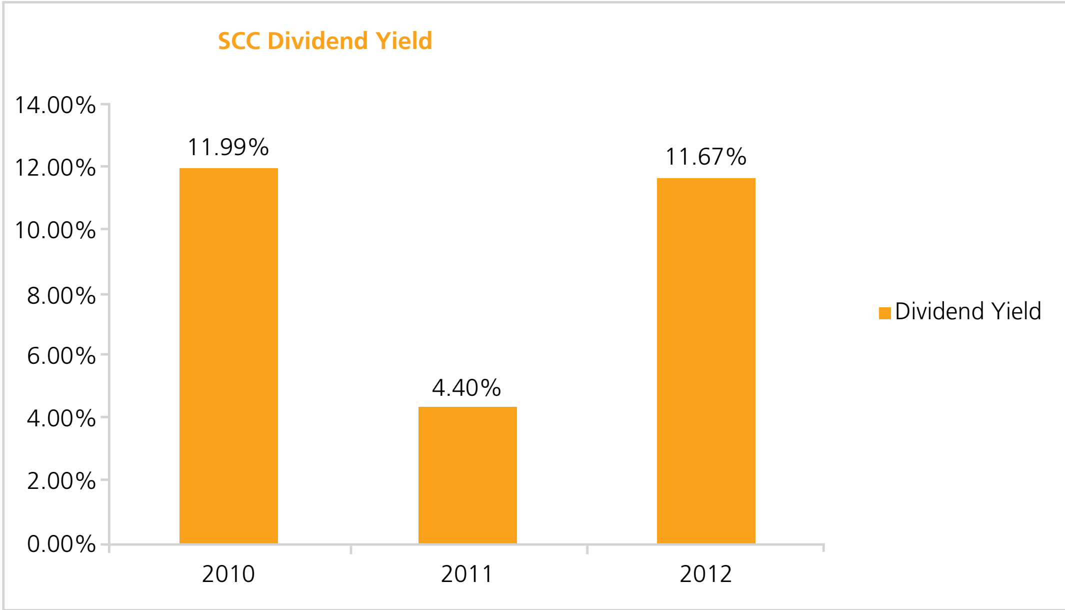
Month	Number of Traded Shares	Average Monthly Price	Trade Value EGP
January	254,924	23.79	6,065,019
February	492,602	23.76	11,706,131
March	207,416	23.40	4,854,305
April	73,614	21.38	1,573,600
May	180,014	20.75	3,735,752
June	29,930	19.87	594,624
July	119,165	20.08	2,393,313
August	353,881	20.72	7,333,711
September	478,403	23.87	11,417,391
October	124,719	23.62	2,945,916
November	148,035	22.90	3,390,611
December	52,257	21.17	1,106,482
Total	**2,514,960**	**22.71**	**57,116,855**

Source: Misr Information System and Trading (MIST)

Dividend Policy

SCGC's management aims to continue implementing its high earning per share policy despite the challenging conditions over the last year. Our success in doing so proves SCGC's ability to sustain its business and even grow in the face of difficult market conditions.

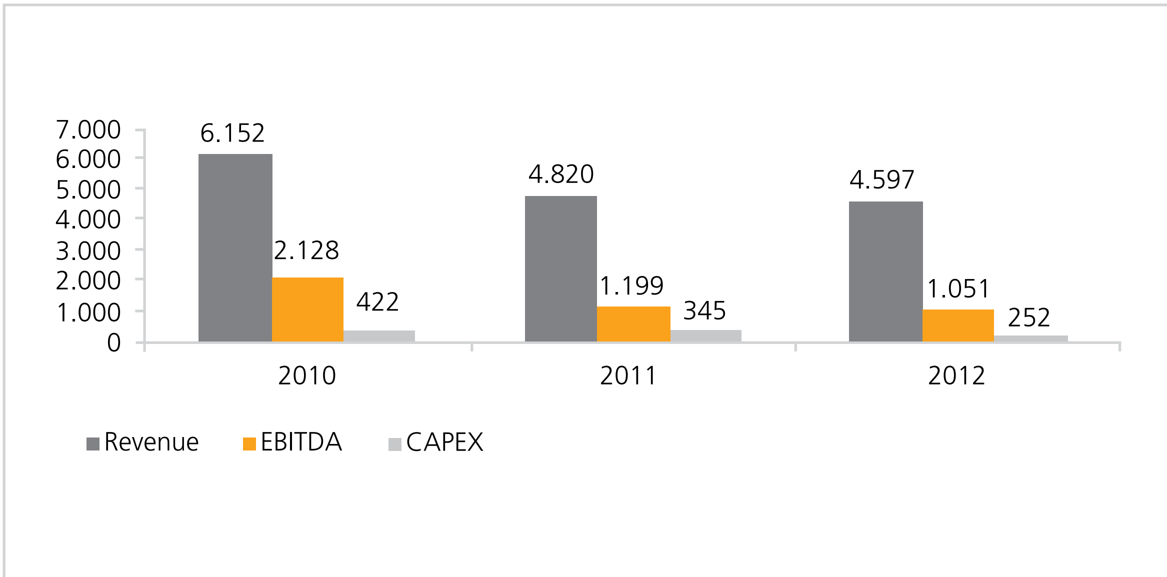
			EGP
Year	**2010**	**2011**	**2012**
Average Share Price	40.88	37.49	22.71
Dividend Per Share	4.90	1.65	2.65
Dividend Yield	11.99%	4.40%	11.67%



Capital Expenditure (CAPEX)

The SCC Capital Expenditure programme is focused on the reconstruction and modernization of our existing production facilities in order to reduce costs, improve processes and increase utilization capacities.

			MEGP
Year	**2010**	**2011**	**2012**
Revenue	6,152	4,820	4,597
EBITDA	2,128	1,199	1,051
CAPEX	422	345	252



Market Evolution

The still unstable security and political situation that characterized 2012 after the parliamentary and presidential elections negatively affected the Egyptian market. Therefore, 2012 was a challenging year for both Egypt and SCGC. The waves of strikes, protests and sit-ins that took place all over the country in 2011 were also seen in 2012, influencing every market sector once again. As the country embarked on its challenging journey toward democracy, the economy faced significant pressures, which affected the profitability and sustainability of many businesses throughout Egypt. Despite these pressures, SCGC was able to maintain its market leadership in 2012 and demonstrate its commitment to the country through customer satisfaction and strategic investments in modernization, the environment, safety and social initiatives. Companies also faced natural gas and mazut fuel shortages, particularly in the second half of the year, as well as nationwide strikes, transport disruptions and a decrease in foreign investment and large construction projects.

Overall, the demand for cement increased 5.1% in 2012 compared to 2011, showing a strong comeback for the construction and building materials sectors, despite the fact that the demand was mainly generated by small and mid-size projects.

A further challenge was posed by the entrance of two new cement firms, El Nahda Cement Company and Building Materials Industries Company (BMI), on top of El Arish Cement's new production line. The new firms and production capacity resulted in an extra 4.6 million tonnes of clinker production in the market, causing cement market prices to come under severe pressure.

Despite this, SCGC maintained its position as a strong and active market leader in Egypt, dedicating most of its production to domestic market needs. Domestic sales in 2012 totaled 8.3 million tonnes of grey cement, 114,000 tonnes of white cement and 691,000 tonnes of grey clinker. SCGC's total exports amounted to 316,000 tonnes of grey cement, 207,000 tonnes of white cement and 6,000 tonnes of white clinker.

SCGC also recorded 1.5 million tonnes of CPT sales. Relevant key performance indicators were established to monitor and achieve the ultimate goal of always delivering cement to the right place at the right time to avoid stock shortfalls, one of the main factors in achieving customer satisfaction.

To reinforce its market leadership and connect with new clients, SCGC participated in several international trade shows, including Interbuild Egypt 2012, one of the largest building materials fairs in the region. SCGC was a main sponsor and the only cement firm to set up a booth at the event.

As part of efforts to enter other developing countries, SCGC also attended a major trade show in Benghazi, Libya, as well as the Arab Consultants Expo, which was also in Libya.

SCGC sought to further support domestic growth and development in Egypt by sponsoring the "New Fayoum City/Green & Sustainable Egyptian Cities in the Desert" conference as well, which was attended by numerous, high-level representatives from academia, the government and the technology sector.

The conference was organized by the Housing and Building National Research Centre's (HBRC's) offices in Cairo and Fayoum with the goal of helping the construction and building materials industries increase their use of sustainable and environmentally-friendly resources and processes.

SCGC was also the main sponsor for the World Day for Standards event under the auspices of the Egyptian Organization for Standardization (EOS). SCGC received the EOS Shield for its contributions.

SCGC's strategy to place the customer at the center of its core business and focus on service-oriented activities has led to overall greater customer satisfaction. This has helped SCGC maintain its leadership in the market. Below are other ways we are working to further boost customer satisfaction:

- Customer satisfaction surveys
- Tailor-made services
- Best practice sharing
- Customer call centers
- Awareness sessions about cement quality
- Technical assistance services
- Reinforcing partnerships with major cement consultants and leading universities

Investment

Following our belief that investment is key to success and growth, SCGC implemented an intensive investment programme in 2010 that included many major and minor projects across SCGC's plants related to the environment, safety and human rights as well as technical performance, standards compliance and meeting market demands.

Over the past few years, SCGC has modernized production facilities to improve efficiency and comply with the latest environmental and safety standards. Several major projects worth approximately LE 250 million were completed in the areas of:

- Environment and Safety (LE 88 million)
- Performance Improvement and Capitalized Maintenance (LE 133 million)
- Strategy (LE 1 million)
- Quality, IT and other domains (LE 28 million)

In line with the Compliance Action Plan under the Egyptian Environmental Affairs Agency (EEAA), SCGC continues to invest in pollution abatement and emissions control. In 2012, a project to convert electrostatic precipitators with bag houses for Helwan plant's Lines 1and 2 was approved with a budget of LE 101.4 million. In 2012, SCGC also started the second phase of its alternative fuel (AF) plan in the Kattameya plant, which consists of the creation of AF storage and a mechanical feeding system that is still in the works. It is scheduled for completion in 2013 with a budget of LE 46 million. The programme is set to be extended to the Helwan and Suez plants.

Human Resource Management

Development &Training

SCGC aims to attract, develop and retain talented staff with appropriate capabilities and skills.

The SCGC Development and Training Department (D&T) focused on cross-training, multidisciplinary skills and knowledge sharing during 2012 since they are vital qualities that ensure staff excellence and career advancement. To this end, the D&T team delivered a wide range of informative training opportunities that encompassed over 75,000 hours and 2,800 employees.

Special attention was given to illiteracy programs at four of the five plants. The aim is to declare SCGC staff 100% literate by 2015. Defensive driving courses were conducted to boost driving safety and awareness. 226 managers and drivers attended the sessions organized by D&T in collaboration with the Safety Department.

In 2012, the D&T team worked closely with the Communications and Safety Departments on several company-wide programs, which led to the creation of a comprehensive Safety Training Matrix that has been applied to the entire workforce.

The highly successful Talent Management Programme was offered to staff from the Procurement Department. This is in addition to the more than 130 other staff members already identified as being potential candidates for this project from the Technical Department.

Industrial Relations

This year was challenging, particularly for the Industrial Relations Department (IRD) and its related activities. To mitigate potential risk to operations, including strikes and gate closures due to worker unrest, etc, IRD worked with numerous other departments to ensure new guidelines and action plans were in place.

Below are some of the achievements:

Access Control

The Kattameya Access Control system is being used as the template to draft similar processes in the other four plants. It stipulates that headquarter facilities and gates are equipped with fingerprint technology and are monitored through our access control, which is linked with security teams. The system also records time attendance.

The same fingerprint technology is being installed at the Tourah packing plant No. 1 dispatch gate as well as the Suez plant's quarry gate to monitor the entrance of workers, visitors and materials.

The programme is also being used to automate shifts and overtime reporting to ensure more accurate and efficient reporting.

In coordination with the IT department, we also began to upgrade SCGC hardware, ie computers and printers, as well as networks at all gates to accelerate entering and exiting during shutdowns.

Payroll

After adopting the SAP-HR system, we are aiming to match the payroll system (OFOQ database) with the current SAP-HR database to improve the accuracy and ease of reporting.

Throughout 2012, and in collaboration with the Administration, Finance and Controlling (AFC) Departments, we managed to create SAP-Controlling Cost Centers for plant employees that comply with shared service agreements across SCGC companies and headquarters.

Collective Agreements

Negotiations for renewing collective labour agreements started in October with trade unions in order to reach a balanced agreement that will be valid for three years starting in 2013.

Facilities Management

Security

- More than 65% of the Security Plan has been executed, ie securing gates at the Tourah plant in coordination with the IRD using patrol cars
- Minimized security risks, ie threats, assaults, violations, etc, thus ensuring the continuity of operations

Medical

Launched the Baseline Health Status Project aiming to:

- Detect risks to avoid health and work hazards
- Build up our medical database
- Develop a baseline for more frequent medical checkups
- Ensure training and health education by performing at least 8 BLS (Basic Life Support) and FA (First Aid) courses for workers as per government requirements

General Service

- Fleet upgrade completion: Upgraded SCGC's fleet with brand new vehicles, thereby minimizing safety hazards and CO2 emissions while improving fleet service and SCGC's image

HR Management

- Fully functional SAP-HR
- Medical Insurance Policy upgrade
- Progressive reduction in total headcount to appropriate number for SCGC
- Creation of development opportunities for staff
- Full alignment of local jobs to ITC job catalog

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2012 Annual Report

Suez Cement Company(S.A.E)

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
TOGETHER WITH AUDITORS’ REPORT

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUEZ CEMENT COMPANY (S.A.E)

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Suez Cement Company (S.A.E), represented in the separate balance sheet as of 31 December 2012, and the related separate statements of 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 separate Financial Statements

These separate financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. 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 separate 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of **Suez Cement Company (S.A.E)**, as of 31 December 2012, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

- As indicated in notes (1) and (5) of the notes to the separate financial statements, the company has investments in subsidiaries and prepared consolidated financial statements as of 31 December 2012, for better understanding of the company's financial position as 31 December 2012 and its financial performance, and its cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The company maintains a costing system that meets the purpose and the physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Cairo: 21 February 2013

Auditors

Nabil A. Istanbouli	**Emad H. Ragheb**
FESAA – FEST	FESAA – FEST
(RAA. 5947)	(RAA. 3678)
(EFSAR.71)	(EFSAR.42)

Allied for Accounting & Auditing (E&Y)

Suez Cement Company (S.A.E)

SEPARATE BALANCE SHEET As Of 31 DECEMBER 2012

	Note	31/12/2012	31/12/2011
		LE	LE
Non current assets			
Fixed assets	(3)	508,589,118	550,942,777
Projects under construction	(4)	153,517,080	126,394,565
Investments in subsidiaries	(5-a)	4,501,972,838	4,515,247,838
Investment in an associate	(5-b)	28,334,257	28,334,257
Available-for-sale investments	(5-c)	3,739,680	4,463,779
Amounts paid under investments in subsidiaries and other companies	(5-d)	686,791	636,791
Loan to subsidiaries	(6)	60,0000,000	72,000,000
Total noncurrent assets		**5,256,839,764**	**5,298,020,007**
Current assets			
Inventory	(7)	227,465,473	312,756,457
Accounts receivable	(8)	349,989	879,356
Due from related parties	(9)	13,856,069	13,289,599
Prepayments and other receivables	(10)	74,083,076	77,748,293
Cash at banks	(11)	722,084,853	505,841,670
Total current assets		**1,037,839,460**	**910,515,375**
Current liabilities			
Provisions	(12)	136,184,390	137,146,147
Accounts payable		198,332,813	133,804,170
Due to related parties	(13)	29,273,773	22,339,872
Accrued expenses and other payables	(14)	240,076,478	278,441,433
Total current liabilities		**603,867,454**	**571,731,622**
Working capital		**433,972,006**	**338,783,753**
Total investment		**5,690,811,770**	**5,636,803,760**
Financed as follows:			
Equity			
Issued and paid up capital	(15-a)	909,282,535	909,282,535
Legal reserve	(15-b)	454,641,267	454,641,267
Other reserves	(15-b)	2,210,626,660	2,206,689,265
Net unrealized gains on available-for-sale investments		2,626,680	3,350,779
Retained earnings		1,508,848,343	1,247,818,301
Profits for the year		596,445,398	804,933,820
Total equity		**5,682,470,883**	**5,626,715,967**
Noncurrent liabilities			
Deferred tax liabilities	(16)	8,340,887	10,087,793
Total noncurrent liabilities		**8,340,887**	**10,087,793**
Total finance of working capital and noncurrent assets		**5,690,811,770**	**5,636,803,760**

Auditors	Accounting Manager	Chief Financial Officer	Managing Director	Chairman
Nabil A.Istanbouli Emad H. Ragheb	Shereif El Masry	Ali Ihsan Kucukoglu	Bruno Michel Carre	Omar A. Mohanna

- The accompanying notes from (1) to (27) are an integral part of these separate financial statements
- Auditors' report attached

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31/12/2012	31/12/2011
		LE	LE
Sales		1,432,213,504	1,578,827,644
Cost of sales		(1,165,947,955)	(1,216,806,674)
GROSS PROFIT		**266,265,549**	**362,020,970**
General and administrative expenses	(18)	(59,706,795)	(61,176,367)
Provisions	(12)	(17,595,817)	(17,683,950)
Provisions no longer required		-	3,225,000
Decline in value of inventory		(7,288,481)	-
Reversal in decline in value of inventory		-	359,557
Decline in value of accounts receivables	(8)	(337,295)	-
Decline in value of other receivables			(1,256,834)
Board of directors' remuneration and allowances		(117,000)	(129,000)
Dividends income	(20)	385,264,523	518,658,565
Other income	(19)	65,604,350	79,291,085
OPERATING PROFITS		**632,089,034**	**883,309,026**
Finance expenses		(1,297,466)	(5,839,861)
Credit interests		22,187,698	34,747,135
Gain from sale of fixed asset	(3)	2,691,248	2,143,848
Foreign exchange differences		27,239,078	(681,288)
(Losses) of sale of obsolete inventory		(6,080,760)	(1,852,764)
PROFITS BEFORE INCOME TAXES		**676,828,832**	**911,826,096**
Deferred income taxes	(16)	1,746,906	(579,599)
Income taxes expense	(17)	(82,130,340)	(106,312,677)
PROFITS FOR THE YEAR		**596,445,398**	**804,933,820**
EARNINGS PER SHARE	**(24)**	**3.09**	**4.23**

Accounting Manager	Chief financial Officer	Managing Director	Chairman
Shereif El Masry	Ali Ihsan Kucukoglu	Bruno Michel Carre	Omar A. Mohanna

- The accompanying notes from (1) to (27) are an integral part of these separate financial statements

