السويس للأسمنت
Suez Cement
Italcementi Group

2015 Annual Report

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Italcementi Group

2015 Annual Report
Suez Cement Company

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WHO WE ARE

Suez Cement Group of Companies (SCGC) is one of Egypt's largest cement producers. With a longstanding history in the Egyptian market, SCGC is proud that its cement has helped build some of Egypt's well-known landmarks and continues to serve market needs with its innovative products and brands.

SCGC's overall objective is to continue to invest and develop its activities in the country by respecting its Egyptian identity and increasing its efficiency through converting the Company from a cement supplier to a service supplier for the building and construction industry.

SCGC has an industrial network of five production facilities located in Suez, Kattameya, Tourah, Helwan and El Minya, delivering the largest portfolio of products to Egyptian and export markets.

OUR 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.

OUR VISION

To be a world class local business building a better and sustainable future for all our stakeholders.

14 Quarries

48052 Hours of training

285 MEGP Investments in environment

1.2 Lost Time Injuries frequency rate

5 Plants

11.7 Mt Grey cement capacity

20 Concrete plants

3402 Employees

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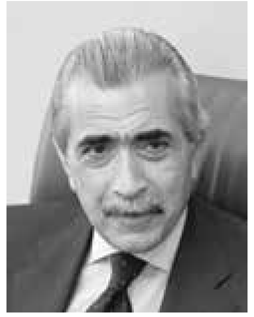
Message from the Chairman and the Managing Director



We at Suez Cement Group of Companies (SCGC) believe Egypt's economic recovery will bring prosperity to its hardworking, deserving citizens. But we are fully cognizant that there are still many challenges the country, and cement producers, must face before we will see comprehensive, large-scale growth in the near future.

2015 was another challenging year in terms of sales and profitability for the cement industry as a whole. Demand for cement was stagnant due to stockpiling and a slow start to the construction season. These trends combined with an overabundance of cement flooding the market, fewer exports and improved local production from Egyptian plants caused prices to decrease sharply, which helped overshadow the progressive jump in cement consumption versus the year before. In fact, the Egyptian cement market grew just 6% between 2011 and 2015, despite the fact that national cement production increased significantly.

Unfortunately, Egypt's economy hit a few bumps in its recovery with the devaluation of the pound against the US dollar, a scarcity of foreign currency and national security concerns, all of which hurt the construction activity and the cement industry as a whole.

Despite this, SCGC maintained its market leadership and continued to invest heavily in our five plants, subsidiaries and the community at large. We sold more than 8 million tons of grey cement, up almost 2% versus 2014, in addition to 117, 000 tons of white cement.

SCGC maintains an optimistic outlook on cement production and sales forecasted for 2016 as we believe the investment fundamentals are still present in the construction sector, from residential and infrastructure segments. Management is proud to say our more than 3,000 employees are the driving force behind our continued success and long-term targets for development.

We were also bolstered by the overwhelming success of the Egypt Economic Development Conference (EEDC) held in March in Sharm El Sheikh. The conference's special focus on the future of investment in Egypt, emphasizing energy and infrastructure, helped shore up confidence in Egypt's construction and building materials sectors.

2015 proved a great year for SCGC innovation. We showcased some of our newest offerings to the Architecture Consultant's Office. We also invited a select group of architects and designers to the i.lab Innovation Center and PALAZZO ITALIA in Italy (EXPO Milan 2015), where we introduced and showcased aesthetic green cements and concretes.

Furthermore, SCGC pioneered a taskforce to examine biogas technology used to produce bricks, blocks and other building materials in addition to partnering with a leading Egyptian building materials company to begin manufacturing similar products.

SCGC has begun analyzing a new retail marketing concept that targets end users directly as well. Production of our "mini-pack products" is slated to begin in the first quarter of 2016 as well.

As for the sector as a whole, industry growth was mainly driven by bulk cement buyers. Economic confidence was also boosted by good energy availability, even during the summer and Ramadan, allowing cement producers to run at full capacity without worrying about prolonged blackouts for the first time since 2011.

The biggest news of the summer came when President Abdel Fattah al-Sisi unveiled the finished expansion of the Suez Canal on August 8, 2015 at a lavish ceremony. The aim of the deeper canal is to boost revenues and trade along the route as global shipping needs increase. Our cements have been used for the constructions related to the Canal expansion.

SCGC remained the country's grey cement market leader and also boasted a strong presence in white cement thanks to our focus on ready mix activities.

In 2015, SCGC moved forward with the implementation of its company-wide action plans to improve internal efficiencies and modify our energy mix, with the Kattemaya and Suez Plants now fully converted to coal and waste energy production.

Both plants increased cement manufacturing capacity by more than 40% and reduced their total costs by over 15%. Seeing the success of these projects, SCGC plans to invest more than LE 750 million to support similar energy programs at the Helwan and Tourah Plants. This is in addition to funds earmarked to further reduce dust emissions using the latest technological innovations, including bag house dust filters, thus bringing our plants to the best international standards.

In other news, the Company introduced the i.nova branding system, aligning with Italcementi Group's strategy, and debuted additional services for its customers such as online orders and payment via the SCGC website and a mobile application.

Of the 106 active suppliers performing operations which involve manpower on site, 90 suppliers (85%) had completed their human rights and quality qualification compliance projects under SCGC's ongoing vendor qualification program, which launched in 2012. All suppliers must provide supporting evidence that their employees are treated fairly and are trained properly so as to maintain a safe working environment.

The majority of the Health and Safety Department's funding in 2015 went to technical and organizational projects, which included installing lifts to eliminate the need for cranes when maneuvering heavy machinery and securing cement bag loading systems inside packing areas.

Other campaigns promoted SCGC's ongoing "Safety as a way of living" campaign that spanned general safety and health in the workplace, as well as roadways by using seatbelts and following road safety guidelines at all times.