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Issued and Paid up Capital	Legal Reserve	Other Reserves	Net unrealized gains on available-for-sale investments	Retained Earnings	Profits For the year	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 1 January 2012	909,282,535	454,641,267	2,206,689,265	3,350,779	1,247,818,301	804,933,820	5,626,715,967
Transferred to retained earnings	-	-	-	-	804,933,820	(804,933,820)	-
Dividends and transferred to reserves other	-	-	2,143,848	-	(338,547,445)	-	(336,403,597)
Net unrealized loss on available for sale investment	-	-	-	(724,099)	-	-	(724,099)
Interim dividends	-	-	1,793,547	-	(205,356,333)	-	(203,562,786)
Profits for the year	-	-	-	-		596,445,398	596,445,398
Balance as of 31December 2012	**909,282,535**	**454,641,267**	**2,210,626,660**	**2,626,680**	**1,508,848,343**	**596,445,398**	**5,682,470,883**
Balance as of 1 January 2011	909,282,535	454,641,267	2,206,600,643	2,477,722	980,058,452	986,645,334	5,539,705,953
Transferred to retained earnings	-	-	-	-	986,645,334	(986,645,334)	-
Dividends and transferred to other reserves	-	-	88,622	-	(718,885,485)	-	(718,796,863)
Net unrealized gain on available for sale investment	-	-	-	873,057	-	-	873,057
Profits for the year	-	-	-	-	-	804,933,820	804,933,820
Balance as of 31December 2011	**909,282,535**	**454,641,267**	**2,206,689,265**	**3,350,779**	**1,247,818,301**	**804,933,820**	**5,626,715,967**

- The accompanying notes from (1) to (27) are an integral part of these separate financial statements

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31/12/2012	31/12/2011
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before income taxes		676,828,832	911,826,096
Dividends income	(20)	(385,264,523)	(518,658,565)
Depreciation of fixed assets	(3)	97,954,346	112,065,579
Provisions	(12)	17,595,817	17,683,950
Provisions no longer required		-	(3,225,000)
Decline in value of obsolete inventory	(7)	7,288,481	-
Reversal in decline in value of obsolete inventory		-	(359,557)
Decline in value of Accounts Receivables	(8)	337,295	-
Decline in value of other receivables		-	1,256,834
Finance expenses		1,297,466	5,839,861
Credit interests		(22,187,698)	(34,747,135)
(Gains) from sale of fixed assets	(3)	(2,691,248)	(2,143,848)
Foreign exchange differences		(27,239,078)	681,288
Operating profits before changes in working capital		**363,919,690**	**490,219,503**
Change in inventory	(7)	78,002,503	5,971,805
Change in accounts receivable	(8)	192,072	(376,477)
Change in due from related parties	(9)	(566,470)	9,068,158
Change in prepayments and other receivables *		(8,151,655)	569,633,341
Change in accounts payable	(10)	64,528,643	(19,869,080)
Change in due to related parties	(13)	6,933,901	(119,691,847)
Change in accrued expenses and other payables	(14)	(11.363.702)	27,729,153
Cash from operations		493,494,982	962,684,556
Finance expense paid		(1,297,466)	(5,839,861)
Income taxes paid		(97,314,721)	(102,225,771)
Provisions used	(12)	(18,557,574)	(58,741,669)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**376,325,221**	**795,877,255**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed asset	(3)	(5,000)	-
Proceeds from sale of fixed assets	(3)	9,262,550	2,161,059
Payments in respect of projects under construction	(4)	(89,289,504)	(70,948,719)
Proceeds from decrease in amounts paid under investments in subsidiaries & other companies	(5-a)	13,275,000	-
Proceeds for amounts paid under investments in subsidiaries & other companies	(5-d)	(50,000)	-
Dividends income received	(20)	385,264,523	518,658,565
Credit Interests received		22,187,698	34,747,136
NET CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		**340,645,267**	**484,618,041**

CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of credit facilities		-	(417)
Proceeds of loan to subsidiaries		12,000,000	20,000,000
Payment of loan from subsidiary company		-	(140,000,000)
Dividends paid		(539,966,383)	(718,796,863)
Adjustments on retained earnings		-	1,193,411
NET CASH FLOWS (USED IN)FINANCING ACTIVITIES		**(527,966,383)**	**(837,603,869)**
Net increase in cash and cash equivalent during the year		**189,004,105**	**442,891,427**
Foreign exchange differences		27,239,078	(681,288)
Cash and cash equivalent- beginning of the year		505,841,670	63,631,531
Cash and cash equivalent- end of the year		**722,084,853**	**505,841,670**

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

	Note	31/12/2012	31/12/2011
		LE	LE
Cash at banks	(11)	722,084,853	505,841,670
CASH AND CASH EQUIVALENT – END OF THE YEAR		**722,084,853**	**505,841,670**

* An amount of EGP 11,816,782 was excluded from the prepayments and other receivables (Note 10) which represent non-cash transaction was be excluded against the change in accrued income tax within accrued expenses and other payable (Note 14).

- The accompanying notes from (1) to (27) are an integral part of these separate financial statements

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2012

1. Background

Suez Cement Company S,A,E, was established in 1977 under Law 43 of 1974 which was superseded by Law 230 of 1989 which was replaced by the investments Guarantees and Incentives Law 8 of 1997, The Company was registered in the Commercial register on 11 April 1979 under no, 181134.

Italcementi Group (through Cement Francis) acquired with consortium of other investors 80,80% of the company's shares starting from 24 March 2005.

The main objective of the Company is to produce all types of cement and other products stemming from the cement industry and related thereto and the production of other building materials and construction requirements and trading therein, utilization the mines and quarries except sand and gravels, The company may have an interest or participate in any manner in organization caring out activities which are similar to the company's activities, or which may contribute to the fulfilment of the Company's objects in Egypt or abroad, The company may also be merged in any of the aforementioned organizations, or may buy or have them subsidiary to the company, subject to the approval of the General Authority for Investment and Free Zones.

As disclosed in note (5), the company has other subsidiary companies and according to Egyptian Accounting Standards (17) "Consolidated and Separate financial statements", and article No, (188) of the executive regulations of law No, 159 of 1981, the company prepares consolidated financial statements that can provide a clearer view of the financial position, financial performance and cash flows for the group as a whole.

The financial statements of the Company for the year ended 31 December 2012 were authorized for issuance in accordance with a resolution of the directors on 21 February 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis, except for available for sale financial assets that have been measured at fair value.

Statement of compliance

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

2.2 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year.

2.3 Foreign currency translation

The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date, All differences are recognized in the statement of income.

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

2.4 Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses, Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met, Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied, All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings, constructions, infrastructure and roads	6 to 20
Machinery, equipment and Tools	5 to 20
Motor Vehicles	5
Furniture and office equipment	5 to10

Fixed assets are 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 is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each reporting date whether there is an indication that fixed assets may be impaired, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognized impairment loss is reversed only 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.

2.5 Projects under construction

Projects under construction represent the amounts that are incurred 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.

2.6 Investments

Investments in subsidiaries

Investments in subsidiaries are investments in entities which the company has control, Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power

of the investee. unless, in exceptional circumstances, it can be clearly demonstrated that this is not the case.

Investments in subsidiaries are accounted for at cost inclusive transaction cost and in case the investment is impaired. the carrying amount is adjusted by the value of this impairment and is charged to the statement of income for each investment separately. Impairment losses cannot be reversed.

Investments in associates

Investments in associates are investments in entities which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture, Significant influence is presumed to exist when the company holds, directly or indirectly through subsidiaries 20 per cent or more of the voting power of the investee. unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of income for each investment separately, Impairment losses cannot be reversed.

Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss.

Available for sale investments are initially recognized at cost inclusive direct attributable expenses.

After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of income, If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

a) Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of income, Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.

b) Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of income and interest continues to be accrued at original rate on the reduced carrying amount of the asset, if the fair value of the debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of income.

2.7 Inventory

The inventory elements are valued as follows:

- Raw materials, fuel, Spare parts and Consumables, rolling and packing materials: at the lower of cost (using the moving average method) or net realizable value.
- Finished products: at the lower of the cost of production (based on the costing sheets) or net realizable value.
- Cost of production includes direct material, direct labor and allocated share of manufacturing overhead and excluding borrowing costs.
- Work in process: at the lower of the cost of production (of the latest completed phase based on the costing sheets) or net realizable value.

Cost of work in process includes allocated share of direct material, direct labor and allocated share of manufacturing overhead until latest completed phase and excluding borrowing costs.

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 the statement of income in the period the write down or loss occurs according to an authorized study takes into consideration all technical and market bases to estimate any write down, The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized in the statement of income in the period in which the reversal occurs.

2.8 Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at book less any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The loss is recognized in the statement of income according to an authorized study takes into consideration all technical and market bases to estimate any write down. If a future write off is later recovered. the recovery is recognized in the statement of income.

2.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation, Where discounting is used. the increase in the provision due to the passage of time is recognized as a finance cost.

2.10 Legal reserve

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

2.11 Borrowings

Borrowings are initially recognized at the value of the consideration received, Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method, Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate, The effective interest rate amortization is included in finance cost in the income statement.

2.12 Income taxes

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

Current income tax

Current income tax assets and liabilities for the current and prior year periods are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

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

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

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

2.13 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.

• Interest income

Interest income is recognized as interest accrues using the effective interest method. Interest income is included in finance revenue in the statement of income.

• Dividends

Revenue is recognized when the company's right to receive the payment is established.

• Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

2.14 Expenses

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

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets, All other borrowing costs are expensed in the period they occur, Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 **Related party transactions**

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties, Pricing policies and terms of these transactions are approved by the boards of directors.

2.17 **Accounting estimates**

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

2.18 **Impairment**

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 group of financial assets that can be reliably estimated.

Impairment of non financial assets

The Company assesses at each reporting 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.

2.19 **Statement of cash flows**

The statement of cash flows is prepared using the indirect method.

2.20 **Cash and cash equivalent**

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balance.

3. **FIXED ASSETS**

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	Total
	LE	LE	LE	LE	LE	LE
Cost						
As of 1 January 2012	398,503	481,017,562	1,265,125,875	43,741,322	58,667,988	1,848,951,250
Transfer from Projects under construction	-	3,523,482	55,219,263	20,600	3,403,644	62,166,989
Additions	-	-	-	5,000	-	5,000
Disposals	-	-	(8,118,000)	(6,110,102)	-	(14,228,102)
Reclassification	-	-	(900,000)	900,000	-	-
As of 31 December 2012	**398,503**	**484,541,044**	**1,311,327,138**	**38,556,820**	**62,071,632**	**1,896,895,137**
Accumulated depreciation						
As of 1 January 2012	-	(340,449,194)	(875,194,052)	(38,951,207)	(43,414,020)	(1,298,008,473)
Depreciation for the year	-	(16,223,355)	(76,280,863)	(1,493,595)	(3,956,533)	(97,954,346)
Disposals	-	-	1,557,566	6,099,234	-	7,656,800
Reclassification	-	-	74,633	(74,633)	-	-
As of 31 December 2012	**-**	**(356,672,549)**	**(949,842,716)**	**(34,420,201)**	**(47,370,553)**	**(1,388,306,019)**
Net book value as of 31 December 2012	**398,503**	**127,868,495**	**361,484,422**	**4,136,619**	**14,701,079**	**508,589,118**
Net book value as of 31December 2011	**398,503**	**140,568,368**	**389,931,823**	**4,790,115**	**15,253,968**	**550,942,777**

First:

Proceeds from sale of fixed assets	**9,262,550**
Cost of fixed assets sold	14,228,102
Accumulated depreciation of fixed assets sold	(7,656,800)
Net book value	**(6,571,302)**
Gain from sale of fixed assets	**2,691,248**

Second:

- Fixed Assets include assets that are fully depreciated and still in use, The acquisition cost for these assets are as follows:

Assets	Cost
Building, construction, infrastructure and roads	160,174,318
Machinery, equipment and tools	445,207,766
Motor vehicles	31,040,531
Furniture and office equipment	35,915,160
Total	**672,337,775**

- No pledged assets against loans and credit facilities offered for the company,
- No temporarily idle assets and the fair value of assets are not materially different from its carrying amount,

Suez Cement Company (S.A.E)

4. PROJECTS UNDER CONSTRUCTION

Balance at 1 January 2012	Additions during The Year	Transferred to assets During the Year	Balance at 31 December 2012
LE	LE	LE	LE
126,394,565	**89,289,504**	**(62,166,989)**	**153,517,080**

5. INVESTMENTS

A) Investments in subsidiaries

	% Of Ownership	Par value LE	31/12/2012 LE	31/12/2011 LE
Subsidiary companies				
Helwan Cement Company S.A.E	99,473	5	2,832,496,952	2,832,496,952
Tourah Portland Cement Company S.A.E	66,12	5	1,287,617,992	1,287,617,992
EL Helal Cement Company-Kuwait (Kuwaiti Joint Stock Company)	51	15,29	270,415,816	270,415,816
Ready Mix Concrete Al alamia (RMC)" S.A.E *	52	100	81,432,859	81,432,859
Suez Bags Company S.A.E	53,3	10	22,438,108	22,438,108
Development for Industries Company S.A.E	90	100	225,000	225,000
Axim Egypt Company S.A.E	90	100	225,000	13,500,000
Subsidiary companies through indirect investments **				
Suez Lime Company S.A.E	49,66	100	3,621,100	3,621,100
Suez For Transport and Trade S.A.E	96,32	100	3,500,000	3,500,000
Development and Construction Materials Company (DECOM) S.A.E	52	10	11	11
Suez for import and export (S.A.E)	97,88	10	-	-
			4,501,972,838	**4,515,247,838**

* Ready Mix Production Company (SAE) (subsidiary company by 52%) and Ready Mix Concrete Al alamia S.A.E (subsidiary company by 52%) were merged to form Universal for ready mix production company " S.A.E and the percentage contribution of Suez Cement in the new emerged company is 52%.

The General Assembly extraordinary meeting on February 26, 2012 amendment to Article (2) of the Statute modify the company name to: Ready Mix Concrete Al alamia (RMC)" S.A.E.

** In addition to the company's share in the subsidiary companies, The company owns indirect shares through its subsidiaries qualify these companies to be subsidiary companies; consequently it has been included in investments in subsidiaries item, These indirect shares comprise the following:

- Suez cement company indirect share (through Tourah Portland Cement Company S.A.E – subsidiary company by 66,12%) in Suez Lime Company (S.A.E) by 49,66%.

- Suez cement company indirect share (through Helwan Cement S.A.E – subsidiary company by 98,69% and Tourah Portland Cement Company S.A.E – subsidiary company by 66,12%) in Suez for Transport and Trade (S.A.E) by 96,32%.

- Suez cement company indirect share (through Ready Mix Concrete Al alamia (RMC)" S.A.E – subsidiary company by 52%) in Development and Construction Materials Co (DECOM) (S.A.E) by 52% .

- Suez cement company indirect share (through Development for Industries Company S.A.E – subsidiary company by 98,28% and Axim Egypt Company S.A.E – subsidiary company by 98,28% and Suez For Transport and Trade S.A.E – subsidiary company by 96,32%) in Suez for import and export (S.A.E) by 97,88%.

Suez Cement Company (S.A.E)

B) Investment in an associate

	% Of Ownership	Par value LE	31/12/2012 LE	31/12/2011 LE
Techno Gravel For Quarries-Egypt S,A,E	45	10	28,334,257	28,334,257
			28,334,257	**28,334,257**

C) Available-for-sale investments

	% Of Ownership	Par value LE	31/12/2012 LE	31/12/2011 LE
Lafarge Cement Company – Egypt S,A,E (Previously : Egyptian company for Cement S,A,E) – quoted in stock exchange in an inactive market	0,137	1000	1,113,000	1,113,000
Reserve of gain from changes in the fair value of investments available-for-sale			**2,626,680**	**3,350,779**
			3,739,680	**4,463,779**

D) Amounts paid under investments in subsidiaries and other companies

	% Of Ownership	Par value LE	31/12/2012 LE	31/12/2011 LE
Suez Bosphorus Cimento Sanayi Ve Ti	99,9	3,64	186,791	186,791
Italgin Egypt For Energy S,A,E	1	100	500,000	450,000
			686,791	**636,791**

6. LOAN TO SUBSIDIARIES

On 20 October 2006, Suez Cement Company's Board of Directors had approved to lend Ready Mix Concrete Al alamia (RMC)" S.A.E and its subsidiaries an amount of LE 300 Million at annual interest 10,54%, The loan's balance as of 31December 2012 amounting to LE 30 Million from Ready Mix Concrete Al alamia (RMC)" S.A.E and LE 30 Million from Development and Construction Materials Company (DECOM) SAE.

7. INVENTORY

	31/12/2012 LE	31/12/2011 LE
Raw materials	5,003,030	6,038,642
Spare parts and supplies	182,175,745	227,708,770
Fuel	2,462,209	5,268,211
Packing and packing Material	3,231,974	4,813,422
Work in progress	74,796,973	79,399,517
Finished goods	14,552,629	33,554,970
Letters of credit	1,393,863	4,835,394
	283,616,423	**361,618,926**
Less:		
Decline in value of obsolete spare parts inventory	(55,130,993)	(47,427,639)
Decline in value of obsolete (packing -bags) inventory	(1,019,957)	(1,434,830)
	(56,150,950)	**(48,862,469)**
	227,465,473	**312,756,457**

Suez Cement Company (S.A.E)

8. ACCOUNTS RECEIVABLE

	31/12/2012	31/12/2011
	LE	LE
Accounts receivable	687,284	879,356
Less:		
Decline in the value of accounts receivables	(337,295)	-
	349,989	**879,356**

9. DUE FROM RELATED PARTIES

	31/12/2012	31/12/2011
	LE	LE
Ready Mix Concrete Al alamia (RMC)" S.A.E	851,637	1,802,464
Suez Lime Company SAE	-	169,650
Tourah Portland Cement Company SAE	5,467,223	9,920,116
Helwan Cement Company S,A,E	6,242,364	-
Axim Egypt Company S,A,E	49,135	-
Suez Export &Import S.A.E	19,177	-
Techno Gravel For Quarries-Egypt SAE	366	366
Development and Construction Materials Company (DECOM) SAE	1,226,167	1,397,003
	13,856,069	**13,289,599**

10. PREPAYMENTS AND OTHER RECEIVABLES

	31/12/2012	31/12/2011
	LE	LE
Prepaid expenses	9,055,204	6,991,513
Advances to suppliers	12,598,520	13,065,938
Deposits with others	33,232,313	29,884,267
Debtors - sale of assets	100,000	1,500,000
Tax authority	8,934,010	9,271,763
Tax refunded	3,467,597	10,278,052
Accrued income	1,459,177	1,447,255
Other debit balances	7,370,877	7,444,127
	76,217,698	**79,882,915**
Less: Decline in value of other receivables	(2,134,622)	(2,134,622)
	74,083,076	**77,748,293**

11. CASH AT BANKS

	31/12/2012	31/12/2011
	LE	LE
a- Egyptian Pound		
Current accounts	48,822,632	64,319,574
Treasury bills (maturing in three months)	125,591,847	45,105,930
	-	-
b- Foreign currencies		
Current accounts	864,305	675,929
Time deposits (maturing in three months)	546,806,069	395,740,237
	722,084,853	**505,841,670**

Suez Cement Company (S.A.E)

12. PROVISIONS

	Balance as of 1 January 2012	Charged during the year	Utilized during the year	Re-class	Balance as of 31 December 2012
	LE	LE	LE	LE	LE
Tax claims	69,150,000	11,057,574	(14,657,574)	-	65,550,000
Juridical disputes	11,704,897	1,283,568	(400,000)	1,250,000	13,838,465
Early pension funds	3,500,000	2,309,581	(3,500,000)	-	2,309,581
Training support fund	51,541,250	2,945,094	-	-	54,486,344
Environment claims	1,250,000	-	-	(1,250,000)	-
	137,146,147	**17,595,817**	**(18,557,574)**	**-**	**136,184,390**

13. DUE TO RELATED PARTIES

	31/12/2012	31/12/2011
	LE	LE
Ciments Francais (major shareholder)	17,197,971	7,669,128
Italcementi S,P,A	1,657,589	3,447,352
Suez Bags Company S,A,E,	8,516,741	7,188,501
Helwan Cement Company S,A,E	-	2,752,021
Suez Export & Emport S,A,E	-	112,002
Suez For Transport and Trade S,A,E	1,901,472	1,170,868
	29,273,773	**22,339,872**

14. ACCRUED EXPENSES AND OTHER PAYABLES

	31/12/2012	31/12/2011
	LE	LE
Accrued expenses	27,368,422	22,628,083
Advances from customers	62,035,155	82,274,748
Tax authority – salary tax	1,378,857	1,226,745
Tax authority – withholding tax	1,296,453	1,153,317
Tax authority-sales tax	10,800,874	7,007,421
Deposits from others	3,595,077	3,477,663
Social and medical security	841,092	729,269
Other payables	50,630,208	50,812,594
	157,946,138	169,309,840
Accrued income taxes	-	109,131,593
Income taxes for the year	82,130,340	-
	240,076,478	**278,441,433**

15. CAPITAL AND RESERVES

15/a. CAPITAL

The company's authorized capital amounted to LE 1,000 million, while the Company's issued and paid up capital amounted to LE 640 million divided over 64000000 shares of par value LE 10 each,

On 30 June 2005, Minister of investment's decree was issued to approve the extra ordinary General Assembly Meeting dated 17 April 2005 to approve stock split (1:2), consequently, the Company's issued and paid up capital reached 128000000 shares of par value LE 5 each.

On 10 November 2005, the Extra ordinary General Assembly Meeting approved the increase of the Company's authorized capital to LE 1,300 million, and the increase of issued and paid up capital amounts to LE 909,282,535 divided over 181856507 shares of par value LE 5 each.

15/b. RESERVES

	31/12/2012	31/12/2011
	LE	LE
Legal reserve	454,641,267	454,641,267
Special reserve – Share premium	**2,013,865,903**	**2,013,865,903**
Special reserve	185,853,347	185, 853,347
Capital reserve	10,907,410	6,970,015
Total other reserves	**2,210,626,660**	**2,206,689,265**
Total reserves	**2,665,267,927**	**2,661,330,532**

Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50 % of the issued capital, The reserve used upon a decision from the general assembly meeting based on the proposal of the board of directors.

Special reserve – Share premium

The special reserve – Share premium represents the amount collected at the last capital increase dated 10 November 2005 after the legal reserve reached 50% of the issued capital.

Special reserve

The special reserve represents profits transferred in accordance with the resolutions of the General Assembly Meetings of the company until year 2004.

Capital reserve

The Capital reserve represents capital gain resulting from sale of salvage fixed assets in value greater than its carrying amount.

16. DEFERRED INCOM TAXES LIABILITIES

	31/12/2012	31/12/2011
	LE	LE
Depreciation of fixed assets	(40,655,201)	(39,586,103)
Provisions	32,314,314	29,498,310
Net deferred income tax (liability)	**(8,340,887)**	**(10,087,793)**

17. RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

		31/12/2012
		LE
Net profits before income taxes		676,828,832
Add:		
Provisions		25,636,466
Board of directors' allowance		1,293,668
Donations		3,683,210
Depreciation		97,954,346
Environmental Claims		350,000
Labors Club		4,519,303
Indemnities and Penalties Expenses		464,263
Chairman's Salary - El Helal Cement Company		184,218
Less:		
Tax depreciation		(97,539,493)
Provisions used		(3,900,000)
Accrued Expenses		(1,000,000)
Capital Gains		(2,691,248)
Donations		(824,460)
Suez cement share in Board of Directors' bonuses of Suez Bags and Tourah cement Companies		(2,359,091)
Change In Stock Provision - Bags Inventory		(414,873)
Dividends received - subsidiaries		(373,663,782)
Taxable income		**328,521,359**
Income tax using tax rate (25%) - 328,521,359 X 25%		82,130,340
Income Tax at the effective tax rate	**12,13%**	**82,130,340**
Income tax using tax rate (25%) - 676,828,832X 25%		169,207,208
Income Tax at the effective tax rate		**169,207,208**

18. GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2012	31/12/2011
	LE	LE
Technical assistance fees (note 26-a)	10,039,269	11,349,411
Salaries	17,623,243	14,136,811
Club and social services	7,236,823	7,485,133
Cars' expenses and transportation	5,347,502	5,429,077
Other general and administrative expenses	19,459,958	22,775,935
	59,706,795	**61,176,367**

Suez Cement Company (S.A.E)

19. OTHER INCOME

	31/12/2012	31/12/2011
	LE	LE
Management fees	6,501,962	6,524,834
Settlement value of clay development contribution fees*	49,811,955	63,730,958
Other income	9,290,433	9,035,293
	65,604,350	**79,291,085**

* This amount represents tax authority accruals of clay development contribution fees for the year from 1 January 2012 till 31 December 2012 these accruals have been reversed and recognized among other income in the income statement based on the meeting held at the office of the Tax Authority Chairman on 28 December 2010 with the representatives of the cement companies working in Egypt.

According to the decision declared by the Egyptian Cabinet of Ministers dated 26 April 2012, The Clay fees related to the period from 5 May 2008 till 30 June 2010 has been amended to be LE 9 per ton of Cement, which has resulted in the amendment of the amount due from the Tax authority.

During the current year the company has received the final reconciliation from the tax authority which mentioned that the balance due to the company is amounting to LE 81,603,296 till 31 July 2012 to be amortized using the future dues on the company production, according to tax authority's letter related to this issue.

20. DIVIDENDS INCOME

	31/12/2012	31/12/2011
	LE	LE
Helwan Cement Company S,A,E	214,973,999	252,060,614
Tourah Portland Cement Company S,A,E	132,420,380	203,359,870
Ready Mix Concrete Al alamia (RMCA)- S,A,E	3,120,000	14,300,000
Suez Bags Company S,A,E	16,574,331	28,300,536
Suez For Transport and Trade S,A,E	488,482	463,400
Lafarge Cement Company – Egypt S,A,E - (Previously : Egyptian company for Cement S,A,E)	686,590	1,680,051
Techno Gravel For Quarries-Egypt S,A,E	5,400,000	10,800,000
El Helal Cement Company - Kuwait	11,600,741	7,694,094
	385,264,523	**518,658,565**

21. CONTINGENT LIABILITIES

Contingent facilities represent in the following:

- Short term credit facilities from several Egyptian banks with a maximum limit amounted to LE 670 million, nothing used during the year ended at 31 December 2012.
- Letters of guarantee issued at the Company's request as follows:

Bank name	Amount in issued currency	Equivalent in LE	Cash margin LE
NSGB	10,000	10,000	10,000
Alexandria Bank	1,831,550	1,831,550	19,763
	1,841,550	**1,841,550**	**29,763**

Suez Cement Company (S.A.E)

22. TAX SITUATION

a) Corporate taxes

- Period since inception up to 2006:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Year 2007:

The tax authority has assessed the company for this period , and there is no claims till now.

- Years from 2008 to 2011:

The company submits the tax declaration within the legal grace period, the company has not been assessed for this period.

b) Sales tax

- Period since inception up to 2007:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Years from 2008 to 2009:

The authority has assessed the company for this period, the company objected against the inspection results.

- Years from 2010 to 2011:

The company submits the sales tax return within the legal grace period i.e monthly, the company has not been assessed for this period.

c) Salary tax

- Period since inception up to 1998:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Years from 1999 to 2004:

The company deducts the salary tax from the employees and remit it to the tax authority within the legal grace period i.e monthly, however the tax authority is in the process of inspecting the company books and records for this period now.

- Years from 2005 to 2011:

The company deducts the salary tax from the employees and remit it to the tax authority within the legal grace period i.e monthly, the company has not been assessed for this period till now.

d) Stamp duty tax

- Period since inception up to 2005:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Years from 2006 to 2010:

The tax authority in the process of inspecting the company books and records for this period now.

- Year 2011:

The company has not been assessed for this period till now.

e) Amendments to tax laws

Several laws were issued to amend certain provisions of taxes and were published in the Official Gazette on 6 December 2012.

As the enactment of these laws have been suspended the effect of such amendments were not reflected in the financial statements until a final resolution is issued in this respect.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) The Company's financial instruments are represented in financial assets and financial liabilities, The financial assets include cash at banks, accounts receivable, due from related parties and other debit balances, The financial liabilities include credit facilities, accounts payable, due to related parties 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 the notes to the financial statements.

The fair value of the financial assets and liabilities are not materially different from their carrying amounts.

b) Interest rate risk

The Company monitors the maturity structure of assets and liabilities with the related interest rates.

c) Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, The total financial assets denominated in foreign currencies amount to LE 556,767,860 whereas, the total financial liabilities denominated in foreign currencies amount to LE 45,402,549.

d) Fair Value

The carrying amounts of the financial assets and liabilities referred to in note (2) above are not materially different from their fair values.

24. EARNING PER SHARE

Earnings per share were calculated by dividing the net profits for the year by the weighted average number of shares outstanding during the year as follows:

	31/12/2012	31/12/2011
	LE	LE
Net profits for the year	596,445,398	804,933,820
Less:		
Board of directors' dividends (estimated) * / actual	(3,000,000)	(3,000,000)
Employees' dividends (estimated) * / actual	(31,000,000)	(33,340,360)
Net profit available for shareholders	**562,445,398**	**768,593,460**
The weighted average number of outstanding shares	181856507	181856507
Earnings per share	**3.09**	**4.23**

* Estimated and subject to the approval of the General Assembly meeting.

25. RELATED PARTY TRANSACTIONS

a) Ciment Français (major shareholder)

The amount of the technical assistance fees offered by Cements Frances (major shareholder) for the period from 1 January 2012 to 31 December 2012 amounting to LE 19,948 Million which represents 1 % of sales revenues of the group of Cement products excluding intra – Suez Cement Group transactions (the maximum fees are 1% according to the agreement), The portion of the claims for these fees amounting to LE 10,039 Million charged to statement of income (Note 18).

b) Italcementi S,P,A (The parent company of Ciment Français (major shareholder of Suez Cement Company S.A.E)

The value of supplies and other services due to Italcementi S.P.A amounting to LE 4,445 million represents amounts associated to services provided by Italcementi S.P.A to Suez Cement Company S.A.E for supplies and other services for the period from 1 January 2012 to 31 December 2012.

c) Suez Bags Company S.A.E (subsidiary)

The value of the supplied bags offered by Suez Bags S.A.E (subsidiary) amounting to LE 83,938 million for the period from 1 January 2012 to 31 December 2012.

The Suez Bags portion from the fees of Suez Cement Group amounting to LE 5,385 million for the period from 1 January 2012 to 31 December 2012.

d) Tourah Portland Cement Company S.A.E (subsidiary)

The value of the supplied cement for Tourah Cement S,A,E(subsidiary)amounting to LE 8,175 million for the period from 1 January 2012 to 31 December 2012.

Tourah Cement Company S.A,E. (subsidiary) portion from the fees of Suez Cement Group amounting to L,E 31,879 million for the period from 1 January 2012 to 31 December 2012.

The value of Axim sold to Tourah Cement S.A.E (subsidiary) amounting to LE 1,189 million for the period from 1 January 2012 to 31 December 2012.

e) Helwan Cement Company S.A.E (subsidiary)

The value of the purchase clinker from Helwan Cement Company S.A.E (subsidiary) amounting to LE 3,047 million for the period from 1 January 2012 to 31 December 2012.

The value of Axim sold to Helwan Cement Company S.A.E (subsidiary) amounting to LE 0,862 million for the period from 1 January 2012 to 31 December 2012.

Helwan Cement Company S.A.E. (subsidiary) portion from the fees of Suez Cement Group amounting to LE 43,867 million for the period from 1 January 2012 to 31 December 2012.

The value of the supplied cement for Helwan Cement Company S.A.E (subsidiary) amounting to LE 0,979 million for the period from 1 January 2012 to 31 December 2012.

f) Ready Mix Concrete Al alamia (RMC)" S.A.E (subsidiary)

The value of cement sold to Ready Mix Concrete Al alamia (RMC)" S.A.E (subsidiary) amounting to LE 2,726 million for the period from 1 January 2012 to 31 December 2012.

g) Egyptian development for construction materials Decom Company S.A.E (subsidiary)

The value of cement sold to Egyptian development for construction materials Decom Company S.A.E (subsidiary) amounting to LE 2,726 million for the period from 1 January 2012 to 31 December 2012.

h) Suez for Transport And Trade S.A.E (subsidiary)

The value of cement sold to Suez for Transport and Trade S.A.E (subsidiary) amounting to LE 0,415 million for the period from 1 January 2012 to 31 December 2012.

The value of transportation services offered by Transport and Trade S.A.E (subsidiary) amounting to LE 7,007 million for the period from 1 January 2012 to 31 December 2012.

26. SUBSTANTIAL EVENTS

During the year ended 31 December 2011. some substantial events took place in Egypt that impacted the economic environment which in turn could expose the Companies to various risks including sustainability of revenues, growth of business, fluctuations in foreign currencies exchange rates and valuation / impairment of assets.

27. COMPARATIVE FIGURES

Certain comparative figures for the year 2011 have been reclassified to conform to the year ,presentation of these separate financial statements.

السويس للأسمنت
Suez Cement
Italcementi Group

2012 Annual Report

Suez Cement Company (S.A.E)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
TOGETHER WITH AUDITORS' REPORT

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUEZ CEMENT COMPANY (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Suez Cement Company (S.A.E), represented in the consolidated balance sheet as of 31 December 2012, and the related consolidated statements of 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 Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements, give a true and fair view, in all material respects, of the consolidated financial position of Suez Cement Company (S.A.E), as of 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Cairo: 21 February 2013

Auditors

Nabil A. Istanbouli	Emad H. Ragheb
FESAA – FEST	FESAA – FEST
(RAA. 5947)	(RAA. 3678)
(EFSAR.71)	(EFSAR.42)

Allied for Accounting & Auditing (E&Y)

Suez Cement Company (S.A.E)

CONSOLIDATED BALANCE SHEET As Of 31 December 2012

	Note	2012	2011
		LE	LE
Non current assets			
Fixed assets	(4)	3,577,674,773	3,568,958,291
Projects under construction	(5)	376,075,663	361,764,942
Goodwill		2,615,836,513	2,684,523,061
Investment in an associate	(6 a)	29,021,780	32,487,264
Available-for-sale investments	(6 b)	3,760,241	4,484,340
Held to maturity investments	(6 c)	8,429,279	8,429,279
Amounts paid under investments in subsidiaries and other companies	(6 d)	43,194,289	43,094,289
Total non current assets		**6,653,992,538**	**6,703,741,466**
Current assets			
Inventory	(7)	804,355,247	997,770,696
Accounts and notes receivable	(8)	268,078,270	246,829,117
Prepayments and other receivables	(9)	334,430,440	264,621,718
Cash on hand and at banks	(10)	1,622,317,094	1,447,869,987
Total current assets		**3,029,181,051**	**2,957,091,518**
Current liabilities			
Banks credit balances		267,178	-
Provisions	(12)	482,121,531	476,093,412
Current portion of medium term loans	(15)	37,275,309	24,496,765
Current portion of long term liabilities	(16)	-	4,154,218
Accounts payable		542,420,224	441,986,295
Accrued expenses and other payables	(11)	621,434,869	662,294,921
Total current liabilities		**1,683,519,111**	**1,609,025,611**
Working capital		**1,345,661,940**	**1,348,065,907**
Total investment		**7,999,654,478**	**8,051,807,373**
Financed as follows			
Equity			
Issued and paid up capital	(13 a)	909,282,535	909,282,535
Reserves	(13 b)	2,665,267,927	2,661,330,532
Net unrealized gains on available-for-sale investments	(6b)	2,626,680	3,350,779
Cumulative foreign currencies translation differences		23,333,438	15,622,769
Retained earnings		2,957,762,677	2,977,818,670
Profits for the year		524,400,192	568,642,009
Total equity		**7,082,673,449**	**7,136,047,294**
Non-controlling interest	(14)	673,010,065	635,233,282
Non current liabilities			
Medium term loans	(15)	56,754,837	81,318,226
Other long term liabilities	(16)	6,169,508	6,086,704
Deferred tax liabilities	(22)	181,046,619	193,121,867
Total non current liabilities		**243,970,964**	**280,526,797**
Total finance of working capital and non current assets		**7,999,654,478**	**8,051,807,373**

Auditors	Consolidation Manager	Chief Financial Officer	Managing Director	Chairman
Nabil A. Istanbouli Emad H. Ragheb	Nagah Khider Abu Zeid	Ali Ihsan Kucukoglu	Bruno Michel Carre	Omar A. Mohanna

- The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.
- Auditors' report attached.