Meanwhile, training hours for employees in 2015 reached over 8,700 hours, with sustained training for contractors. A Managing Safety program was also launched across the Company. We are proud to add that the Safety Department celebrated its best annual performance in 2015 with one of the lowest accident rate inside the whole Italcementi Group worldwide.

After experiencing some labor issues in the first part of the year, the company exerted many efforts to reach out to its employees through managers and Union representatives, in order to promote a better climate, based on mutual understanding, respect and improvements of the employee's compensation and benefits at a pace which is compatible with the company economic performance.

Driven by our ongoing commitment to corporate social responsibility, SCGC has continued to promote social initiatives that focused on key needs of local community members.

In 2015, SCGC again made education and health key priorities, emphasizing improved stakeholder relations through dialogue and co-operation.

One of the most successful projects was SCGC's sponsorship of the annual ENACTUS National Competition involving universities in Helwan, Suez and El-Minya. SCGC also supported a retrofit of the Emergency Room in Helwan Public Hospital, the Omar Ibn El-Khattab Preparatory School for Boys in Kafr Selim and the "Madrasti" Project (My School) in conjunction with the Association for Development and Enhancement of Women (ADEW) as well as three primary and secondary schools in El-Minya Governorate with the help of CARE Egypt.

Also in 2015, the Company gave its annual donation to the Don Bosco Technical Institute in Cairo and committed another LE 30 million over three years to the Long Live Egypt Fund.

We are confident that Egypt's construction industry will herald newfound growth nationwide. In fact, the Egyptian cement market reached a total of 53.9 million tons, which makes it one of the ten largest in the world. As an important driver of the economy, and provider of more than 50,000 direct jobs, the cement industry will be key in ensuring the country's economic viability is restored. We aim to be at the forefront of our sector and continue to leverage our leadership as an innovator and employer of choice.

We look forward to 2016 and aim to continue to build upon our achievements with a focus on community development.

Omar Mohanna
Chairman

Bruno Carré
Managing Director

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MARKET EVOLUTION AND CUSTOMER RELATIONSHIP MANAGEMENT

As Egypt embarks on its challenging journey towards economic and political stability, the country continues to face significant pressures, which have negatively affected the profitability and sustainability of many businesses. Political unrest and an absence of security have put a dent in foreign investment and tourism. Further pressure on the economy has stemmed from the impact of Egypt's currency devaluation, which had pushed inflation back into the double digits by the end of 2015. As of December 2015, the country's inflation rate hit 11.9%, according to the Central Agency for Public Mobilization & Statistics.

However, the Egyptian economy is likely to stage a more prominent recovery in the next year as many mega projects under the auspices of the government see light. On the other hand, without political stabilization and greater clarity on the government's medium-term national policies, consumer confidence and investment patterns will likely remain depressed.

On a more positive note, authorities overcame the country's chronic energy supply issues that hurt sector performance throughout 2014. With this in mind, cement and clinker production capacity grew 23% as compared to 2014. Unfortunately, this resulted in a flood of cement products hitting the market and causing a mismatch in supply versus demand. That being said, the Egyptian cement market grew at a rate of 5% in 2015 versus 2014 or 2.6 million tonnes to reach 53.9 million tonnes annually.

The inauguration of Egypt's new government and the success of the highly anticipated International Egyptian Economic Development Conference held in Sharm El Sheikh helped boost confidence that the cement market would begin to prosper once again, thanks to more positive economic forecasts and a recommitment to launching major infrastructure projects throughout the country.

During 2015 SCGC maintained its market position as an industry pioneer in Egypt. Dedicating its production to domestic market needs, the Company sold more than 8 million tonnes of grey cement, 1.6% more than it did in 2014, in addition to 117, 000 tonnes of white cement products.

In order to reinforce its leadership and respond to customers better, SCGC renewed focus on cement deliveries, gaining 3.2 million tonnes of CPT sales. Relevant key performance indicators were established to ensure the firm always delivers cement at the right place and right time, thereby avoiding stock shortfalls – one of the main factors to ensure customer satisfaction. SCGC's transport fleet was enhanced in 2015 and now consists of 89 trucks, 42 bulk delivery vehicles and 47 flatbed trucks, used to deliver cement bags. The upgraded fleet has enhanced service levels and client relations. Furthermore, sales through the Kalyub HUB reached 272,000 tonnes, representing a jump of 22% versus 2014.

SCGC demonstrated its commitment to customer retention by driving initiatives to increase client satisfaction and strategic investment in infrastructure modernization, environmental protection, safety and social initiatives. SCGC also presented innovative products within Italcementi Group's product portfolio to the Architecture Consultant's Offices. In this vein, SCGC organized two overseas trips for a select group of architects and designers to Italcementi's Innovation Center – i.lab – and PALAZZO ITALIA, the Italian Pavilion at Milano EXPO 2015, where SCGC debuted astatic green products for the Egyptian market.

Following the Company's ongoing efforts to promote sustainability and lower greenhouse gas emission rates, SCGC joined a taskforce to examine new uses of bypass technology, a process the Company implements to make bricks, blocks and other building materials. The goal of the group is to follow in SCGC's footsteps and discover groundbreaking ways to incorporate industrial and agricultural waste in energy production. In fact, representatives of SCGC signed a Memorandum of Understanding with a leading Egyptian building materials company to begin testing and producing such products. Operations of the joint venture are set to launch in the first quarter of 2016.

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SCGC also approved the "mini-pack" project, a new retail marketing concept that targets directly small retailers with a 5kg package product to begin in the first quarter of 2016. Moreover, the Company showcased other ideas developed by i.lab, Politecnico di Milano and the Housing & Building Research Centre (HBRC), which will be part of a new study analyzing durability and resilience of SCGC innovations.