Suez Cement Company (S.A.E)

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		LE	LE
Sales		4,596,985,679	4,820,438,094
Cost of sales		(3,739,258,827)	(3,733,723,773)
GROSS PROFIT		**857,726,852**	**1,086,714,321**
General and administrative expenses	(17)	(298,030,935)	(356,158,935)
Provisions	(12)	(65,005,714)	(57,566,686)
Provisions no longer required	(12)	4,116,088	6,745,370
Impairment in value of accounts and notes receivable		(7,566,418)	(7,385,138)
Reversal of impairment in value of accounts and notes receivable		-	85,703
Impairment in value of Prepayments and other receivables		(829,558)	-
Decline in value of inventory		(12,066,964)	(20,172,546)
Reversal of decline in value of inventory		6,259,020	2,348,918
Board of directors' remuneration and allowances		(421,232)	(596,991)
Investment income in an associate company	(a 6)	3,936,272	5,157,738
Investment income		443,720	5,718,889
Other income	(18)	267,299,446	210,012,152
OPERATING PROFITS		**755,860,577**	**874,902,795**
Finance expenses	(19)	(5,544,482)	(5,444,550)
Credit interests		39,598,150	122,034,685
Gain from sale of fixed assets		3,101,743	3,739,770
Foreign exchange differences		48,744,733	(7,404,076)
Other expenses	(20)	(30,151,442)	(22,937,277)
Other expenses- Loss from sale of obsolete inventory		(22,414,324)	(7,420,143)
PROFITS BEFORE INCOME TAXES		**789,194,955**	**957,471,204**
Deferred income taxes	(22)	12,075,248	(51,369,975)
Estimated income taxes	(21)	(209,752,209)	(230,239,136)
PROFITS FOR THE YEAR BEFORE NON- CONTROLLING INTEREST		**591,517,994**	**675,862,093**
Non-controlling interest		(67,117,802)	(107,220,084)
PROFITS FOR THE YEAR		**524,400,192**	**568,642,009**

Consolidation Manager	Chief financial Officer	Managing Director	Chairman
Nagah Khider Abu Zeid	Ali Ihsan Kucukoglu	Bruno Michel Carre	Omar A. Mohanna

- The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

Suez Cement Company (S.A.E)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Issued and paid up capital	Reserves	Net unrealized gains on available-for-sale investments	Cumulative foreign currencies translation differences	Retained Earnings	Profits for the year	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 1 January 2012	909,282,535	2,661,330,532	3,350,779	15,622,769	2,977,818,670	568,642,009	7,136,047,294
Adjustments on re tained earnings - Majority interest in the capital decrease of Helwan Cement Company	-	-	-	-	(368,378)	-	(368,378)
Adjustments on retained earnings-Tax differences	-	-	-	-	(3,829,415)	-	(3,829,415)
Adjusted balance as of 1 January 2012	**909,282,535**	**2,661,330,532**	**3,350,779**	**15,622,769**	**2,973,620,877**	**568,642,009**	**7,131,849,501**
Transferred to retained earnings	-	-	-	-	568,642,009	(568,642,009)	-
Dividends and transferred to reserves	-	3,937,395	-	-	(584,500,209)	-	(580,562,814)
Net unrealized loss on available-for-sale investments	-	-	(724,099)	-	-	-	(724,099)
Foreign currencies translation differences for the year	-	-	-	7,710,669	-	-	7,710,669
Profits for the year	-	-	-	-	-	524,400,192	524,400,192
Balance as of 31 December 2012	**909,282,535**	**2,665,267,927**	**2,626,680**	**23,333,438**	**2,957,762,677**	**524,400,192**	**7,082,673,449**
Balance as of 1 January 2011	**909,282,535**	**2,661,241,910**	**2,477,722**	**7,557,502**	**2,507,852,021**	**1,236,399,137**	**7,324,810,827**
Adjustments on retained earnings - Majority interest in the capital decrease of Helwan Cement Company	-	-	-	-	(71,121)	-	(71,121)
Adjustments on retained earnings-Tax differences	-	-	-	-	(3,126,884)	-	(3,126,884)
Adjusted balance as of 1 January 2011	**909,282,535**	**2,661,241,910**	**2,477,722**	**7,557,502**	**2,504,654,016**	**1,236,399,137**	**7,321,612,822**
Transferred to retained earnings	-	-	-	-	1,236,399,137	(1,236,399,137)	-
Dividends and transferred to reserves	-	88,622	-	-	(763,234,483)	-	(763,145,861)
Net unrealized gains on available-for-sale investments	-	-	873,057	-	-	-	873,057
Foreign currencies translation differences for the year	-	-	-	8,065,267	-	-	8,065,267
Profits for the year	-	-	-	-	-	568,642,009	568,642,009
Balance as of 31 December 2011	**909,282,535**	**2,661,330,532**	**3,350,779**	**15,622,769**	**2,977,818,670**	**568,642,009**	**7,136,047,294**

- The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

Suez Cement Company (S.A.E)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income taxes		789,194,955	957,471,204
Depreciation of fixed assets	(4)	348,584,670	361,267,095
Impairment in value of accounts and notes receivables	(9,8)	7,566,418	7,385,138
Impairment in value of prepayments and other receivables	(9,8)	829,558	(85,703)
Decline in value of inventory	(7)	12,066,964	20,172,546
Reversal of decline in value of inventory	(7)	(6,259,020)	(2,348,918)
Provisions	(12)	65,005,714	57,566,686
Provision no longer required	(12)	(4,116,088)	(6,745,370)
Investment income in an associate company		(3,936,272)	(5,157,738)
Finance expenses		5,544,482	5,444,550
Credit interests		(39,598,150)	(122,034,685)
Gain) from sale of fixed assets)	(4)	(3,101,743)	(3,739,770)
Foreign exchange differences		(48,744,733)	7,404,076
Operating profits before changes in working capital		**1,123,036,755**	**1,276,599,111**
Change in inventory	(7)	187,607,505	(63,785,413)
Change in accounts receivable, and prepayments and other receivables	(9,8)	(100,853,851)	69,781,102
Change in accounts payables, and accrued expenses and other payables*	(11)	63,768,092	33,999,123
Cash from operations		**1,273,558,501**	**1,316,593,923**
Finance expenses paid		(5,544,482)	(5,444,550)
Income taxes paid	(11)	(213,946,424)	(423,674,916)
Tax differences paid		(3,829,415)	(3,126,884)
Provisions used	(12)	(54,861,507)	(83,209,146)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**995,376,673**	**801,138,427**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets**	(4)	(6,153,985)	(35,913,550)
Proceeds from debtors – sale of assets	(9)	1,400,000	770,580
Proceeds from sale of fixed assets	(4)	11,180,644	6,430,030
Payments in respect of project under construction	(5)	(239,946,755)	(292,318,652)
Proceeds from investment in an associate company	(6-a)	7,401,756	13,663,394
Payments for amounts paid under investment in subsidiaries and other companies	(6-d)	(100,000)	-
Credit interests received		39,598,150	122,034,685
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(186,620,190)**	**(185,333,513)**

Suez Cement Company (S.A.E)

CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of medium term loans and other long term liabilities	(15,16)	(15,856,259)	41,068,162
Dividends paid		(580,562,814)	(763,145,861)
Change in banks - credit balance		267,178	-
Change in credit facilities		-	(12,521,988)
Dividends paid to non-controlling interest	(14)	(108,474,813)	(155,934,178)
Changes in non-controlling interest **	(14)	18,062,032	(30,461,140)
Adjustments on retained earnings		(368,378)	(71,121)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(686,933,054)**	**(921,066,126)**
Net Increase in cash and cash equivalent during the Year		121,823,429	(305,261,212)
Foreign exchange differences		48,744,733	(7,404,076)
Foreign currencies translation differences related to fixed assets		(3,831,724)	(5,275,857)
Change in Cumulative foreign currencies translation differences		7,710,669	8,065,267
Cash and cash equivalent - beginning of the year		1,447,869,987	1,757,745,865
CASH AND CASH EQUIVALENT – END OF THE YEAR		**1,622,317,094**	**1,447,869,987**

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

	2012	2011
Cash on hand and at banks	1,622,317,094	1,447,869,987
CASH AND CASH EQUIVALENT – END OF THE YEAR	**1,622,317,094**	**1447,869,987**

* The change in the accounts payable, accrued expenses and other payables is adjusted with the change in the accrued taxes, as it is considered income tax paid during the year. The effect of income tax for the period not considered, as the profit for the year before income taxes is used in the consolidated statement of cash flows.

** A non cash transaction representing in "the increase of carrying amount of fixed assets of Ready Mix Production (RMP) S.A.E. (subsidiary) and Universal For Ready Mix Production (RMPU) S.A.E. (subsidiary) by EGP 129,758,310, as a result of a revaluation by mean of the merge that took place and led to the emergence of Universal Ready Mix Concrete S.A.E" was included among fixed assets additions, this is against the decrease of Goodwill by EGP 68,686,548 and the decrease of non-controlling interest by EGP 61,071,762.
- The accompanying notes from (1) to (29) are an integral part of these consolidated financial statements.

Suez Cement Company (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2012

1. BACKGROUND

Suez Cement Company S.A.E.

Suez Cement Company S.A.E. was established in 1977 under Law 43 of 1974 which was superseded by Law 230 of 1989 which was replaced by the investments Guarantees and Incentives Law 8 of 1997. The Company was registered in the Commercial register on 11 April 1979 under no. 181134.

Italcementi Group (through Cement Francis) acquired with consortium of other investors 80.80 % of the company's shares starting from 24 March 2005.

The main objective of the Company is to produce all types of cement and other products stemming from the cement industry and related thereto and the production of other building materials and construction requirements and trading therein, utilization of mines and quarries except sand and gravels. The company may have an interest or participate in any manner in organization caring out activities which are similar to the company's activities, or which may contribute to the fulfilment of the Company's objects in Egypt or abroad. The company may also be merged in any of the aforementioned organizations, or may buy or have them subsidiary to the company, subject to the approval of the General Authority for Investment and Free Zones.

The financial statements of the Company for the year ended 31 December 2012 were authorized for issuance in accordance with a resolution of the directors on 21 February 2013.

The following is Suez Cement Group companies and the direct and indirect shares of Suez Cement Company S.A.E. in its subsidiaries:

	2012 %	2011 %
Egyptian Tourah Portland Cement Company S.A.E.	66.12	66.12
Suez Bags Company S.A.E.	56.31	56.31
Helwan Cement Company S.A.E.	99.54	99.47
Ready Mix Production (RMP) S.A.E	-	52
Ready Mix Concrete El - Alamya (RMCA) S.A.E	52	-
Hilal Cement Company (K.S.C.C.) – Kuwait	51	51
Universal For Ready Mix Production (RMPU) S.A.E.	-	52
Development and Construction Material Company (DECOM) S.A.E. – subsidiary of Universal For Ready Mix Production (RMPU) S.A.E. by 99,99%	52	52
Suez Transport and Trade Company S.A.E. – subsidiary of Helwan Cement Company S.A.E. by 55%	96.35	96.32
Suez Lime Company S.A.E.	49.66	49.62
Development for Industries Company S.A.E	98.28	98.28
Axim for industries Company S.A.E Formerly, Upper Egypt For Industries Company S.A.E	98.28	98.28
Suez For import and Export	97.89	97.89

Egyptian Tourah Portland Cement Company S.A.E.

Egyptian Tourah Portland Cement Company S.A.E. was established on 23 June 1927.The legal structure of the Company changed from being a public sector entity to a public enterprise entity according to Law 203 of 1991.

On 26 January 2000 the Holding Company for Mining and Refractory sold 81.4% of its shares in the company. Accordingly, the company became subject to the Law 159 of 1981 rather than Law 203 of 1991 and its executive regulation.

On 12 March 2000 the company's General Assembly meeting decided to amend its status to comply with Law 159 of 1981 and its executive regulation.

The main objective of the company is to manufacture all kinds of cement, lime, construction materials and related products.

Suez Cement Company S.A.E. ownership in Egyptian Tourah Portland Cement Company's share capital amounted to 66.12% as of 26 January 2000, the date at which Egyptian Tourah Portland Cement Company S.A.E. became a subsidiary.

The cost of acquisition amounted to LE 1,287 billion which resulted in goodwill amounting to LE 746,008,413, the goodwill treated as Suez Cement Company's share in the fair value of the Egyptian Tourah Portland Cement Company S.A.E. assets. In accordance to that Egyptian Tourah Cement Company S.A.E., fixed assets are stated at the historical cost in addition to the share of Suez Cement Company S.A.E. in the excess of the fair value for these assets over its historical cost. This excess is depreciated over its estimated useful life using the straight-line method (note 3-4). The total accumulated depreciation as of 31 December 2012 amounting to LE 312,878,307 in addition to writes down the value of certain productions lines of Egyptian Tourah Portland Cement Company S.A.E. that are currently out of operation amounted to LE 21,082,486. The net fair value as of 31 December 2012 amounting to LE 412,047,620.

Suez Bags Company S.A.E.

Suez Bags Company S.A.E. was established on 6 December 1988 under investment Law 43 of 1974 and its amendments, which was superseded by Law 230 of 1989 which were replaced by the investments Guarantees and Incentives Law 8 of 1997.

The main objective of the company is to manufacture all kinds of bags used in packing cement, gypsum, milk, Juices, food products, chemicals and other paper products.

Suez Cement Company S.A.E. ownership in Suez Bags Company's share capital amounted to 51% starting from 1999, resulted in goodwill amounted to LE 12,445 Million and which was amortized over five years started in from 1 January 1999.

- Suez Cement Company S.A.E. acquired 10447 shares (20894 shares after the split) from the shares of Suez Bags Company S.A.E. during 2000, with an investment cost of LE 1,371 Million which resulted in goodwill amounted to LE 623,000 and amortized over five years starting from 2000.
- Egyptian Tourah Portland Cement Company S.A.E. acquired 15079 shares (30158 shares after the split) from the shares of Suez Bags Company S.A.E. during 2000, Suez Cement share is 66.12% (9970 shares) with the cost of LE 1,501 Million which resulted in goodwill amounted to LE 787,000 and was amortized over five years starting from year 2000.
- Egyptian Tourah Portland Cement Company S.A.E. acquired 5283 shares (10566 shares after the split) from the shares of Suez Bags Company S.A.E. during 2001, Suez Cement share is 66.12% (3493 shares) with the cost of LE 599,802, which resulted in goodwill, amounted to LE 337,000 and amortized over five years starting from 2001.

Accordingly, the direct and indirect share of Suez Cement Company S.A.E. in the capital of Suez Bags Company S.A.E. is 56.31%.

Helwan Cement Company S.A.E. – (Previously: ASEC Cement Company S.A.E.)

Helwan Cement Company S.A.E. – (Previously: ASEC Cement Company S.A.E.) was established as a Joint Stock Company under Law No. 159 of 1981 under the name of El Ahram Cement Company on 26 December 1999, and recorded at the commercial register under No. 4451 on 26 December 1999.

Based on a decree from the Extraordinary General Assembly Meeting dated 14 September 2000, the Company's name was changed to ASEC Cement Company S.A.E. The Extraordinary General Assembly Meeting.

On 29 November 2001 approved the merger with Helwan Portland Cement Company S.A.E. effective on 1 October 2001. The Extraordinary General Assembly Meeting on 17 March 2003 approved the evaluation of assets and liabilities according to the Capital Market Authority Committee decision No. 540 formed in 2002 and the Ministry decree No. 1699 which stated that ASEC Cement Company will own all assets and liabilities of Helwan Portland Cement Company S.A.E.

Effective from 1 October 2001. The management of both companies finalized all legal procedures related to the merger and registered the merger at the commercial register under No. 3142 on 30 June 2003. The Helwan Portland Cement Company S.A.E. was cancelled from the commercial register on 29 June 2003.

On 30 March 2006, the Extraordinary General Assembly Meeting decided to modify some articles in the company's article of association of the company, including changing the name of the company from ASEC Cement Company S.A.E. to Helwan Cement Company S.A.E. The decree was approved from the Companies Authority on 2 May 2006 and this change was reflected in the commercial register on 6 November 2006 to modify the name of the company to be Helwan Cement Company S.A.E.

The main objective of the company is to manufacture cement and construction materials and extracts of quarries, related products and by other companies and market them in Egypt, and also to export them and manufacture bags of craft paper, or other paper to pack cement and construction materials.

On 25 August 2005, Suez Cement Company S.A.E. acquired 116151662 shares from the shares of Helwan Cement Company S.A.E. – ASEC Cement Company (formerly) , Suez Cement Company S.A.E. share is 98.69 % (116151662 shares) with a par value of LE 10, which resulted in goodwill, amounted to LE 2,454,952,337, which represents the difference between acquisition costs amounted to LE 3,413,255,262, and 98.69% of Helwan Cement Company S.A.E. - ASEC Cement Company (formerly) net assets in acquisition date amounted to LE 958,302,925.

The goodwill was recorded as long term asset in the consolidated financial statements and tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of income.

On 28 October 2007 Helwan Cement Company S.A.E. contributed in establishing Suez Transport and Trade Company S.A.E with a contribution in the capital by 55%, in addition to the contribution of **Suez Cement Company S.A.E** and Egyptian Tourah Portland Cement Company S.A.E. by 35% and 10% respectively. Accordingly, the direct and indirect share of Suez Cement Company S.A.E. in the capital of Suez Transport and Trade Company S.A.E. is 96.32%.

During year 2010, Helwan Cement Company S.A.E. purchased 921,690 shares of its outstanding shares at LE 34,063,566.

On 6 December 2010 the, Extraordinary General Assembly Meeting decided to decrease issued capital by 921690 shares, and to decrease par value by LE 5 instead of LE 10 , consequently, the Company's outstanding shares reached 116775085 shares.

Suez Transport and Trade Company S.A.E. was established in 28 October 2007 as a S.A.E. company under the law 159 for the year 1981; the company's main objective is to manage the operations of transporting, trading cement and construction materials and acquiring the vehicles needed for this operations.

Ready Mix Production (RMP) S.A.E. – (Previously: Ready Mix Beton S.A.E.)

Ready Mix Production (RMP) S.A.E. – (Previously: Ready Mix Beton S.A.E.) was established on 16 March 1986 as a Joint Stock Company under Law No. 159 of 1981.

The objective of the company is to manufacture cement and construction materials specially manufacture ready mix.

On 1 October 2006, Suez Cement Company S.A.E. acquired 260000 shares from the shares of Ready Mix Beton Company S.A.E., Suez Cement Company S.A.E. share is 52 % (260000 shares) with a par value of LE 10, which resulted in goodwill, amounted to LE 23,113,779, which represents the difference between acquisition costs amounted to LE 26,277,866 and 52% of Ready Mix Beton Company S.A.E. net assets in acquisition date amounted to LE 3,164,087.

The goodwill was recorded as long term asset in the consolidated financial statements and tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of income.

Based on a decree from the Extraordinary General Assembly Meeting dated 25 September 2008, the Company's name was changed to Ready Mix Production (RMP) S.A.E.

The Company was merged to form Universal Ready Mix Concrete S.A.E that was established on 21 February 2012.

Universal For Ready Mix Production (RMPU) S.A.E. – (Previously: Ready Mix Beton – Egypt Company S.A.E.)

Universal For Ready Mix Production (RMPU) S.A.E. – (Previously: Ready Mix Beton – Egypt Company S.A.E.)

was established on 14 April 1996 as a Joint Stock Company under investments Guarantees and Incentives Law 8 of 1997.

The objective of the company is to manufacture cement and construction materials specially manufacture ready mix.

On 1 October 2006, Suez Cement Company S.A.E. acquired 520000 shares from the shares of Ready Mix Beton – Egypt Company S.A.E., Suez Cement Company S.A.E. share is 52% (520000 shares) with a par value of LE 10, which resulted in goodwill, amounted to LE 46,308,524, which represents the difference between acquisition costs amounted to LE 52,554,993, and 52% of Ready Mix Beton – Egypt Company S.A.E. net assets in acquisition date amounted to LE 6,246,469.

Based on a decree from the Extraordinary General Assembly Meeting dated 25 September 2008, the Company's name was changed to Universal for Ready Mix Production (RMPU) S.A.E.

The Company was merged to form Universal Ready Mix Concrete S.A.E that was established on 21 February 2012.

Universal Ready Mix Concrete S.A.E "El – Alamya" (RMCA)

Universal for Ready Mix Concrete S.A.E was established under the law 8 of 1997 on 21 February 2012 by mean of the merge took place between Universal for Ready Mix Production S.A.E "Subsidiary" and Ready Mix Production S.A.E "Subsidiary".

On 26 February 2012, the extra-ordinary assembly meeting decided the change of the Company's name to become "Ready Mix Concrete El – Alamya (RMCA) S.A.E.

The objective of the company is manufacturing and construction building materials especially ready mix.

On 31 December 2009, the merge took place by mean of revaluing the assets and liabilities of the merged companies, taking into consideration the changes occurred on the financial position till the establishment date as of 21 February 2012.

Development and Construction Material Company (DECOM) S.A.E.

Development and Construction Material Company (DECOM) S.A.E. was established on 3 August 1996 as a Joint Stock Company under Law 95 of 1992. The objective of the company is to manufacture cement and construction materials.

On 5 July 2007, Universal For Ready Mix Production (RMPU) S.A.E. Company S.A.E. acquire 99.99 % of Development and Construction Material Company (DECOM) S.A.E. shares, represents 7364524 shares with a par value of LE 10.

which resulted in goodwill, amounted to LE 43,548,446, which represents the difference between acquisition costs amounted to LE 63,565,568, and 99.99% of Development and Construction Material Company – (DECOM) – S.A.E. net assets in acquisition date amounted to LE 20,017,122.

Accordingly, the indirect share of Suez Cement Company S.A.E. in Development and Construction Material Company (DECOM) S.A.E. is 52%. The goodwill amounted to LE 43,548,446 was recorded as long term asset in the consolidated financial statements.

Hilal Cement Company (K.S.C.C.) – Kuwait

Hilal Cement Company (K.S.C.C.) – Kuwait was established on 19 January 1984 as a closed Joint Stock Kuwaiti Company. The main activities of the company are import, storage and distribution of cement and other bulk materials.

On 19 September 2007, Suez Cement Company S.A.E. acquired 16,830,000 shares from the shares of Hilal Cement Company (K.S.C.C.) – Kuwait, Suez Cement Company S.A.E. share is 51% (16830000 shares) with a par value of KD 0, 10 which resulted in goodwill, amounted to KD 5,434,286 equivalent to LE 108,641,431, which represents the difference between acquisition costs amounted to KD 13,128,213 equivalent to LE 262,457,272 and 51% of Hilal Cement Company (K.S.C.C.) – Kuwait net assets in acquisition date amounted to KD 7,693,927 equivalent to LE 153,815,841.

According to the Share purchase agreement (SPA), a provision setting forth the shareholders to agree unanimously to settle the litigation between Hilal Cement Company and Kuwait international investment company. Suez Cement Company transferred its share (51%) in settlement for the subject provision mentioned in Share purchase agreement (SPA) amounted to KD 409,779 equivalent to LE 7,958,544. This amount has been added to the goodwill and consequently, goodwill of Hilal Cement Company (K.S.C.C.) – Kuwait amounted to LE 116,599,975.

The goodwill was recorded as long term asset in the consolidated financial statements and tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of income.

The company books and records are preparing in KD currency, the company's financial statements have been combined in the consolidated financial statements after translated it into Egyptian pound using the translation procedures mentioned in (note 2), the cumulative foreign currencies translation differences resulted from the translation which belong to the parent company's equity amounting to LE 23,333,438 as of 31 December 2012 have been presented separately in the shareholders' equity.

The cumulative foreign currencies translation differences resulted from the translation which belong to the non-controlling amounting to LE 22,418,402 as of 31 December 2012 have been treated as a part of non-controlling interests (Note 14).

Suez Lime Company S.A.E.

Suez Lime Company S.A.E. was established on 2 October 2007 as a Joint Stock Company under Law No. 159 of 1981; the main objectives of the company are producing and trading lime with all its different types inside and outside Arab Republic of Egypt.

On 2 October 2007, Suez Cement Company S.A.E. contributed in establishing the company with a contribution in the capital by 49%, in addition to the contribution of Egyptian Tourah Portland Cement Company S.A.E. by 1%.

Accordingly, the direct and indirect share of Suez Cement Company S.A.E. in Suez Lime Company S.A.E is 49.66 %.

Axim for Industries Company (S.A.E)

Axim For Industries Company was established in 2007 under Corporate Law No. 159 of 1981 and its amendments. The Company was registered in the commercial registry on 19 August 2007 by number 26643, the purpose of the Company is:

- Investing in all types of industries fields and its commercialization.
- Establishing plant for the purpose of manufacturing construction materials.
- Importing all materials, products and equipments necessary for helping the Company to achieve its purpose.
- Buy aid grind liquid at intensive figure, store and mitigate and distributed for use for grinding cement.

On 19 August 2007, Suez Cement Company S.A.E. contributes in capital of Axim industries Company S.A.E by 90% (direct Share). Tourah Portland Cement Company S.A.E contributes in the capital by 5%; Helwan Cement Company S.A.E contributes in the capital by 5%. Accordingly, the total direct and indirect share of Suez Cement Company S.A.E is 98.28%.

Development for Industries Company (S.A.E)

Development For Industries Company was established in 2007 under Corporate Law No. 159 of 1981 and its amendments. The Company was registered in the commercial registry on 19 August 2007 by number 26644 the purpose of the Company is:

- Investing in all types of industries fields and its commercialization.
- Establishing plant for the purpose of manufacturing construction materials.

On 19 August 2007, Suez Cement Company S.A.E. contributes in capital of Development for Industries Company S.A.E by 90% (direct Share). Tourah Portland Cement Company S.A.E contributes in the capital by 5%; Helwan Cement Company S.A.E contributes in the capital by 5%. Accordingly, the total direct and indirect share of Suez Cement Company S.A.E is 98.28%.

Suez for Import and Export Company (S.A.E)

Suez for Import and Export Company was established on 8 July 2009 under Corporate Law No. 159 of 1981 and its amendments. The Company was registered in the commercial registry on 9 July 2009 by number 39989.

The purpose of the Company is Importing & Exporting Cement and all kind of building materials.

On 08 July 2009, Axim industries Company S.A.E contributes in the capital of Suez for import and Export S.A.E by 40% (Direct Share), Development for Industries Company S.A.E contributes in the capital by 40% (Direct share), Suez Transport and Trade Company S.A.E contributes in the capital by 20% (Direct Share), accordingly, The total indirect share of Suez Cement Company S.A.E is 97.89%.

2. FINANCIAL STATEMENTS CONSOLIDATION PRINCIPLES

The accompanying consolidated financial statements of Suez Cement Company S.A.E. have been prepared from the standalone financial statements of Suez Cement Company S.A.E. and its subsidiaries (note 1), In preparing the consolidated financial statements of Suez Cement Company S.A.E., an entity combines the financial statements of the parent and its subsidiaries line by line adding assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of the single economic entity, the following steps are then taken:

- The carrying amount of the parent's investments in each subsidiary and the parent's portion of equity of each subsidiary are eliminated. The excess of parent company's investments in subsidiary company over the parent's share in

  subsidiary's equity are recognized as goodwill and recorded as asset in the consolidated financial statements, Tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of income.
- Non-controlling interest on the net of assets of consolidated subsidiaries are identified separately from the parent shareholders' equity in them; Non-controlling interest in the net of assets consists of:

  1. The amount of those non-controlling interest at the date of the original combination.

  2. The non-controlling's share of changes in equity since the date of the combination.
- Intra group balances and transactions, including income, expense and dividends, are eliminated in full, Profits and losses resulting from intra group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.
- Intra group Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- The income and expense of the subsidiary are included in the consolidated financial statements from the acquisition date and the non-controlling interest is to be eliminated. The income and expense of the subsidiary are included in the consolidated financial statements until the date on which the parent ceases to control the subsidiary.
- The financial statements of subsidiaries that reports in the currency not the parent reporting currency and not that reports in the currency of a hyperinflationary economy, the reporting currencies of that subsidiaries are translated to the parent reporting currency in order to combine it in the consolidation financial statements of the parent by using the following procedures:

  a) Translate the assets and liabilities of each balance sheet presented in the consolidated balance sheet (including the comparative figures) at the closing date.

  b) Translate the income and expense items of each statement of income presented in the consolidated statement of income (including the comparative figures) at exchange rates at the dates of the transactions.

c) All resulting foreign currencies translation differences should be classified separately in the consolidated equity until the disposal of the net investment.

Cumulative foreign currencies translation differences arising from translation and attributable to non-controlling interest s are allocated to, and reported as part of, the non-controlling interest in the consolidated balance sheet until the disposal of the net investment.

Disposal of investment in a subsidiary that reports in the currency not the parent reporting currency, the cumulative amount of foreign currencies translation differences which have been deferred separately in the consolidated equity and which relate to that subsidiary, should be recognized as income or as expenses in the same year in which the gain or loss on disposal is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared under the going concern assumption on a historical cost basis, except for available for sale financial assets that have been measured at fair value.

Statement of compliance

The consolidated financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

3.2 Changes in accounting policies

The accounting policies adopted this period are consistent with those of the previous period.

3.3 Foreign currency translation

The consolidated financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date. All differences are recognized in the statement of income.

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

3.4 Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable

of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings, constructions, infrastructure and roads	6 to 20
Machinery, equipment and Tools	5 to 20
Motor Vehicles	5
Furniture and office equipment	5 to10

Fixed assets of Egyptian Tourah Cement Company S.A.E (Subsidiary) are stated at historical cost in addition to the share of Suez Cement Company S.A.E in the excess of the fair value for these assets over its historical cost. This excess depreciated using the straight-line method according to the estimated useful life of the asset as mentioned above.

Fixed assets are 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 is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each reporting date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognized impairment loss is reversed only 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.

3.5 Projects under construction

Projects under construction represent the amounts that are incurred 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.

3.6 Investments

Investments in associates

The investments in associates are initially recorded at cost and the carrying amount is increased or decreased to recognize the company's share of the profits or losses of the investee after the date of acquisition. The company's share of the profits or losses are recorded in the consolidate income statement. Distributions received from an investee reduce the carrying amount of the investment. This is according to equity method to account the investments in associates in the consolidated financial statements.

Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss.

Available for sale investments are initially recognized at cost inclusive direct attributable expenses.

After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of income. If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

a) Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.

b) Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of income and interest continues to be accrued at original rate on the reduced carrying amount of the asset. if the fair value of the debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of income.

Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

Held to maturity investments are initially recognized at fair value inclusive direct attributable expenses.

After initial recognition, the held to maturity investments are measured at amortized cost using the effective interest method less impairment. Gains and losses are recognized in profit or loss when the investments are derecognized or impaired, impairment is recovered, as well as through the amortization process.

3.7 Inventory

The inventory elements are valued as follows:

- Raw materials, fuel, Spare parts and Consumables, rolling and packing materials: at the lower of cost (using the moving average method) or net realizable value.
- Finished products: at the lower of the cost of production (based on the costing sheets) or net realizable value.

  Cost of production includes direct material, direct labor and allocated share of manufacturing overhead and excluding borrowing costs.

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

  Cost includes allocated share of direct material, direct labor and allocated share of manufacturing overhead until latest completed phase and excluding borrowing costs.

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 the statement of income in the year the write down or loss occurs according to an authorized study takes into consideration all technical and market bases to estimate any write down. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized in the statement of income in the year in which the reversal occurs.

3.8 Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at book less any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The loss is recognized in the statement of income according to an authorized study takes into consideration all technical and market bases to estimate any impairment. If a future impairment is later recovered, the recovery is recognized in the statement of income.

3.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.10 Legal reserve

According to the Company's articles of association, 5% of the net profits of the period is 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.

3.11 Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a year exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the income statement.

3.12 Income taxes

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

Current income tax

Current income tax assets and liabilities for the current and prior year years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

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

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

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity.

3.13 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

- **Interest income**

Interest income is recognized as interest accrues using the effective interest method. Interest income is included in finance revenue in the statement of income.

- **Dividends**

Revenue is recognized when the company's right to receive the payment is established.

- **Rental income**

Rental income arising from operating leases is accounted for on a straight line basis over the lease terms.

3.14 Expenses

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

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.16 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

3.17 Accounting estimates

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

3.18 Impairment

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 group of financial assets that can be reliably estimated.

Impairment of non financial assets

The Company assesses at each reporting 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 periods. Such reversal is recognized in the statement of income.

3.19 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3.20 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balance.

4. FIXED ASSETS

	Lands	Buildings, con-,structions infrastructure and roads	,Machinery equipment and Tools	Motor Vehicles	Furniture and office equip-ment	Total
	LE	LE	LE	LE		
Cost						
As of 1 January 2012	499,321,354	1,471,394,867	5,231,563,664	261,133,893	119,569,329	7,582,983,107
Foreign currencies translation differences	-	6,857,372	1,934,434	132,589	127,605	9,052,000
Adjusted Balance	**499,321,354**	**1,478,252,239**	**5,233,498,098**	**261,266,482**	**119,696,934**	**7,592,035,107**
Additions	-	18,337,999	205,390,376	3,043,624	5,018,020	231,790,019
Additions by fair value after merge	67,073,994	12,716,191	90,172,610	5,616,045	309,155	175,887,995
Disposals for merge purposes	(4,410,138)	(19,632,520)	(61,966,667)	(60,919,976)	(2,178,770)	(149,108,071)
Disposals	-	(266,079)	(12,223,024)	(12,463,194)	(90,850)	(25,043,147)
As of 31 December 2012	**561,985,210**	**1,489,407,830**	**5,454,871,393**	**196,542,981**	**122,754,489**	**7,825,561,903**
Accumulated depreciation						
As of 1 January 2012	-	(809,779,559)	(2,894,683,553)	(221,108,556)	(88,453,148)	(4,014,024,816)
Foreign currencies translation differences	-	(3,692,333)	(1,303,123)	(123,433)	(101,387)	(5,220,276)
Adjusted Balance	-	**(813,471,892)**	**(2,895,986,676)**	**(221,231,989)**	**(88,554,535)**	**(4,019,245,092)**
Depreciation for the period	-	(58,204,684)	(276,441,800)	(5,792,913)	(8,145,273)	(348,584,670)
Accumulated depreciation disposed of for merge purposes	-	15,675,098	37,463,788	47,868,313	1,971,187	102,978,386
Disposals	-	24,254	5,210,283	11,638,859	90,850	16,964,246
As of 31 December 2012	**-**	**(855,977,224)**	**(3,129,754,405)**	**(167,517,730)**	**(94,637,771)**	**(4,247,887,130)**
Net book value as of 31December 2012	**561,985,210**	**633,430,606**	**2,325,116,988**	**29,025,251**	**28,116,718**	**3,577,674,773**
Net book value as of 31 December 2011	499,321,354	661,615,308	2,336,880,111	40,025,337	31,116,181	3,568,958,291

First:

	L.E
Proceeds from sale of fixed assets	**11,180,644**
Cost of sold fixed assets	25,043,147
Accumulated depreciation of sold fixed assets	(16,964,246)
Net book value	**8,078,901**
Gain from of sale fixed assets	**3,101,743**

Suez Cement Company (S.A.E)

4. FIXED ASSETS CONT'D

Second:

- Fixed Assets as of 31 December 2012 includes assets that are fully depreciated and still in use, and the acquisition cost for these assets was as follows:

Asset	Cost
	L.E
Building, constructions, infrastructure and roads	224,380,803
Machinery, equipment and tools	1,181,657,620
Motor vehicles	72,343,502
Furniture and office equipment	57,667,282
Total	**1,536,049,207**

Third:

Helwan Cement Company S.A.E. (Subsidiary) has lands in its possession recorded in fixed assets without value, represented in 115 Feddens and 65265 square meter located in Helwan City and El-Menia City.

Fourth:

Lands include acre of lands belongs to Egyptian Tourah Portland Cement Company S.A.E (Subsidiary). The company has the right of using these lands without value. There is a legal dispute regarding those lands, where one of the lawsuits was settled in favour of the claimant obligating the company to pay an amount of LE 1,355,955, which was recorded as fixed assets - land.

Fifth:

Restrictions on the fixed assets of Universal For Ready Mix Production (RMPU) S.A.E. (Subsidiary) with carrying value amounting to LE 48,666,831 as of 31 December 2012

Represent the following:

- A delegation that cannot be cancelled by the company in the favour of Audi Bank– Egypt, that entitles the company to put a commercial mortgage to limit the financial aspects – machinery and equipment and cars – that are used for funding the loan. (Note 16/2)
- A commitment was done for the company's financial and moral aspects for the whole loan Period in order not to allow the company to set any mortgages or offering any delegations with restraints or giving the right of restricting cash or the right of having the priority in favour of others.

Sixth:

No temporarily idle assets and the fair value of assets are not materially different from its carrying amount.

Seventh:

Additions during the period ended 31 December 2012 amounting to L.E 231,790,019 included an amount of L.E 225,636,034 represents the assets transferred from projects under construction (Note 5).

Eighth:

Ready Mix Production (RMP) company S.A.E. (Subsidiary) and Universal For Ready Mix Production company (RMPU) S.A.E. (subsidiary) were merged to form Universal Ready Mix Concrete company S.A.E "El – Alamya" That was established on 21 August 2012. For merge purposes, the merged companies' fixed assets were re-valued and recognised at fair value, also the merged companies' cost of acquisition and relevant accumulated depreciation were disposed of as follows:

Suez Cement Company (S.A.E)

Asset	Cost
	LE
Additions by fair value after merge	175,887,995
Disposals for merge purposes	(149,108,071)
Accumulated depreciation disposed of for merge Purposes	102,978,386
	129,758,310

5. PROJECTS UNDER CONSTRUCTION

Balance at January 2012 1	Additions during The year	Transferred into assets During the year (Note 4)	Balance at December 2012 31
LE	LE	LE	LE
361,764,942	239,946,755	(225,636,034)	376,075,663

6. INVESTMENTS

A) Investment in an associate

	of % Ownership	Par value	2012	2011
		LE	LE	LE
Techno Gravel For Quarries-Egypt S.A.E *	45	10		
Investment cost– Beginning of the period			32,487,264	40,992,920
Plus:				
The Company's share in profit for the period			3,936,272	5,157,738
Deduct:				
Dividends			(7,401,756)	(13,663,394)
Investment balance - End of the period			**29,021,780**	**32,487,264**

*Investments in associates are accounted for in separate financial statements at cost. Investments cost in Techno Gravel For Quarries -Egypt S.A.E amounted to LE 28,334,257.

B) Available-for-sale investments

	of % Ownership	Par value	2012	2011
			LE	LE
Investment available-for-sale				
Measured at fair value				
Lafarge Cement Company – Egypt S.A.E Quoted in the stock exchange in an inactive market -	0.137	1000	1,113,000	1,113,000
Net unrealized gains on available-for-sale investments			2,626,680	3,350,779
			3,739,680	**4,463,779**
Investments available-for-sale -Measured at cost				
Iron and Steel Company (Al Hadid Wal Solb) – Quoted in the stock exchange			20,500	20,500
Al Tour Investment Company – Unquoted in the stock exchange			61	61
			20,561	**20,561**
			3,760,241	**4,484,340**

Suez Cement Company (S.A.E)

C) Held to maturity investments

	2012	2011
	LE	LE
Bonds 5% National Bank for Investment deposit	807,715	807,715
Bonds 5% Central Bank of Egypt deposit	2,453,620	2,453,620
Bonds 3.5% Central Bank of Egypt deposit	5,167,944	5,167,944
	8,429,279	**8,429,279**

D) Amounts paid under investments in subsidiaries and other companies

	of owner- % ship	Par Value	2012	2011
		LE	LE	LE
Suez Bosphorus Cimento Sanayi Ve Ti	100	3.64	186,794	186,794
Helwan Bags S.A.E	71	100	177,500	177,500
Italgin Egypt for Energy Company S.A.E	2	100	1,000,000	900,000
Al Mahaliya Readymix Company (K.S.C.C)	51	99822	41,829,995	41,829,995
			43,194,289	**43,094,289**

7. INVENTORY

	2012	2011
	LE	LE
Raw materials	93,987,359	84,863,666
Fuel, Spare parts and Consumables	588,674,973	742,236,139
Rolling and packing Material	21,529,068	22,011,476
Work in progress	231,002,778	231,000,494
Finished Products	75,395,871	109,276,213
Letters of credit	5,191,030	14,000,596
	1,015,781,079	1,203,388,584
Less:		
Decline in value of inventory	(211,425,832)	(205,617,888)
	804,355,247	**997,770,696**

8. ACCOUNTS AND NOTES RECEIVABLE

	2012	2011
	LE	LE
Accounts receivable	329,046,521	300,230,950
Notes receivable	10,243,681	10,243,681
	339,290,202	310,474,631
Less:		
Impairment in value of accounts and notes receivable.	(71,211,932)	(63,645,514)
	268,078,270	**246,829,117**

Suez Cement Company (S.A.E)

9. PREPAYMENTS AND OTHER RECEIVABLES

	2012	2011
	LE	LE
Other debtors – Tax Authority	24,465,616	48,284,344
Deposits with others	129,532,062	113,372,206
Prepaid expenses	19,533,481	20,505,859
Accrued revenue	9,449,627	17,520,795
Checks under collection	9,021,041	7,093,400
Advance to suppliers	32,052,010	32,619,601
Margin on letters of guarantee	494,338	444,812
Insurance compensation	79,650,700	-
Other receivables *	37,692,239	30,011,817
	341,891,114	**269,852,834**
Debtors - sale of fixed assets	3,206,324	4,606,324
	345,097,438	**274,459,158**
Less:		
Impairment in value of other debit balances.	(10,666,998)	(9,837,440)
	334,430,440	**264,621,718**

*Other receivables included an amount of LE 9,564,210 represents cash balances belong to Helwan Cement Company S.A.E. (subsidiary) in National Bank of Egypt (NBE) and Bank du Caire which were blocked in favour of Social Insurance Authority in accordance to the first degree court decision no. 542 on 3 August 2008.