In other news, SCGC is still waiting on the Concrete Code Committee (CCC) to finalize its validation of blended limestone cement products designed to reinforce concrete. The products are currently being studied by the HBRC. Production approval for this new type of cement will contribute to reducing SCGC's clinker-cement ratio as well as decrease the company's greenhouse gas emissions during cement production.

All plants are certified to produce Portland cement and white cement by European certifier and with the largest product portfolio available in Egypt, SCGC gives customers the opportunity to tailor any order to their exact needs. The added value for end users is enhanced productivity, quality and profitability on top of less time spent during procurement. In addition, SCGC has improved the quality of its branding and packaging by replacing the Kraft paper at Helwan Bags.

In conclusion, SCGC's strategy to place the customer at the center of its business and shift activities to service-oriented offerings has led to greater customer satisfaction, which helped the Company maintain its market leadership. There are also plans for several new initiatives to increase customer satisfaction, such as:

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

INVESTMENT

SCGC implemented an intensive investment program in 2015 that included completion of many smaller projects across SCGC's plants worth approximately LE 285 million. They included improvements in operational performance, environmental protection, safety and human rights. The funds were allocated as stated below:

- Environmental Protection and Safety (LE 50 million)
- Performance Improvement and Capitalized Maintenance (LE 120 million)
- Strategy (LE 90 million)
- Quality, IT and other domains (LE 25 million)

In line with the Compliance Action Plan under the Egyptian Environmental Affairs Agency (EEAA), SCGC continued to invest in pollution abatement and emissions controls. In 2015, the Company studied a project to replace electrostatic precipitators with bag houses on Line 2 at the Suez Plant. Its estimated budget is LE 100 million. SCGC plans to launch the initiative in early 2017. In 2015, SCGC also carried out alternative fuel schemes worth LE 24 million at the Helwan Plant.

Due to fuel shortages throughout Egypt, SCGC has replaced some of its power production with coal energy in order to reduce dependence on tradition fossil fuels and natural gas at the Helwan Plant. The budget for this project totals LE 273 million and is set to be completed in 2017.

HUMAN RESOURCES MANAGEMENT

2015 saw SCGC's Human Resources Department operate under a new structure to ensure higher efficiency. Existing policies were reviewed and restructured to reflect current operational needs. Moreover, a new emphasis was given to Collective Labor Agreement negotiation preparations.

Recruitment and promotions were mainly focused on career development for internal candidates and the hiring of recent graduates from the Don Bosco Institute.

Furthermore, the HR team engaged in the following projects:

- Reviewing and updating employee database
- Finalization of the country-specific Job Catalog
- Launching the new compensation strategy and functional baseline projects

DEVELOPMENT & TRAINING

One of the main challenges facing the industry throughout 2015 was maintaining planned activities in light of limited resources due to companywide cost controls. Accordingly, the Development and Training (D&T) Department emphasized compliance, risk mitigation, safety courses and priority training activities.

D&T succeeded in providing 25,802 training hours (1,534 seats) for SCGC employees in addition to 22,250 training hours (250 seats) for non-SCGC employees. The courses included internship programs and corporate social responsibility.

D&T also made gains in safety training targets as part of SCGC's safety road map:

1. Safety Committee Member Training for 138 employees
Certification of all SCGC Safety Committee Members (with the exception of one member due to work commitments)

2. Accident Investigation and Root Cause Analysis including review sessions for 138 employees
Addressed profiles based on the Safety Matrix including review sessions. Each session presented information and processes to help staff manage accident investigations and the root cause analysis cycle

3. Safety Specialist & Technicians Course for 25 employees
Course met legally required quota for staffing with some additions in case of future turnover

4. Internal Auditor (OHSAS 18001) for 21 employees
Certifying new OHSAS internal auditors

5. Safety for Managers – Managing Safety (MS) for 133 employees (37 attended in 2014)
Course ensured management is aware of SCGC safety fundamentals and related core processes

6. Fire Safety Government Certificate for 250 employees
Course met legally requited quota for fire safety certification of staff members

In addition to the above, T&D supported other training projects related to compliance and risk mitigation:

1. Preparation for Government Scale Operator Certificate/Licensing for 60 employees
Organized training to prepare scale operators for government licensing test

2. Preparation Training for X-Ray Operation Licensing for 20 employees
Preparation training was listed as a pre-requisite for X-Ray operating licensing.

Corporate Social Responsibility programming included:

1. Internships for 250 people, equivalent to 22,250 hours

2. Literacy certificates awarded to 41 staff during 2015 (25 staff members completed the course, while another 16 are awaiting test results)

In the area effeciency & specilization, T&D engaged in the following activities:

1. Alternative Fuels for the Cement Industry in the Arab Region – Conference for 18 employees
Employees took part in an industry conference on alternative fuels and best practices in the Arab region & Europe

2. Sales Diplomas for 11 sales staff members
Sales course certifying employees on basic and advanced concepts

3. ITIL (information technology infrastructure library) certificate for 4 IT personnel
Training program covered best practices used to develop and execute IT services management

In terms of human capital development, T&D optimized its activities to ensure all necessary 2015 programming was undertaken at a minimum cost. The department's plans emphasized refresher sessions to complement earlier training courses and individual development schemes that prioritized key/critical roles.

OPERATIONAL GOVERNANCE

The Operational Governance (OG) function delivered the following objectives in 2015 as per the Operational Governance Action Plan:

• In co-operation with the Legal Department, OG issued the Whistleblowing Report for SCC, TPCC, HCC and Suez Bags as per instructions from the ITC and SCGC's Managing Director

• Insured SCGC compliance with Antibribery Policies and outlined roles and guidelines to be followed by the OG and Legal Department should a situation involving bribery or fraud be referred

• Aided in forming Organization Development Charts for SCC, TPCC, HCC and Suez Bags

• Based on the Group Organizational Development requests, OG updated B.E.S.T., the Operational Governance website that includes all relevant information (Guidelines, Reference Model, Business Processes, Organization, etc.), to reflect changes in policies, procedures, job descriptions, Organization Development Charts and Organization Notices for SCC, TPCC, HCC, Suez Bags and Suez for Transportation and Trade.