10. CASH ON HAND AND AT BANKS

	2012	2011
	LE	LE
a- Egyptian Pound		
Cash on hand	736,510	706,227
Current accounts	142,314,458	171,804,062
Time deposits and treasury bills (mature in 3 months)	305,352,966	372,267,250
b. Foreign currencies		
Cash on hand	-	-
Current accounts	18,275,147	30,087,164
Time deposits (mature in 3 months)	1,155,638,013	873,005,284
	1,622,317,094	**1,447,869,987**

Suez Cement Company (S.A.E)

11. ACCRUED EXPENSES AND OTHER PAYABLES

	2012	2011
	LE	LE
Shareholders - credit balance	53,137,628	27,881,348
Advances from customers	165,662,710	214,617,459
Deposits from others	12,431,949	10,184,342
Accrued salaries	1,384,017	16,999,105
Accrued expenses	65,661,391	45,133,140
Other credit balances	71,088,031	91,216,169
	369,365,726	406,031,563
Accrued income taxes	42,316,934	256,263,358
Income taxes for the year	209,752,209	-
	621,434,869	**662,294,921**

12. PROVISIONS

	Balance as of 1 January 2012	Charged during the year	Utilized during the year	No longer required during the year	Re –class during the year	Balance as of 31 December 2012
	LE	LE	LE	LE	LE	LE
Tax claims	178,883,566	33,900,792	(38,899,358)	-	-	173,885,000
Site restoration	43,597,034	7,973,142	(2,101,926)	-	-	49,468,250
Judicial disputes	66,993,290	7,458,450	(7,729,135)	(3,312,692)	3,194,000	66,603,913
Employee training support	123,427,698	8,067,102	-	-	-	131,494,800
Environment provision	3,194,000	-	-	-	(3,194,000)	-
Early pension refunds	8,997,824	7,606,228	(6,131,088)	(803,396)	-	9,669,568
Gas claims for Tourah Plant	51,000,000	-	-	-	-	51,000,000
	476,093,412	**65,005,714**	**(54,861,507)**	**(4,116,088)**	**-**	**482,121,531**

13. CAPITAL AND RESERVES

13/a - CAPITAL

The company's authorized capital amounted to LE 1,000 million, while the Company's issued and paid up capital amounted to LE 640 million divided over 64000000 shares of par value LE 10 each.

On 30 June 2005, Minister of investment's decree was issued to approve the extra ordinary General Assembly Meeting dated 17 April 2005 to approve stock split (1:2), consequently, the Company's issued and paid up capital reached 128000000 shares of par value LE 5 each.

On 10 November 2005, the Extra ordinary General Assembly Meeting approved the increase of the Company's authorized capital to LE 1,300 million, and the increase of issued and paid up capital amounts to LE 909,282,535 divided over 181856507 shares of par value LE 5 each.

13/b – RESERVES

	2012	2011
	LE	LE
Legal reserve	454,641,267	454,641,267
Special reserve – Share premium	2,013,865,903	2,013,865,903
Capital reserve	10,907,410	6,970,015
Special reserve	185,853,347	185,853,347
	2,665,267,927	**2,661,330,532**

Legal reserve

According to the Company's articles of association, 5% of the net profits of the period transferred to the legal reserve until this reserve reaches 50 % of the capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

Special reserve – Share premium

The special reserve – Share premium represents the amount collected at the last capital increase dated 10 November 2005 after the legal reserve reached 50% of the issued capital.

Capital reserve

The capital reserve represents capital gain resulting from sale of salvage fixed assets in value greater than its carrying amount.

Special reserve

The special reserve represents profits transferred in accordance with the resolutions of the General Assembly Meetings of the company until year 2004.

14. NON-CONTROLLING INTEREST

Changes in non-controlling interest

	2012	2011
	LE	LE
Beginning balance for the year	**635,233,282**	**714,408,516**
Non-controlling interest in the net profits for the period	67,117,802	107,220,084
Non-controlling interest in Foreign currencies translation differences	22,418,402	15,010,111
Adjustments on retained earnings	56,715,392	(45,471,251)
Dividends Paid	(108,474,813)	(155,934,178)
Ending balance for the year	**673,010,065**	**635,233,282**

The balance of non-controlling interest in subsidiaries

	Ownership	2012	2011
	%	LE	LE
Egyptian Tourah Portland Cement Company S.A.E.	33.88	288,878,467	320,797,148
Suez Bags Company S.A.E.	43.69	51,041,793	52,206,316
Helwan Cement Company S.A.E.	0.48	9,063,865	9,522,450
Ready Mix Concrete El - Alamya (RMCA) S.A.E	48	114,957,339	50,212,105
Hilal Cement Company (K.S.C.C.) – Kuwait	49	157,447,066	165,802,079
Cumulative foreign currencies translation differences - Hilal Cement Company (K.S.C.C) – Kuwait (Note 2-6)		22,418,402	15,010,111
Development and Construction Material Company– (DECOM) –S.A.E.	48	26,406,742	19,266,691
Suez for Transport and Trade Company S.A.E.	3.65	524,428	515,336
Industries Development Company S.A.E	1.72	4,516	4,190
Axim for industries Company S.A.E Formerly, Upper Egypt For Industries Company S.A.E	1.72	30,851	281,135
Suez For import and Export Company S.A.E	2.11	22,996	89,934
Suez Lime Company S.A.E.	50.34	2,213,600	1,525,787
		673,010,065	**635,233,282**

15. MEDIUM TERM LOANS

	2012	2011
	LE	LE
MEDIUM TERM LOANS		
Universal For Ready Mix Production (RMPU) S.A.E		
Audi Bank - Egypt	-	3,100,552
Egyptian Tourah Portland Cement Company S.A.E.		
National Bank of Egypt	80,025,080	87,941,066
Helwan Cement Company S.A.E.		
National Bank of Egypt	14,005,066	14,773,373
TOTAL MEDIUM TERM LOANS	94,030,146	105,814,991
CURRENT PORTION OF MEDIUM TERM LOANS		
Universal For Ready Mix Production (RMPU) S.A.E		
Audi Bank – Egypt	-	(3,100,552)
Egyptian Tourah Portland Cement Company S.A.E.		
National Bank of Egypt	(30,485,745)	(17,588,213)
Helwan Cement Company S.A.E.		
National Bank of Egypt	(6,789,564)	(3,808,000)
TOTAL CURRENT PORTION OF MEDIUM TERM LOANS	**(37,275,309)**	**(24,496,765)**
	56,754,837	**81,318,226**

15/1 Universal For Ready Mix Production (RMPU) S.A.E.:

Audi Bank – Egypt Loan

On 31 July 2006, a long-term loan contract signed between Universal For Ready Mix Production (RMPU) S.A.E and Audi Bank – Egypt amounted to LE 25 Millions to finance for purchasing fixed assets.

On 14 December 2006, Audi Bank – Egypt approved to increase the loan to LE 28 Millions with the same terms and grantees.

The long term loan will be paid on 60 monthly instalments started on 31 July 2007.The Company had paid the whole loan.

15/2 Egyptian Tourah Portland Cement S.A.E

National Bank of Egypt Loan

The company has issued a medium term loan in December 2012 with the National Bank of Egypt with an amount of USD 15M or its equivalent in EGP for a grace period of thirty months.

The loan was provided by some international donors in the framework of industrial pollution control project phase 2 EPAPII. And payments are made to open letters of credit without cash cover local – external for the suppliers or in the form of direct cash transfers or copies of invoices or bill of progresses from suppliers.

The loan bears an interest rate 1.5% above Mid Corridor rate with a minimum of 11.5% for EGP and 2% above Libor 6 Months for USD. The loan is repayable on 10 equal quarter instalments starting from September 2012 till December 2014. The company paid all due instalments till date.

The balance of the loan on 31 December 2012 amounting to LE 49,539,335.

15/3 Helwan Cement S.A.E

National Bank of Egypt Loan

a) In March 2010, a medium-term loan contract signed between Helwan Cement Company S.A.E. (a subsidiary) and National Bank of Egypt with an amount of MEG 14.28 for a grace period 1 year. The loans provide by some international donors in the framework of industrial pollution control project phase 2 EPAPII. In order to use the funding to open letters of credit without a cash cover local – external for the suppliers or in the form of direct cash transfers or copies of invoices or certified extracts from suppliers.

The loan bears an interest rate 1.5% above Mid Corridor rate with minimum 11.5%. The loan is repayable on 12 equal instalments every three months starting from Jun. 2011and ended in Mar. 2014 and the company paid all matured instalments up to date.

b) In June 2011, a medium-term loan contract signed between Helwan Cement Company S.A.E. (a subsidiary) and National Bank of Egypt with an amount of MEG 12.39 for a grace period 2 years. The loans provide by some international donors in the framework of industrial pollution control project phase 2 EPAPII. In order to use the funding to open letters of credit without a cash Cover local – external for the suppliers or in the form of direct cash transfers or copies of invoices or certified extracts from suppliers.

The loan bears an interest rate 1.5% above Mid Corridor rate with minimum 10.5%. The loan is repayable on 12 equal monthly starting from Jun. 2013 and ended in May. 2014.

The balance of the loan on 31 December 2012 amounting to LE 7,215,502.

16. OTHER LONG TERM LIABILITIES

	2012	2011
	LE	LE
OTHER LONG TERM LIABILITIES		
Long term creditors – Land purchasing	1,515,726	1,857,255
Production lines sales tax	961,049	1,146,155
Long term employee benefits – Hilal Cement Company (K.S.C.C.) – Kuwait	3,692,733	3,083,294
Petroleum Cooperative Association*	-	4,154,218
TOTAL OTHER LONG TERM LIABILITIES	**6,169,508**	**10,240,922**
CURRENT PORTION OF LONG TERM LIABILITIES		
Petroleum Cooperative Association*	-	(4,154,218)
TOTAL CURRENT PORTION OF LONG TERM LIABILITIES	**-**	**(4,154,218)**
	6,169,508	**6,086,704**

* Liabilities related to Petroleum Cooperative Association represents the value of claims received in return for supplies and services, which had been rescheduled without interest.

17. GENERAL AND AMINISTRATIVE EXPENSES

	2012	2011
	LE	LE
Technical assistance fees	74,414,402	72,700,067
Salaries	81,771,274	107,294,415
Club and social services	7,236,823	14,485,133
Insurance	16,358,770	19,097,572
Other general and administrative expenses	118,249,666	142,581,748
	298,030,935	**356,158,935**

18. OTHER INCOME

	2012	2011
	LE	LE
Settlement of clay development contribution fees*	127,608,510	161,783,734
Salvage sold income	5,838,239	11,518,376
Compensation	79,650,700	-
Other income	54,201,997	36,710,042
	267,299,446	**210,012,152**

* This amount represents tax authority accruals of clay development contribution fees for the year from 1 January 2012 till 31 December 2012 these accruals have been reversed and recognized among other income in the income statement based on the meeting held at the office of the Tax Authority Chairman on 28 December 2010 with the representatives of the cement companies working in Egypt.

According to the decision declared by the Egyptian Cabinet of Ministers dated 26 April 2012, The Clay fees related to the period from 5 May 2008 till 30 June 2010 has been amended to be LE 9 per ton of Cement, which has resulted in the amendment of the amount due from the Tax authority.

During the current year the company has received the final reconciliation from the tax authority which mentioned that the balance due to the company is amounting to LE 223,607,449 till 31 July 2012 to be amortized using the future dues on the company production.

Suez Cement Company (S.A.E)

19. FINANCE EXPENSES

	2012	2011
	LE	LE
Finance interests	2,401,144	1,988,275
Other Finance Expenses	3,143,338	3,456,275
	5,544,482	**5,444,550**

20. OTHER EXPENSES

	2012	2011
	LE	LE
Rent for unused quarries	12,754,430	11,701,695
Other Expenses	17,397,012	11,235,582
	30,151,442	**22,937,277**

21. RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

		2012
		LE
Net profits before income taxes		**789,194,955**
Add:		
Provisions		75,093,546
Board of directors' allowance		1,592,900
Donations		4,280,760
Depreciation		348,584,670
Other expenses		15,441,659
Less:		
Depreciation		(326,642,483)
Provisions used		(54,861,507)
Dividends income		(443,720)
Donations		(1,256,932)
Other		(11,975,012)
Income taxes at the effective tax rate		**839,008,836**
Income tax at the effective rate (25%) 839,008,836 X 25%		209,752,209
Income Tax at the effective rate	**26.54 %**	**209,752,209**
Income tax at the effective rate (25%) 789,194,955 X 25%		197,298,739
Income Tax at the applicable tax rate		**197,298,739**

22. DEFERRED INCOME TAXES

	2012	2011
	LE	LE
Depreciation of fixed assets	(318,404,047)	(324,801,122)
Provisions	137,357,428	131,679,255
Net deferred income tax (liability)	**(181,046,619)**	**(193,121,867)**

Suez Cement Company (S.A.E)

23. TAX SITUATION

a) Corporate taxes

- Period since inception up to 2006:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Year 2007:

The tax authority has assessed the company for this period, and there is no claims till now.

- Years from 2008 to 2011 :

The company submits the tax declaration within the legal grace period, the company has not been assessed for this period.

b) Sales tax

- Period since inception up to 2007:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Years from 2008 to 2009 :

The authority has assessed the company for this period, the company objected against the inspection results.

- Years from 2010 to 2011 :

The company submits the sales tax return within the legal grace period i.e monthly, the company has not been assessed for this period.

c) Salary tax

- Period since inception up to 1998:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Years from 1999 to 2004:

The company deducts the salary tax from the employees and remit it to the tax authority within the legal grace period i.e monthly, however the tax authority is in the process of inspecting the company books and records for this period now.

- Years from 2005 to 2011:

The company deducts the salary tax from the employees and remit it to the tax authority within the legal grace period i.e monthly, the company has not been assessed for this period till now.

d) Stamp duty tax

- Period since inception up to 2005:

The tax authority has assessed the company for this period, the tax due was paid and settled based on the internal committee decision.

- Years from 2006 to 2010 :

The tax authority in the process of inspecting the company books and records for this period now.

- **Year 2011:**
  The company has not been assessed for this period till now.

e) Amendments to tax laws

Several laws were issued to amend certain provisions of taxes and were published in the Official Gazette on 6 December 2012.

As the enactment of these laws have been suspended the effect of such amendments were not reflected in the financial statements until a final resolution is issued in this respect.

24. CONTINGENT LIABILITIES

Suez Cement Group contingent liabilities amounted to LE 105,588,239 as of 31 December 2012, which represents letter of guarantees and letters of credit issued by the banks of parent's company and its subsidiaries as follows:

	Contingent Liabilities
	LE
Suez Cement Company S.A.E.	1,841,550
Egyptian Tourah Portland Cement Company S.A.E.	10,009,000
Suez Bags Company S.A.E.	59,341,521
Hilal Cement Company (K.S.C.C.) Kuwait	4,592,180
Helwan Cement Company S.A.E.	29,803,988
	105,588,239

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hand and at banks, accounts and noted receivable and other debit balances. The financial liabilities include current portion of medium and long term loans, current portion of long term liabilities, accounts payable and other credit balances.

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses are included in note (3) of these notes to the financial statements.

The fair value of the financial assets and liabilities are not materially different from their carrying amounts.

26. RISK MANAGEMENT

a) Interest rate risk

The Company monitors the maturity structure of assets and liabilities with the related interest rates.

b) Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The total financial assets denominated in foreign currencies amount to LE 1,374,159,816 whereas, the total financial liabilities denominated in foreign currencies amount to LE 140,809,905.

c) Fair Value

The carrying amounts of the financial assets and liabilities referred to in note (3) above are not materially different from their fair values.

27. RELATED PARTY TRANSACTIONS

The transactions with related parties during the period from 1 January 2012 to 31 December 2012 are representing in transactions between group companies. Intra group balances and transactions, including income, expense and dividends, are eliminate in full, Profits and losses resulting from intra group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

In addition, the transactions with related parties included transactions with some of the shareholders of the group companies.

A- Cement, Clinker, Bags sales and cement transport services excluding sales tax between Suez Cement Group Companies during from 1 January 2012 to 31 December 2012 as follows:

	Sales/ service revenue	Purchases/ service cost
	LE	LE
Suez Cement Company S.A.E.	16,713,178	95,181,251
Egyptian Tourah Portland Cement Company S.A.E.	78,123,903	121,112,896
Helwan Cement Company S.A.E.	49,634,800	45,250,320
Ready Mix Concrete El - Alamya (RMCA) S.A.E	-	23,428,558
Development and Construction Material Company (DECOM) S.A.E.	-	32,676,047
Suez Bags Company S.A.E.	142,469,460	1,932,122
Suez for Transport and Trade Company S.A.E.	50,772,942	18,133,089
	337,714,283	**337,714,283**

B- The technical assistance from Suez Cement Company S.A.E. to Suez Cement Group Companies from 1 January 2012 to 31 December 2012 as follows:

	Technical assistance – revenues	Technical assistance – expenses
	LE	LE
Suez Cement Company S.A.E.	81,131,222	-
Egyptian Tourah Portland Cement Company S.A.E.	-	31,878,507
Helwan Cement Company S.A.E.	-	43,867,712
Suez Bags Company S.A.E.	-	5,385,003
	81,131,222	**81,131,222**

C- Loans and its interest transactions between Suez Cement Group Companies during from 1 January 2012 to 31 December 2012 as follows:

	Lender	Borrower	Debit / (Credit) Interest
	LE	LE	LE
Suez Cement Company S.A.E.	60,000,000	-	(6,355,198)
Ready Mix Concrete El - Alamya (RMCA) S.A.E	-	30,000,000	2,729,361
Development and Construction Material Company (DECOM) S.A.E.	-	30,000,000	3,625,837
	60,000,000	**60,000,000**	**-**

D- Cements Francais (Strategic partnership) (Main shareholder):

The amount of the technical assessment fees offered by Ciments Francais the main shareholder of Suez Cement Company S.A.E. during the period from 1 January 2011 to 31 December 2012 amounted to L.E 18,845 Millions, which represents 1% of sales revenues of the group of cement products exclude intra –

Suez Cement Group transactions (the maximum fees are 1% according to the agreement), The consolidated statement of income charged by the portion of Suez Cement Company S.A.E. and Egyptian Tourah Portland Cement Company S.A.E. of the claims for these fees which amounted to L.E 10,039 Million and L.E 15,114 Million respectively.

E- Interbulk Company - One of the subsidiaries of Italcementi Group (the parent company of Ciments Francais Company) – the main shareholder of Suez Cement Company S.A.E.:

- The sales of Helwan Cement Company S.A.E. - to Interbulk Company during the period from 1 January 2012 To 31 December 2012 amounted to LE 55,853 MEGP.