• Helped Sustainable Development Department create Organization Development Chart for SCC, TPCC, HCC and Suez Bags.

• Created Plant Technical Department Organization Chart for SCC, TPCC, HCC and Suez Bags.

• Worked with the Accounting Financial Control Department to create an Organization Development Chart SCC, TPCC, HCC and Suez Bags.

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Integrity

SCGC follows Italcementi Group's approach to integrity, currently based on four interrelated elements under the wider frame of ethics and sustainability: the Anti-bribery Compliance Program, the Antitrust Compliance Program, a Whistleblowing System, the Enterprise Risk Management Program, supported by the activities of Internal Audit Department.

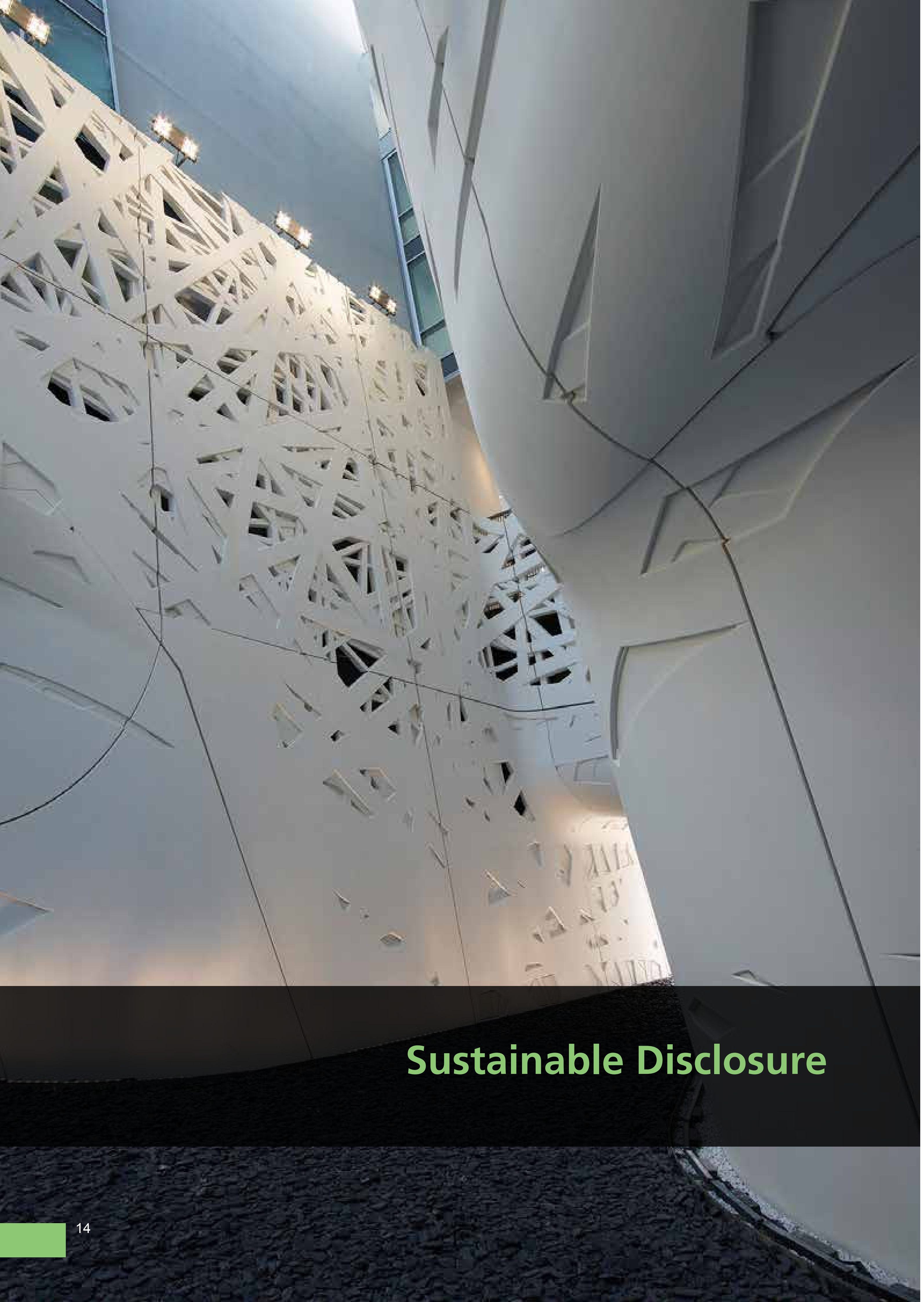
SCGC implemented its own Anti-bribery Compliance Program in 2013. The program is part of a wider initiative aimed at reducing risks in terms of Corporate Criminal Liability. Within the scope of this project, SCGC will also adopt Organization, Management and Control Model targeting to prevent corruption and bribery.

In 2012, the company began developing the local Antitrust Compliance Program to provide a formal framework – guidelines, processes, monitoring and reporting activities – to ensure the business as a whole complies with all applicable 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 its triennial Enterprise Risk and Compliance Programme (ERM) ensuring better risk management and audit systems. Risk Report, issued twice a year, gives the overview and follow up of main risks and opportunities. Starting from 2014 the Annual Risk Assessment is based on three following metrics: risk and opportunity impacts, probability of occurrence or time horizon and level of control.

Since 2012, an integrated Internal Audit Programme is in place also addressing health, safety, and environment, antitrust and anti-corruption and anti-bribery issues over a period of three years. The objective is to better assess and improve risk management control and governance processes by applying systematic and disciplined approach. Risk levels and audit ratings are homogenously defined over five levels. Corrective action plans are discussed with all the involved functions

In 2014, the company outlined guidelines for the internal whistleblowing system outlining how employees, directors and third parties working with SCGC can report information or concerns about suspected mismanagement or misconduct. The guidelines clearly set out what types of activities should be reported and to whom and call for the formation of a Compliance Committee.



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SUSTAINABLE DISCLOSURE

Sustainability Policy

One of SCGC's main ambitions is promoting 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. SCGC's vision is designed to benefit Egyptian communities and clients.

Sustainable development is an integral part of the firm'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, all of which facilitate more progressive risk forecasting and management.

The Sustainability Policy is the cornerstone of the company's approach towards sustainability. It covers key themes affecting its business influence and activities, namely: human rights, business integrity, health and safety, labor practices, social initiatives, supply chain, energy efficiency, environmental protection, product quality 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 and initiatives in the renewable energy sector. SCGC's major successes in this area are listed on the corporate website.

The following represent the core values that drive all SCGC activities:

Responsibility: Making a long-term commitment to sustainability

Integrity: Ethical behavior at the heart of all business practices

Efficiency: Operational excellence through continuous improvement

Innovation: Encompassing all products and management

Diversity: Understanding and supporting local identities

SAFETY

Employee perceptions regarding their organization's commitment to safety correlate to staff members' willingness to adopt and promote safe practices on the job, which are inherently designed to prevent workplace injuries. SCGC refuses to rest in its goal to end unsafe practices at each of the Company's facilities.

To become one of the safest companies in the industry, SCGC's mission is to reduce the frequency rate of workplace accidents. In 2015, 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 – was 1.2. Additionally, the severity of recorded injuries was 0.12, while the number of days lost without commuting was 708 days. The Total Recordable Injury Rate (TRIR) was 2.5 including Fatalities, Lost Time Injuries, Restricted Work Duty and Medical Treatment.

SCGC also launched a new safe driving policy on top of a campaign to increase awareness of the Company's driving code that stressed the importance of using seat belts at all times.

During 2015, all employees were evaluated based on their participation in promoting a safe workplace. SCGC is proud to announce that the Safety Department celebrated its best annual performance in 2015. The department was honored for its efforts by SCGC's Managing Director Mr. Bruno Carré at a ceremony attended by the Company's top management.

SCGC also implemented programs to improve group safety standards implementation. One such program was the campaign to eliminate the risk of falling from height. The campaign showed employees how to perform

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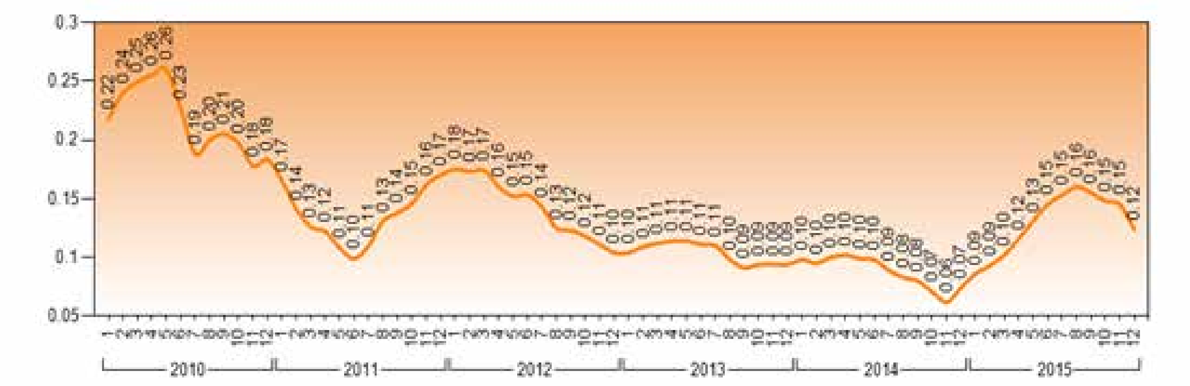
manual loading operations for cement bags inside the packing area. Furthermore, the Company installed handrail protection and limit switches to help protect employees and machinery in these areas.

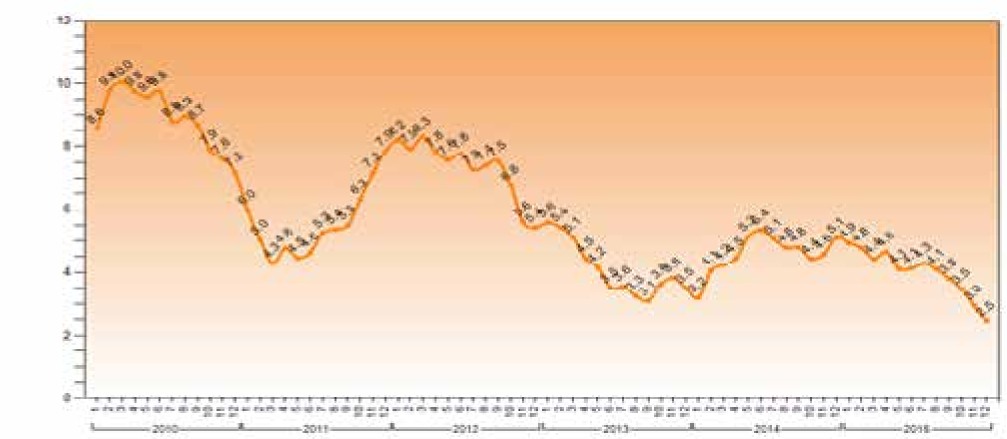
Another example is a program dedicated to reducing risks when lifting material using overhead cranes. In this vein, SCGC ordered five new material elevators for the Helwan and Suez Plants.

SCGC's LTI FR for employees and temporary employees

SCGC's LTI SR for employees and temporary employees



SCGC's TRIR for employees and temporary employees



Health and Product Responsibility

SCGC strongly believes that preserving employee health and enhancing the wellbeing of workers is as vital as safety awareness.