F- Interbulk Egypt for Export Company - One of the subsidiaries of Interbulk Company - one of the subsidiaries of Italcementi Group (the parent company of Ciments Francais Company) – the main shareholder of Suez Cement Company S.A.E. :

- The Sales of Suez Cement Cement Company S.A.E. To Interbulk Egypt for Export Company during the period from 1 January 2012 To 31 December 2012 amounted to L.E 3,311 MEGP.
- The Sales of Egyptian Tourah Portland Cement Company S.A.E. To Interbulk Egypt for Export during the period from 1 January 2012 To 31 December 2012 amounted to L.E 24,118 MEGP.
- The sales of Helwan Cement Company S.A.E. - to Interbulk Egypt for Export during the period from 1 January 2012 To 31 December 2012 amounted to L.E 282,883 MEGP.

28. SUBSTANTIAL EVENTS

Some substantial events took place in Egypt that impacted the economic environment which in turn could expose the Companies to various risks including sustainability of revenues, growth of business, fluctuations in foreign currencies exchange rates and valuation / impairment of assets.

29. COMPARATIVE FIGURES

- Certain consolidated comparatives figures for year 2011 have been reclassified to conform to the period presentation of these consolidated financial statements.

Legal Information about the Suez Cement group of Companies

Company/Docket		SCC	TPCC	HCC	SBC
Company Name		**Suez Cement**	**Tourah Portland Cement**	**Helwan Cement**	**Suez Bags**
From		Joint stock company, governed by the Egyptian Law no. 8/1997	Egyptian stock company, governed by the Egyptian Law no. 159/1981	Egyptian stock company, governed by the Egyptian Law no. 159/1981	Joint stock company, governed by the Egyptian Law no. 8/1997
Registered Office		Nile City Towers, South Tower, 10th floor, Corniche El Nil, Cairo, Egypt	Tourah Portland Cement, Corniche El Nil, Tourah	Kafr El Elw, Helwan	Kattameya, K 30 Maadi/Ein Sokhna Road
Registration Number		181134 investments Cairo	1587 Giza	4451 investments Cairo	254876 investments Cairo
Date of Incorporation		06/03/1977	1927	February 1929	14/12/1988
Term		50 years from date of incorporation	Amended for 50 years starting 12/05/2001	Amended for 25 years starting 03/10/2000 to 02/10/2025	25 years from the incorporation date. Expired on 05/12/2013
Purpose		Producing all kinds of cement. Expired on 05/03/2027	Producing all kinds of cement and lime; owing terrestrial and river transportation; manufacturing spare parts and bags; land possession; selling and exploitation of quarries.	Producing all kinds of cement and lime; owing terrestrial and river transportation; manufacturing spare parts and bags; land possession; selling and exploitation of quarries.	Producing all kinds of paper bags.
Legal Information		By-laws, minutes of general meetings, statutory audit reports	By-laws, minutes of general meetings, statutory audit reports	By-laws, minutes of general meetings, statutory audit reports	By-laws, minutes of general meetings, statutory audit reports
Financial Year		January 1st to December 31st	January 1st to December 31st	January 1st to December 31st	January 1st to December 31st
Shares		Ciments Francais 53.15% Investors association 23.36% General underwriting and contributions & GDR 16.23% Private foundations and persons 7.26%	Suez Cement 66.12% Holding company for the metal industries 20.87% Private foundations and persons 13.01%	Suez Cement 98.69%	Suez Cement 53% Swiss Limited Debko 30% Closed underwriting 12% Tourah Portland Cement 5%
Voting Powers for Decision Making		Majority	Majority	Majority	Majority
Capital	Authorized	LE 1,300 million	LE 800 million	LE 2000 million	LE 24 million
	Paid	LE 909,282,535	LE 357,621,000	LE 583,875,425	LE 20,250,000

السويس للأسمنت
Suez Cement
Italcementi Group

2012 Annual Report

Sustainable Disclosure

1. Group Vision

Since its acquisition, Suez Cement Group of Companies (hereafter also referred to as SCGC or the Company) has been driven by the continuous search for business excellence and best practices. This vision is part of the Company's operational Mission to create value in the building materials sector through the innovative and sustainable use of natural resources for the benefit of our communities and clients.

Sustainable development is an integral part of the Company's strategy and working culture, which involves economic growth, environmental protection and social responsibility. It also contributes to value creation, long-term planning, durability and competitive advantage to better anticipate and manage business risks.

The Sustainability Policy is the cornerstone of the Company's approach toward sustainability. It covers key themes affecting its business influence and activities, namely: human rights, business integrity, health and safety, labour practices, social initiatives, supply chain, energy efficiency, environment, quality of products and processes, innovation and R&D. All relevant issues are covered by policies derived from the Sustainability Policy itself, which draws its inspiration from international references and standards.

SCGC's strategy is focused on the renewal and expansion of its existing industrial network, acquisitions and partnerships in emerging and growing markets, vertical integration with ready-mixed concrete and aggregates, development of innovative building products, application and services, and initiatives in the renewable energy sector. SCGC's major successes in this area are listed on our corporate website.

These are the core values that drive all SCGC activities:

- Responsibility: making a long-term commitment to sustainability
- Integrity: ethical behaviour at the heart of all business practices
- Efficiency: operational excellence through continuous improvement
- Innovation: encompassing all products application and management
- Diversity: understanding and supporting local identities

1.1 Integrity

The Charter of Values states the fundamental values in which SCGC and its affiliated companies, Helwan Cement Company and Tourah Portland Cement Company, firmly believe in and that underline all adopted corporate governance codes. It identifies SCGC commitments in terms of honesty, fairness, integrity, transparency and mutual respect in managing operations and relations with stakeholders and markets. All SCGC policies reference these guidelines.

The Corporate Governance Principles comprise a continuously monitored and updated operational business structure, providing a clear global picture in terms of shareholders, organisational structures, authorities, powers, processes and procedures. The Managing Director is responsible for ensuring complete compliance with the Company's principles of corporate governance and for proposing amendments to the Board of Directors. The Internal Control Committee, reporting directly to the Board of Directors, identifies and manages the main corporate risks. Furthermore, in 2008 SCGC launched a three-year risk and compliance programme, ensuring better risk management analysis combined with auditing systems linked to the managers' long-term incentive scheme.

An Anti- Bribery Compliance Programme shall also be implemented in 2013. The programme is part of a wider project aimed at reducing relevant risks in terms of Corporate Criminal Liability. Within the scope of this project, SCGC will adopt Organization, Management and Control Model Targeting to prevent corruption and bribery.

In 2012, the Company began to develop a local Antitrust Compliance Programme to provide a formal framework (guidelines, processes, monitoring and reporting activities) to ensure the business as a whole complies with antitrust laws. The scheme also identified and minimized risks as well as outlined remedial actions to deal with issues in this regard.

SCGC is implementing an Enterprise Risk and Compliance Programme as well to put more efficient risk management and auditing systems in place (Risk Mitigation Action Plans were launched in 2010).

With the aim of supporting the initiatives mentioned above, the integrated Internal Audit Programme has been updated. The programme addresses health, safety, environmental, antitrust and anti-corruption issues over a period of three years to better assess and contribute to the improvement of risk management controls and governance processes using a systematic and disciplined approach.

2. Social Responsibility

2.1 Valuing People

As stated by the Charter of Values and the Sustainability Policy, the Company is committed to protecting individuals by valuing diversity and cultural identity. In 2010, the Collective Labour Agreement (CLA) came into effect. It comprises a charter that outlines workers' rights that are valid worldwide and based on the joint commitment of all signatories to respect fundamental human rights, promote improvements in working conditions, develop equitable industrial relations and foster fair collective bargaining procedures with trade union representatives. This is covered by the Company's collective bargaining agreements. Joint forums between trade unions and management are part of SCGC's approach to sustaining constructive dialogue.

The Human Rights Policy reinforces the Company's commitment to this issue by explicitly supporting internationally proclaimed human rights as inalienable rights of all individuals. The policy also states that the Company will not support any human rights abuses. All incidents that potentially fall into this category are investigated, with appropriate actions taken to rectify the situation should action be deemed necessary.

As stated in the Charter of Values, diversity is viewed as a source of value in line with the Universal Declaration of Human Rights. Since 2009, SCGC has implemented projects to improve working conditions for employees and subcontractors. They include: first aid facilities, separated sanitary facilities, dressing facilities, canteens and meal accommodations. Safety awareness sessions were also implemented that dealt with such topics as explaining the dangers of children or families accompanying customers or suppliers to the site and failing to wear appropriate PPE at all times.

By the end of 2012, the Company employed a total of 3,622 employees operating in Egypt. Triggered by the enduring crisis after the January Revolution, unavoidable restructuring activities have been managed fairly through union agreements, early retirement programmes and a reduction in overtime hours.

Human Resources Policies have been updated as well, particularly in terms of Training and Development. SCGC considers diversity management as the responsibility of managers to respect and protect differences, and consider staff members as a valued resource. Particular attention is paid to gender equality. Pay levels are monitored showing no relevant differences due to gender. Local compensation surveys are run periodically as well. Strategies to increase the presence and representation of women in the SCGC workforce are in progress.

According to the Training Management System, activities were organized around four training areas: Compliance and Risk Mitigation; Efficiency and Specialization; Sustainable Development and Innovation and Human Capital Development. In 2012, the Company hosted 75,557 hours of training involving 3,794 trainees. Some 2,830 participants attended at least one course.

In 2012, the breakdown of training in each area came to 34.5% for Human Capital Development, 41% for Efficiency and Specialization, 2.5% for Compliance and Risk Management and 22% for Sustainable Development and Innovation. Dedicated programmes were piloted in Egypt to promote greater environmental responsibility between managers and employees as well. Also in 2012, partnerships with local schools and universities were signed to provide scholarships, internships, assistance to thesis research and visits to SCGC labs and plants for Egyptian students.

The Company launched the second wave of the International Employee Opinion Survey (EOS) that same year. The EOS results confirmed that employees are strongly committed to the Company and boast general improvement in most key indicators. 2013 will be dedicated to implementing strategies according to the EOS results in order to improve staff training and skills further, with the next survey to be carried out during that same year.

2.2 Safety

SCGC considers safety and security fundamental values to be integrated in all its activities. With the aim of more ambitious results, the Zero Accidents project evolved into a more comprehensive safety programme in 2011 that presented safe conduct as a way of living in employees' daily lives, whether at work or in the home. The Company's goal is to create safer and healthier working environments across all sites and facilities by preventing accidents and injuries, in addition to developing communication initiatives to promote a safety and health-conscious culture.

SCGC's ambition is to create relationships with employees and subcontractors based on trust, which will contribute to improvement in safety dynamics on site. In order to reach that goal, the Company launched a new project that evaluated subcontractors' management based on the competencies and efficiency of their occupational health and safety management systems. In 2012, the Company evaluated 100 subcontractors. The process remains ongoing.

To become one of the safest companies in our industry, SCGC sought to reduce the frequency rate of workplace accidents. In 2012, SCGC's Lost Time Injury (LTI) frequency rate for employees and temporary workers — the number of accidents that resulted in lost time per million hours worked — came to 2.2. Additionally, the severity rate of recorded injuries was 0.10, while the number of days lost without commuting was 742. The Total Recordable Injury Rate (TRIR) was 6.3 including Fatalities, Lost Time Injuries, Restricted Work Duty and Medical Treatment.

In 2012, the Safety Department implemented a new inspection system that makes the process more flexible in terms of the inspection itself and time management. The main purpose of an inspection is to ensure all processes comply with health, safety and welfare requirements. The system was implemented to also encourage employees' personal involvement. To show management's commitment to safety and guarantee all levels of the organization receive important messages directly, Safety Road Shows were hosted in all five plants in 2012. In addition, the company conducted 18,114 hours of safety training and 21,637 hours dedicated to safety orientation.

Sustainable Disclosure

Frequency Rate	2008	2009	2010	2011	2012
Cement	1.9	3.1	2.7	4	1.9
Aggregates	-	-	-	-	-
Concrete	-	-	-	-	-
Group	1.9	2.7	2.5	4.1	2.2

Severity Rate	2008	2009	2010	2011	2012
Cement	0.1	0.2	0.18	0.17	0.11
Aggregates	-	-	-	-	-
Concrete	-	-	-	-	-
Group	0.1	0.2	0.17	0.16	0.10

TRIR	2008	2009	2010	2011	2012
Cement	7.1	7.8	7.2	7.9	5.6
Aggregates	-	-	-	-	-
concrete	-	-	-	-	-
Group	6.7	7.1	6.8	7.5	6.3

Fatalities	2008	2009	2010	2011	2012
Employees	0	0	1	0	0
Subcontractors	1	2	4	2	0
Third party	0	0	0	0	0

Work-Related Injuries With Lost Days	2008	2009	2010	2011	2012
Employees	14	21	18	25	25
Subcontractors	10	20	17	17	13

2.3 Health and Product Responsibility

SCGC strongly believes that protecting employee health and enhancing the wellbeing of workers is as vital as safety awareness. The new Health Policy adopted in 2011 confirms this approach.

Health management, including industrial hygiene (dust, noise and whole-body vibration hazards) is one of the Company's major concerns. The recent implementation of the Workplace Health Hazard Assessment added to the significance of the issue for the Company, given that such hazards can have long-term effects. In this context, SCGC has had a positive impact in this area by providing information and medical care to its employees and local community members.

In 2012, a group of specialists from a university in Rome performed a full industrial hygiene assessment in the Tourah and Kattameya plants. The survey is a part of a strategic project of Italcementi Group aimed at improving working conditions based on key principles regarding sustainable development and corporate social responsibility. The assessments were performed with the full cooperation plant directors, technical staff, safety staff and workers. The target in 2013 is to do the same assessment in the Helwan and Suez plants.

Concerning product responsibility, SCGC discloses basic information on health, safety and environmental issues related to market products, even when regulatory frameworks do not exist or mandate this practice.

The information sheets describe the relevant properties of cement and recommendations for its proper storage, transport, handling and use.

Industrial Hygiene Assessment From 2009-2012

Exposure Risk		Tourah	Helwan	Kattameya	Suez	Minya	Suez Bags	HQ	Suez Transp
% of workers exposed	Dust	59%	49%	52%	49%	45%	0%	0%	0%
	Silica	46%	31%	29%	36%	39%	0%	0%	0%
	Noise	20%	34%	53%	49%	38%	56%	0%	0%
	Whole-body vibration	3%	4%	5%	4%	4%	6%	5%	70%
Monitoring									
% of workers monitored	Dust	69%	0%	100%	0%	100%	0%	0%	0%
	Silica	68%	0%	100%	0%	99%	0%	0%	0%
	Noise	64%	0%	100%	0%	100%	75%	0%	0%
	Whole-body vibration	100%	0%	100%	0%	100%	0%	0%	0%

2.4 Social Initiatives

The Company continuously contributes to local communities through its social initiatives programme that seeks to improve the quality of life and social wellbeing of community members where SCGC operates. These initiatives also aim to improve stakeholder relations trough dialogue and co-operation.

Based on mutual commitment, active partnerships, trust and openness, the Company supports local projects to eradicate poverty and improve living conditions according to sustainable principles. Driven by the new Social Initiatives Policy issued in 2011 and according to the Charter of Values, SCGC supports community-based projects focused on capacity building that support development and create small business opportunities. Each initiative must contribute to the quality of life for community members, comply with local government policies and the UN Universal Declaration of Human Rights as well as respond to community needs.

SCGC understands that education is a key factor for the development of the country and plays a crucial role in poverty eradication and wealth creation. In 2012, the Company continued to fund the project "Supporting the Activities of Don Bosco Technical Institute in Cairo" with an annual contribution of 50,000 euro. The objective of the programme is to promote technical and vocational education. The partnership started in 2006 with the upgrade of Don Bosco's infrastructure and facilities, development of new programmes and increasing the number of students attending the institute. Graduates of Don Bosco are well known and in demand throughout the industrial sector for their excellent training and professional skills. SCGC provides summer internship opportunities for the institute's students and offers opportunities for employment. The financial support provided each year to Don Bosco also helps pay for the tuition of financially disadvantaged students.

SCGC also launched the "Adopt a School" project in partnership with Injaz Egypt. The goal is to help preparatory school students, teachers and parents to create a better leaning environment for children in four institutions. The schools were chosen in districts near SCGC plants.

The programme involves developing students' skills, training teachers to innovate in the classroom and helping parents find ways of making the school environment a healthy place where students can develop and flourish.

2012 also witnessed the Company signing a Memorandum of Understanding with the Ministry of Higher Education. The purpose of the MoU is to explore how the Suez Cement Group Development Project can collaborate with the government as well as Helwan and Suez Canal Universities. The SCGC has committed to providing assistance and training for students in order to develop critical skills that raise their competitive edge in the job market after graduation.

In addition, the Company will also seek to enhance the learning environment for students and professors at both institutions. Separate contracts were signed with each university to implement this project in the 2012/2013 academic year. The programme includes providing various internship/youth research opportunities, cement lab/materials, English-language training, interpersonal and soft skills training and fee payment for disadvantaged students.

SCGC also created a scholarship at the American University in Cairo as part of the Suez Cement Company Endowed Fellowship Fund. The fully-paid scholarship is granted to one Egyptian M.Sc. student attending AUC's School of Sciences and Engineering Masters Programme. This graduate fellowship gives financially disadvantaged students with high academic achievements the opportunity to expand their career options by obtaining their Master's degree at one of the best educational institutions in the Middle East. The recipient must be from the Helwan or Tourah districts in the Cairo Governorate, Suez Governorate or El Minya Governorate or have graduated and received a Bachelor's degree from one of the national universities in those areas. The scholarship is awarded every two years.

Furthermore, SCGC believes in promoting healthcare. To achieve this goal, the Company fundraised for 57357 Children's Cancer hospital, one of the best cancer hospitals in the region. The donations, which included cash and cement products, are set to enable the hospital to continue to engage in effective cancer treatment and research. In 2008, the Company donated 600 tonnes of cement for the construction of a new building containing the cyclotron, a special machine used in innovative cancer treatment.

To improve living conditions of families near SCGC plants, the Company and the National Council for Childhood and Motherhood (NCCM) implemented a comprehensive programme in 2007 that has continued in recent years. In 2012, four main areas were targeted: aiding 1,000 women in receiving their national IDs, women's crafts courses to promote entrepreneurship, medical checkups for school children and scholarships for disadvantaged youth to improve student retention.

During the Muslim holy month of Ramadan, SCGC distributed 2,000 Ramadan bags containing rice and pasta in Suez and El Minya Governorates in cooperation with the Egyptian Food Bank. Charity tents were also set up in front of the Tourah and Helwan plants to give 100 needy families a meal every evening for the entire month.

3. Environmental Protection

3.1 Climate and Energy

The Energy Policy is directing Company efforts to move toward a low-carbon economy while developing practical and feasible solutions in partnership with the government and other players in the building material sector.

The cement industry is highly exposed to carbon risk, particularly in regions where CO_2 emissions trading systems or carbon taxation are in place. The level of risk is directly related to the carbon footprint of individual companies but it is also significantly affected by external factors such as the international Kyoto and post-Kyoto scenarios, local regulations and carbon prices on international markets. Experience has shown the European Emission Trading Scheme (EU-ETS), even under free allocation, highly impacts production margins, due to the cost of making up shortages in emission allowances and costs passed down in the price of electricity by the power sector.