Health management, including the promotion of industrial hygiene (minimal dust, noise and whole-body vibration hazards), is one of the Company's major concerns.

Exposure Risk		Tourah	Helwan	Kattameya	Suez	Minya	Suez Bags	HQ	Suez Transp
% of workers exposed	Dust	51%	52%	53%	70%	46%	0%	0%	0%
	Silica	41%	38%	31%	39%	39%	0%	0%	0%
	Noise	20%	49%	53%	64%	38%	62%	0%	0%
	Whole-body vibration	2%	4%	5%	3%	4%	6%	0%	19%
Monitoring									
% of workers monitored	Dust	98%	102%	100%	103%	100%	4%	0%	0%
	Silica	106%	117%	100%	128%	99%	2%	0%	0%
	Noise	65%	100%	100%	99%	100%	3%	0%	0%
	Whole-body vibration	100%	100%	100%	105%	100%	75%	0%	0%

ENVIRONMENTAL PROTECTION

All of SCGC's plants have separately renewed their ISO 14001 certificates and applied ISO 14001/2004 standards. Each plant has its own certification.

In April 2015, amendments to Law No. 4 of 1994 were issued outlining government requirements on the integration of coal/petcoke as a primary fuel to power cement kilns, which also included further restrictions on air pollutants and greenhouse gas emissions. Companies have a grace period of five years to comply with these standards.

To this end, SCGC developed stricter environmental targets for its plants to avoid penalties and to better align with the firm's corporate value of "Continuous Improvement." In related news, EMS has further urged SCGC to adopt a policy that reflects management's commitment toward improving ecosystems in areas surrounding Company facilities.

Climate Protection

Cement production is an energy and carbon-intensive process. To track its carbon emissions, SCGC has been monitoring and reporting carbon dioxide emissions from its operations since 2006, following the WBCSD CSI CO2 protocol for the cement industry.

In 2015, the Suez, Kattameya and Tourah Plants received permission to utilize coal power for two years. These agreements will be renewed based on annual performance reports from each plant.

The approval process to integrate coal/petcoke power at the Helwan Plant is on track and will likely see fruition mid-2016.

SCGC's 2015 CO_2 Cement Production* Emissions

Absolute gross (tonne/year)	6,063,635
Specific gross (kg/tonne clinker)	844
Specific gross (kg/tonne cem.**)	718

* These calculations are based on the WBCSD-CSI CO_2 protocol, June 2005 and Italcementi Group guidelines.

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

Air Emissions:

All plant emissions are carefully monitored using international standards and best practices.

- Regular monitoring: 100% of SCGC's clinker production lines are equipped with CEMs to measure SO_2, NO_x, CO, O_2, THC and dust as per Italcementi guidelines.

- Spot monitoring: All pollutants and micro pollutants specified in the SD Air Emissions Procedures are now measured as part of plant emissions testing.

The ultimate goal of the Company's environment policy is to promote the sustainable use of resources, long-term economic growth and an improvement in the quality of life for generations to come.

Responsible use of resources: SCGC is currently applying CSI guidelines.

Alternative Raw Material (ARM): The Company is using non-quarried materials slag as a substitution for clinker in cement products. The slag consists of 4.22% ARM versus quarried raw materials.

Alternative Fuel: SCGC utilizes biomass and refuse-derived fuels to power cement production. Alternative power sources comprise 6.55% of the firm's total energy mix, which mainly consists of fossil fuels. The vast majority of SCGC's alternative energy production is based at the Kattameya and Helwan Plants.

Clean Development Mechanism (CDM) projects: The Company is implementing two CDM projects; one at the Helwan Plant and the other at the Kattameya Plant. The aim of the projects is to further SCGC's sustainable development values – environmental protection, economic growth and corporate social responsibility, all of which align with the Egyptian government's sustainability efforts. Both initiatives were submitted to the UNFCCC and registered in July 2003 with a 10-year crediting period.

Quarry Rehabilitation Programs

In 2015, SCGC finalized its first Biodiversity Plan, in co-operation with Ain Shams University's Zoology Department Architecture and the Environment Department of Italcementi Group's Technical Centre (CTG), at the Helwan Limestone Quarry. The program's aim was to analyze and monitor biodiversity levels at the largest SCGC quarry and then compare them to surrounding areas. Scientists found over eight plant varieties, nine terrestrial vertebrate species (i.e. mammals, reptiles and birds) and five soil invertebrates in addition to more than 12 distinct types of water algae in the quarry areas. The team also reported that quarry rehabilitation activities had led to the formation of small lakes that migratory birds use as stopovers as they make their way south in the winter and north in the summer. In light of the partnership's success, SCGC renewed the agreement with Ain Shams University for another two years.

Launched in 2013, the study measures biodiversity levels within the quarry according to a number of indices utilizing sampling methodologies accepted by the scientific community. The project team conducts measurements over a period of 2-3 years on a seasonal basis. The ultimate goal is to show that a cement plant quarry can host the same or higher levels of biodiversity compared to surrounding areas as long as proper rehabilitation practices are carried out using proven approaches like the ones SCGC has chosen to put in place.

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SCGC is currently implementing four other rehabilitation projects, three of which were undertaken voluntarily.

- The government mandated refilling of the west portion of the Tourah Clay Quarry began in 2007. The site is the oldest quarry in the country. In 2013, the project moved forward with the refilling of the quarry's east section as well as, using specialized filling techniques and draining protocols. The goal was to stabilize land along the National Railway nearby

- Two other refilling projects are located at the Suez Plant Clay Quarry

- Furthermore, some 300 palm trees were planted in the area to create a buffer zone between the quarry and the Kattameya-Ain Sokhna Highway

SOCIAL INITIATIVES

Driven by the company's ongoing commitment to corporate social responsibility, SCGC has continued to promote initiatives that focus on key needs of local community members. In 2015, SCGC again made education and health priorities, spending more than € 2,130,600 on related programs across the country. These initiatives also aimed to improve stakeholder relations through dialogue and co-operation. Only projects that contribute to the quality of life for community members as well as comply with local government policies and the UN Universal Declaration of Human Rights are chosen. SCGC hopes to build a better future for future generations in partnership with local NGOs, United Nations agencies, schools, hospitals and universities. It is therefore no surprise that the Company's CSR program was recognized as one of the Top 10 in Egypt by the Federation of Egyptian Industries (FEI).