SCGC's intensity-based target for direct emissions is to achieve an emission factor of 640 kg CO_2 per tonne of cementitious products by 2015. In 2012, the emission factor was 722 kg CO_2 per tonne of cementitious products, which was also an improvement compared to 2011 figures.

While reducing the carbon footprint of products and processes, the Company is also managing carbon risk through the use of advanced financial instruments. A Financial Risk Analysis based on accurate emissions tracking and forecasting systems is carried out to support the choice of the most appropriate market instrument. In addition, it offers opportunities for developing carbon reduction projects eligible as Clean Development Mechanisms under the Kyoto Protocol. SCGC's proactive approach is focused on prevention and mitigation of potential environmental impacts and the preservation of natural resources in the development and management of its production facilities. The Company has defined four specific priorities in line with its sustainability strategy:

- Climate protection through proper control and management of CO2 emissions
- Responsible use of resources, such as fuels and raw materials, electrical power and water
- Control and reduction of air emissions by ensuring accurate monitoring of kilns and the adoption of best available techniques for emissions reductions
- Minimization of landscape and visual impacts, including quarry rehabilitation

Reduction initiatives are mainly focusing on increasing the responsible use of less carbon-intensive fuels following a multiannual plan. In 2012, the Group used 0.26% of alternative fuels (AFs) from biomass projects. SCGC also started the introduction of agricultural waste in 2012, which fulfills requirements for an official recognition of CO2 credits under the CDM scheme. Two projects are now under registration at UNFCCC.

In August 2011, new amendments to law No. 4 of 1994 were issued, including more restrictions on air emissions with a grace period of three years to comply. SCGC submitted a compliance action plan that included filter upgrading projects and received approval of concerned authorities, allowing the Company to apply former limits during the grace period until the projects are completed.

To this end, more restrictive environmental targets were developed for the plants to avoid penalties arising from violations and to comply with our spirit of 'Continuous Improvement'.

SCGC is committed to applying guidelines and protocols developed by the Cement Sustainability Initiative (CSI) on climate protection, use of fuels and raw materials, measurement, emissions monitoring and reporting and, for new projects and major upgrades, environmental and social impact assessments. Its primary environmental focus is controlling and mitigating the consumption of raw materials, fuels, electricity and water.

The cement industry is aware of its responsibilities in the global fight against climate change. While its production is both energy and carbon intensive, cement plays a key role in the adaptation to climate change, through the construction of dams and water storage facilities and developing basic public and private infrastructures. At the global cement industry level, the Company is actively working to implement cost-effective emission reduction measures through initiatives such as WBCSD/CSI.

All plants regularly monitor and report their emissions using a data reporting system in line with the WBCSD/CSI protocol for CO2 inventory in the cement industry. The data are used to track performance against KPIs and to set internal reduction targets.

The Company is committed to voluntarily reducing its specific carbon emissions down to 720kg CO2 per tonne of cementitious.

SCGC is committed to reaching these targets through:

- Improving thermal efficiency of processes
- Extending use of AFs and biomass
- Increasing the use of alternative raw materials and blended cement
- Extending the use of grinding aids in cement mills and reducing consumption of electricity

In the field of energy efficiency, waste-heat recovery is being explored as a promising option for electricity production or district heating. In renewable energy, the Company is looking at AFs and the use of carbon-neutral biomass since agricultural waste is prevalent in Egypt. Therefore, the Company is investigating promising opportunities and has already performed industrial tests. Moreover, SCGC is concentrating its efforts on reducing the clinker content in cement and progressively raising the percentage of mineral components such as limestone and slag.

3.2 Environmental Management

SCGC is committed to preventing or otherwise minimizing, mitigating and remediating the environmental impacts of its activities. The Environment Management Systems (EMS) programme has further urged SCGC to adopt an environmental policy that reflects top management's commitment toward improving the environment where the Company operates.

The Environment Policy reinforces the Company's approach in preserving the environment and society. SCGC strongly recommends the adoption of environmental management systems as an effective tool to prevent risk and prompt continuous improvement. All five plants are ISO 14001 and IS0 9001 certified, in compliance with requirements of the Environment Management System EMS-ISO 14001/2004.

3.3 Air Emissions

All SCGC plants respect and monitor compliance with Egyptian environmental laws and work in close co-operation with the Ministry of Environmental Affairs to ensure standards are on target. As part of the Company's ongoing efforts to reduce adverse environmental impacts, regular consultations and information sessions are held with local stakeholders. A Compliance Action Plan was launched in 2012 to be implemented through 2014. The project is worth approximately LE 530 million. EPAP was successfully implemented in December 2012, while the second phase of the project, EPAP II, was conducted in Tourah and Helwan plants with the conversion of electrostatic precipitators to Bag House.

Performance monitoring, with a special focus on emissions, is a key tool for environmental management. Following the best practices, the Company is strongly committed to implementing Continuous Emission Monitoring systems (CEMs).

CEMs are automatic devices that measure real-time emissions 24 hours a day. These measurements are stored in the emission performance database. SCGC has 8 operating kilns. Each are fully equipped with CEMs to measure gas emissions according to group standards.

The production of cement clinker is an energy and carbon emission intensive process. The Company has been monitoring and reporting carbon dioxide emissions since 2006, following the WBCSD CSI CO2 Version 3 Protocol for the cement industry. To assure the quality of process, Ernst & Young will carry out an external audit in January 2013 to consolidate SCGC's carbon dioxide emissions that will comprise all five plants, including Kattameya, Tourah, Helwan, El Minya and Suez.

SCGC 2012 CO2 Cement Production* Emissions

Absolute gross (tonne/year)	6,850,583
Specific gross (kg/tonne clinker)	822
Specific gross (kg/tonne cem**)	722

* These calculation are based on the WBCSD-CSI CO2 protocol, June 2005 Version 2 and Italcementi Group guidelines

**"cem" is a cementitious product that includes both clinker and cement substitutes used for grinding.

3.4 Water

Water has been increasingly recognized as a key factor in sustainable development by all the major industrial sectors, including building materials..

Cement production requires water to:

- Produce "slurry" in wet process kilns
- Cool gases
- Improve the efficiency of process filters
- Control fugitive dust
- Cool mechanical equipment

SCGC is striving to improve water management practices and efficient water use as well as apply water reporting processes as per the WBCSD global water measurement tool of 2010.

3.5 Natural Resources and Quarries

SCGC applies strict guidelines for the responsible use of AFs and alternative raw materials (ARMs). SCGC is striving to replace non-renewable fuels and raw materials with alternative resources. This will lead to an integrated industrial cycle, in which byproducts or waste from one industry becomes a valuable resource for another. In 2012, SCGC utilized non-quarried materials (slag and broken clay bricks) as a substitution for clinker in cement that consisted of 6.38% ARM vs. quarried raw materials.

The total clinker production for 2012 was 8,332 kilotonnes. The total fuel consumption for cement operations was 8,268,467 expressed in Gcal. There was a slight decrease of kiln energy consumption in 2012 compared to 2011 in Egypt that is synonymous with the ratio improvement in line with 2011 figures. The decrease was reported in the Helwan, Kattameya, and Tourah plants. Tourah's decrease is above 5% and could be explained by improvements related to the heat efficiency of Kiln 8. Meanwhile, the ratio increased at the El Minya plant and remained constant at the Suez facility.

The Company's strategy is to consolidate and increase the use of the alternative materials and, if possible, incorporate Refuse Derived Fuels (RDFs) and biomass fuels. It is also focused on developing local biomass fuel opportunities.

3.6 Quarry Rehabilitation Programme

To preserve biodiversity and protect ecosystems, the Company implements quarry rehabilitation as a starting point. Since all SCGC quarries are located in the desert, a special consultation was conducted with local stakeholders to identify expectations and discuss ongoing environmental programmes, which are in harmony with the surrounding landscape and mitigate negative visual impacts through sustainable planning.

By the end of 2012, Total Management Quarry Contracts will no longer be applicable in SCGC quarries. The Company now uses the Duel Management System, which is more efficient in terms of quarry management, quality control, drilling and blasting activities. A limited scope of work, however, will be assigned to subcontractors, i.e. loading and transporting materials from the quarry to crushers. The corporate Blasting and Survey Departments were established in order to follow up on required activities. Moreover, subcontractors are permitted to use only new or semi-new equipment on site.

SCGC is currently implementing four rehabilitation projects, three of which are voluntary. Quarries that can be rehabilitated represent 36% of the 11 local quarries. In 2007, SCGC began the first rehabilitation plan by refilling its clay quarry near the Tourah plant, which is the oldest quarry in the country. The second project started in 2011 with the removal of leftover materials/mounds parallel to the Kattameya-Ain Sokhna Road and the planting of around 300 palm trees in the area. Two clay quarries near the Suez plant have been partially refilled as well.

In 2012, the Company finalized its first Biodiversity Plan with Ain Shams University's Zoology Department. The programme will study and monitor biodiversity levels in the Helwan plant's limestone quarry in comparison with other desert areas the experiment control. The ultimate goal of the Company's rehabilitation strategy is to encompass 70% of its quarries.

4. Responsible Production

4.1 Supply Chain

Stakeholder dialogue is a key success factor in preserving value and customer relationships. A fundamental pillar of SCGC's approach is the Supplier Qualification Office, which is responsible for the objective evaluation of suppliers to guarantee firms' ability to meet supply demands as well as their commitment to health, safety, the environment and the Company's Code of Ethics. This is an inter-departmental effort between Procurement, Technical, Safety, Finance and Legal. Each is responsible for the evaluation of suppliers in their areas of concern. Both new and existing suppliers are included in this important initiative with the goal of ensuring suppliers meet SCGC's high standards. Once qualified, regular performance appraisals monitor compliance with guidelines and principles.

In 2012, SCGC continued its efforts to eliminate occupational injuries and accidents and improve working conditions for employees and subcontractors to achieve 100% of the safety roadmap targets. The Company addressed all safety violations and conducted meetings to coach subcontractors on the importance showcasing safety awareness. In addition, a new contract to reduce the use of chrome was signed, which will help SCGC decrease its chromium ratio in cement production as well as the Company's scrap selling activities comprising steel, obsolete equipment, worn parts, kraft paper and waste oil.

4.2 Quality Policy and Product Range

SCGC is dedicated to producing cement and building materials for the construction industry in Egypt and abroad. Today, the Company offers several types of cement in various strength classes in compliance with both Egyptian (ES 4756/1-2009) and international (EN 197/1-2000) standard specifications. The following types of cement are produced by SCGC to meet any user requirement.

Ordinary Portland Cement	CEM I 42,5 N
Ordinary Portland Cement	CEM I 42,5 R
Portland Cement Super Fine	CEM I 42,5 R - 4100
Portland Limestone Cement	CEM II /B-L 32,5 N
High Slag blast furnace Cement	CEM III /A 32,5 N
Portland Slag Cement	CEM II /A-S 32,5 N
Sulphate Resistant Cement	SRC 42,5 N
White Ordinary Portland Cement	CEM I 52,5 N
White Limestone Cement	CEM II /B-L 42,5 N
Masonry Cement	MC5

In addition to cement production, Suez Lime Company produces and sells hydrated lime. This product is used in various construction applications, such as plastering, mortars, lime-brick manufacturing, painting and decorative textures. Hydrated lime is also used in other important industries, such as marble, granite, steel, sugar, paper, petroleum, crystal and glass, fertilizers and rubber.

SCGC controls the quality of each cement type and strength class through a Quality Management System. During the first half of 2012, the new Quality Policy was released to consolidate the Company's commitment to continuously improve the quality of its products, processes and services, creating added-value along the lifecycle of products and enhancing relationships with customers and suppliers.

To guarantee routine quality control, SCGC signed an agreement with the Housing and Building Research Center (HBRC) to monitor the Company's products via accredited laboratories. The five plants adopted Quality Management Systems, subjected to regular audits and periodic updates, and are certified ISO 9001-2008 Quality Management System and ISO 14001-2004 Environment Management System, EN 197-1 certified for evaluation of conformity, and EN 197-2 certified for composition, specification and conformity criteria (CE mark). All products were granted the Egyptian Quality Mark (EQM) in 2009.

Tourah Portland Cement Company is the only Egyptian cement company that holds the API Quality Certificate for producing Oil Well cement.

Cement types (% production volumes) kt	**2012**	**2011**	**2010**	**2009**
Ordinary Portland cement	7,115.5	8,812.3	9,931.3	10,600.9
Slag Cement	437.2	175.3	358.1	218.1
Sulfate Resistant Cement	333.1	243.5	392.8	383.7
White Cement	203.9	187.9	181,3	256.0
White Limestone Cement	108.9	128.7	154,5	101.7

4.3 Research and Innovation

SCGC's commitment to research and innovation is of strategic importance to guarantee growth, global competitiveness and our communities' quality of life. It is also an important tool to maintain our Sustainable Development Programme.

The Innovation rate, i.e. the ratio between innovation turnover and group global turnover, reached 6.2% in 2012 (6.9% in 2011 & 4.8% in 2010). Since 2009, the results have been subjected to third-party verification.

Innovation is a key value for SCGC. The ratio of revenue generated by innovative projects to total sales hit 6.2% in 2012, surpassing the Company's medium to long-term goal of between 3.5% and 5% through the addition of new products. 2012 witnessed further innovation via connecting end-users through the Bravo Build retail chain in commercial and industrial areas in Cairo, New Cairo and Tourah.

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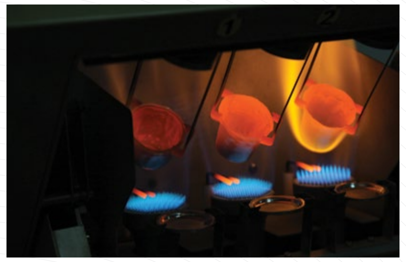

Reporting and Additional Information

5. Reporting and Additional Information

5.1 Third– Party Assurance

The Company is responsible for all data published. However, the disclosure has not yet been subjected to assurance by a third party as a whole. Nevertheless, the most relevant indicators are being verified by Ernst & Young.

5.2 Key Performance Indicators

Group reference	KPI	Summary
SDD001 Air Emissions Reporting Procedure	dust, NOx, SO2: absolute and specific emissions	The procedure covers the emissions of pollutants at the main stack and the by- pass stack of the cement kilns. It defines requirements for quality tests and recommends methods for measurements according to "CSI Guidelines for Emissions Monitoring and Reporting, March 2005". Data are entered into the Group database and reported by means of the Group reporting software or dedicated spreadsheets. Specific emissions are based on available measurements (continuous or spot), absolute emissions are extrapolated to all kilns.
SDD002 CO2 Reporting Methodology	Absolute and specific gross CO2 emissions and CO2 emissions from electricity consumption	The procedure is compliant with the WBCSD/CSI Protocol: "CO2 Accounting and Reporting Standard for the Cement Industry", June 2005 ver.2. Absolute gross and specific CO2 emissions are reported to SDD by means of the WBCSD/CSI Cement CO2 protocol spreadsheet. CO2 emissions account total direct emissions, excluding biomass fuels. Cementitious products account both clinker production and mineral additions for cement grinding.
SDD011 ISO 14001 Reporting Instruction	Percentage of cement plants certified ISO 14001	ISO 14001 certified facilities are cement plants which have developed and implemented Environmental Management Systems complying with the requirements set in the standard ISO 14001:2004, certified by qualified bodies and with valid certificates.
SDD012 Raw Materials Reporting Instruction	Total RMs and ARMs consumption	The procedure defines natural and alternative raw materials (ARMs). The Group Technical Center draws the data from the Group database; figures are endorsed by the subsidiaries before being forwarded to SDD. Dry tonnes of RMs and ARMs are reported according to "CSI Guidelines for the selection and use of fuels and raw materials in the cement manufacturing process".
SDD013 Fuels Reporting Instruction	Total fuels and AFs consumption	The procedure defines conventional and alternative fuels (AFs). The Group Technical Center draws the data from the Group database; figures are endorsed by the subsidiaries before being forwarded to SDD. Thermal input from conventional fuels and AFs reported according to "CSI Guidelines for the selection and use of fuels and raw materials in the cement manufacturing process".
SDD016 Quarry rehabilitation Instruction	Percentage of quarries with a rehabilitation plan	The procedure defines the quarries included in the scope, providing extracted raw materials to cement plants and aggregates. It sets the minimum requirements to be fulfilled for the assessment of rehabilitation plans.

N4 Group Innovation	Percentage of turnover from innovative products	The innovation rate is the ratio between the operational turnover realized with the sales of innovative products and the total operational turnover. Innovation Projects are identified as New Products (cements and binders, ready mix concretes, admixtures, mortars and others); New Applications (new construction solutions even with existing products); New Services pertaining to the area of sustainable development, distribution and packaging; New Manufacturing Processes represented by specific manufacturing processes made available to the market after an internal development of specific know-how and patents. Innovation projects are classified according to three categories: Established (Product-Application-Service-Manufacturing process already present both in the reference market of the Subsidiary and in the Subsidiary offer); Incremental (Product-Application-Service-Manufacturing process present in the reference market of the Subsidiary but not in the Subsidiary offer); Radical (Product- Application-Service-Manufacturing process new to the reference market of the Subsidiary and to the Subsidiary offer). According to the novelty condition, the innovation period can vary from a minimum of 3 years to a maximum of 9 years. The innovation rate includes admixtures with no limit of duration because of the permanent adaptation of the product. It also includes the cement in case of common sales of admixtures and cement to third parties. Existing products which have been repositioned because of their contribution to sustainable development are included in the innovation rate as well.
Safety management handbook	LTI Frequency Rate	A Group database, automatically updated at site level, calculates lost time injuries (days) in a year per million hours worked, according to WBCSD/CSI definitions.
SDD017 Industrial Hygiene – Workplace Assessment	Percentage of employees potentially exposed to dust, silica, noise and vibration covered by the workplace assessment	The procedure sets that employees potentially exposed to dust, silica, noise and vibration have to be evaluated versus international standards recommended in the procedure. When defining the number of potentially exposed employees only, default values may be are used to correct incomplete reporting from countries. Monitoring activity is always supported by evidence.

GLOSSARY

Acronyms and abbreviations

AFs	Alternative Fuels
ARMs	Alternative Raw Materials
AFRs	Alternative Fuels and Raw Materials
BWI	Building and Wood Workers' International
CEMs	Continuous Emissions Monitoring system
CSI	Cement Sustainability Initiative
GRI	Global Reporting Initiative
ILO	International Labour Organisation
ISO 14001	The International Standards Organisation model for management and external certification of environmental performance
KPIs	Key Performance Indicators
LTI	Lost Time Injuries
WBCSD	World Business Council for Sustainable Development

Chemicals and units

CO2	Carbon dioxide
SO2	Sulphur dioxide
NOx	Nitrogen oxides
CO	Carbon monoxide
VOC	Volatile Organic Compounds

Chemicals and units

ng	nanogram (0.000000001 g)
mg	milligram (0.001 g)
g	gram
kg	kilogram (1,000 g)
t	tonne (1,000 kg)
kt	kilotonne (1,000 tonnes)
toe	tonnes of oil equivalent
ktoe	kilotonnes (1,000 tonnes) of oil equivalent
tpd	tonnes per day
m3	cubic metre
MJ	mega joule (1 million joules)
MW	mega watt (1 million watt)
kWh	kilowatt-hour (1,000 watt-hour)
GWh	gigawatt-hour (1 billion watt-hour)