One of the most successful projects was SCGC's sponsorship of the annual ENACTUS National Competition involving universities in Helwan, Suez and El Minya. ENACTUS is an international non-profit organization that brings together students, researchers and business leaders who are committed to entrepreneurship and development. Over 30 government and private universities participated in the 2015 competition, where each team presented the results of development projects implemented throughout the 2014-2015 academic year. The projects were evaluated by a jury made up of prestigious Egyptian business leaders who ranked the students on their successful using innovation to improve the quality of life and standards of living for those in need. Judges also looked at which projects had the most impact creating economic opportunities for others. The winners of the national competition were then invited to compete at the prestigious Enactus World Cup that took place in South Africa and involved students from 39 countries.

As part of the project with the Misr El Kheir Foundation to revamp the Emergency Room in Helwan Public Hospital and improve health infrastructure across the governorate, the Company revitalized hospital infrastructure, paid for new equipment and improved staff morale.

In February 2015, SCGC helped inaugurate the Omar Ibn El-Khattab Preparatory School for Boys in Kafr Selim, an impoverished district of Suez Governorate, in co-operation with the Takatof Association for Development. The school was completely upgraded and refurbished and more than 800 pupils, including children with special needs, now enjoy brighter, warmer classrooms thanks to this initiative. The project's activities included training courses for the school's 61 teachers, administrative staff and parents. In addition, the partnership resulted in another agreement to implement a program that aims to put an end to classroom violence and improve education as well as hire necessary cleaning and security staff.

In that same vein, Helwan Cement Company (HCC) and the Association for the Development and Enhancement of Women (ADEW) renovated Kafr El Elw Primary School in Helwan under the auspices of the "Madrasti" (My School) project. The program improves educational conditions through the development of school infrastructure to create healthy environments for youth. A ceremony was held at the school premises where attendees got a

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chance to see the positive change brought about by the extensive renovations. The contribution from HCC also provided scholarships for 500 students, covering tuition fees, books, uniforms, bags, shoes, etc.

Likewise, SCGC partnered with CARE Egypt to upgrade three primary and secondary schools in El Minya Governorate throughout 2015. The project "Improving Learning Environment through Community Engagement" seeks to raise awareness among school staff, teachers and students about the importance of preserving and sustaining educational infrastructure and resources.

SCGC's long-lasting partnership with the Don Bosco Technical Institute started in 2006. Last year, the Company bestowed its annual contribution of € 25,000. The objective of the program is to promote technical and vocational education, upgrade Don Bosco's infrastructure and facilities and develop new programs. Graduates of Don Bosco are well known and in demand throughout the industrial sector for their excellent training and professional skills. SCGC has hired over 80 students to date (20 in 2015 alone), provided on-site training to more than 170 others and hosted summer internship and training opportunities.

As part of its comprehensive corporate social responsibility program, SCGC committed LE 30 million over three years to the Long Live Egypt Fund. In March 2015, the Company's top management handed a cheque to Prime Minister H.E. Ibrahim Mehleb at a special ceremony at his office. Similarly, under the auspices of the Ministry of Trade and Industry, SCGC sponsored the Egyptian Pavilion at the Milano EXPO 2015 with a donation of LE 300,000.

Finally, the Company has always participated in charity activities during the holy month of Ramadan and Eid al Adha (Feast of Sacrifice) by distributing food and supplies to impoverished families living in Maasara, Kafr El Elw and El Minya.

RESPONSIBLE PRODUCTION

Energy & Fuel

Due to fuel and electricity shortages, SCGC diversified its fuel mix with coal, petcoke and alternative fuels. Accordingly, alternative fuels and coal energy comprise 38% of SCGC's total energy mix and saved the Company over LE 250 million in 2015. The result exceeded the original 25% energy mix target for 2015. An additional LE 47 million worth of cost savings was due to the widespread optimization of coal power production at SCGC plants.

The Procurement Department was able to improve on its ability to supply plants with alternative fuel in the short and long term. In fact, its delivery rate increased 8% from 127,000 tonnes in 2014 to 138,000 tonnes in 2015. The department also expanded its database of qualified alternative fuel suppliers, which led to further cost savings.

Additionally, the Procurement Department also ensured fossil fuel supplies were secured in a timely manner and that appropriate stockpiles were secured to prevent stoppages due to fuel shortages. 2016 stockpiles were also earmarked for the next operational year at three plants.

Spare Parts and Consumables

SCGC continued its efforts to implement the Best Cost Country Sourcing (BCCS) project, which aims to boost procurement from low-cost countries without compromising the quality of materials or spare parts. The department continued further negotiations with current suppliers as well as secured sourcing of over 11% of necessary codified items from Chinese, Indian, Turkish and Middle Eastern suppliers. The overall savings for codified items in 2015 reached LE 7.3 million or 4.5% compared with 2014.

Subcontracting

The Procurement Department, with the support of the Technical and HR Departments, succeeded in its target to reduce subcontractor hours in order to save funds. The team is proud to report that it was able to reduce the number of contractors by 131 industrial services workers and 25 general service workers. These efforts mitigated inflationary pressures and decreased the subcontractor budget 3% to LE 111 million (from LE 114.5 million). This is in stark contrast to the Company's prediction that the budget for contractors would actually increase 7% for the year.

Raw Material Sourcing

During 2015, the Procurement Department was able to adequately source raw materials for each plant, boasting cost savings worth LE 4.8 million. The main focus was substituting imported slag with locally sourced slag as well as procuring other low-cost materials.

General Services

Furthermore, the Procurement Department, alongside the HR and Facilities Departments, also reduced other fixed cost expenditures. This area of the budget only climbed 7% versus 2014 and was below the country's average inflation rate of 10%. Moreover, representatives from each department were able to find additional savings in car rentals, collective transportation and consulting services, which cut the budget by LE 800,000 or 1% in comparison with the previous year.

Supplier Qualification

In 2015, SCGC furthered its commitment toward sustainable development via the Supplier Qualification program. The initiative consists of objectively evaluating suppliers in order to ensure they can meet their contractual obligations on top of meeting SCGC's health, safety and the environmental protection standards as well as the Company's Code of Ethics. This is an inter-departmental effort between the Procurement, Technical, Safety, Finance and Legal Departments. All are responsible for the evaluation of suppliers in their areas of concern. As of December 31, 2015, an estimated 97% of SCGC's top tier suppliers (representing 90% of the Company's annual spend) had completed or were in the process of completing qualification requirements.

Quality Policy and Product Range

SCGC offers several types of cement in various strength classes that comply with both Egyptian (ES 4756/1-2013) and international (EN 197/1-2011) standards.

The following types of cement are produced by SCGC:

Ordinary Portland Cement	CEM I 42,5 N
Ordinary Portland Cement	CEM I 42,5 R
Portland Limestone Cement	CEM II /B-L 32,5 N
Portland Slag Cement	CEM II /A-S 32,5 R
Sulphate Resistant Cement	CEM I 42,5 N SR 3
White Ordinary Portland Cement	CEM I 52,5 N
White Limestone Cement	CEM II /B-L 42,5 N

SCGC controls the quality of each cement type and strength class through its Quality Management System.

In addition to cement production, Suez Bags Company manufactures numerous types of bags used to store and transport cement, gypsum, milk and other paper products.

During the first half of 2012, a new Quality Policy was launched. The goal was to consolidate the Company's plans to improve product quality, processes and services, and thereby create added value along the product lifecycle. The end goal was to enhance the relationship between customers and suppliers.

To guarantee routine quality controls, SCGC signed an agreement with the Housing and Building Research Center to monitor the Company's products via accredited laboratories. The five plants adopted the Quality Management System, were subjected to regular audits and periodic updates and received ISO 9001-2008 Quality Management System and ISO 14001-2004 Environment Management System certification. Each was also EN 197-1 Certified for composition, specification and conformity criteria as well as EN 197-2 Certified for evaluation of conformity.

SCGC's white cement received the CE mark. All products were granted the Egyptian Quality Mark (EQM) as well.

During the second half of 2014, the Quality System Manual (QSM) was renewed to reflect modifications made in 2013 and 2014 in terms of instrument calibration, lab worker training, new standard requirements (Cr VI) and target adoption procedures.

Furthermore, other departments contributed to the QSM by updating their procedures in accordance with the SCGC Quality Policy.

Research and Innovation

SCGC's commitment to research and innovation is of strategic importance to guarantee growth, global competitiveness and the quality of life in nearby communities. It is also an important part meeting standards set by the Sustainable Development Program.

The Innovation rate, i.e. the ratio between innovation turnover and group global turnover, reached 8.2% in 2015 (6.7% in 2014, 6.5% in 2013, 6.2% in 2012, 6.9% in 2011 and 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 products and projects to total sales, surpasses the Company's long-term goal and the Budget through sales recorded by the Bravo Build shops, the Kalyub HUB, E-COMMERCE sales, and i.work OASIS (regional extension).

REPORTING AND KPIs

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

SCGC assesses its performance according to a wide range of measures and indicators. These KPIs help executive management measure performance against SCGC's strategic priorities and business plans.

Group reference	KPI	Summary
SDD001 Air Emissions Reporting Procedure	Dust, NOx, SO_2: 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 CO_2 Reporting Methodology	Absolute and specific gross CO_2 emissions and CO_2 emissions from electricity consumption	The procedure is compliant with the WBCSD/CSI Protocol: "CO_2 Accounting and Reporting Standard for the Cement Industry", June 2005 ver.2. Absolute gross and specific CO_2 emissions are reported to SDD by means of the WBCSD/CSI Cement CO_2 protocol spreadsheet. CO_2 emissions account total direct emissions, excluding biomass fuels. Cementitious products account both clinker production and mineral additions for cement grinding.

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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.

السويس للأسمنت
Suez Cement
Italcementi Group

GLOSSARY OF TERMS

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

CO_2	Carbon dioxide
SO_2	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
m^3	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)

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BOARD OF DIRECTOR AS OF DECEMBER 2015

number	Name	In his Capacity as	Representing
1	Mr. Omar Abd El Aziz Mohanna	Chairman	Ciments Francais
2	Mr. Bruno Carre	Managing Director	Ciments du Maroc
3	Mr. Agostino Nuzzolo	Board Member	Ciments Francais
4	Mr. Giovanni Ferrario	Board Member	MENAF
5	Mr. Ali Ihsan Kucukoglu	Board Member	MENAF
6	Mr. Mohamed Chaibi	Board Member	Ciments du Maroc
7	Mr. Andrea Dentone	Board Member	TERCIM
8	Mr. Raed Ibrahim Soliman El Mudaiham	Board Member	Investors Association
9	Mr. Mohamed Iftikhar Khan	Board Member	Investors Association
10	Mr. Alaa Mohamed Ahmed	Board Member	Public Sector
11	Mr. Abd El Hakim Kassem Kulib	Board Member	Public Sector
12	Ms. Dina Andrea George Khayat	Board Member	Independent Member
13	Dr. Mounir Soliman Neamattalah	Board Member	Independent Member

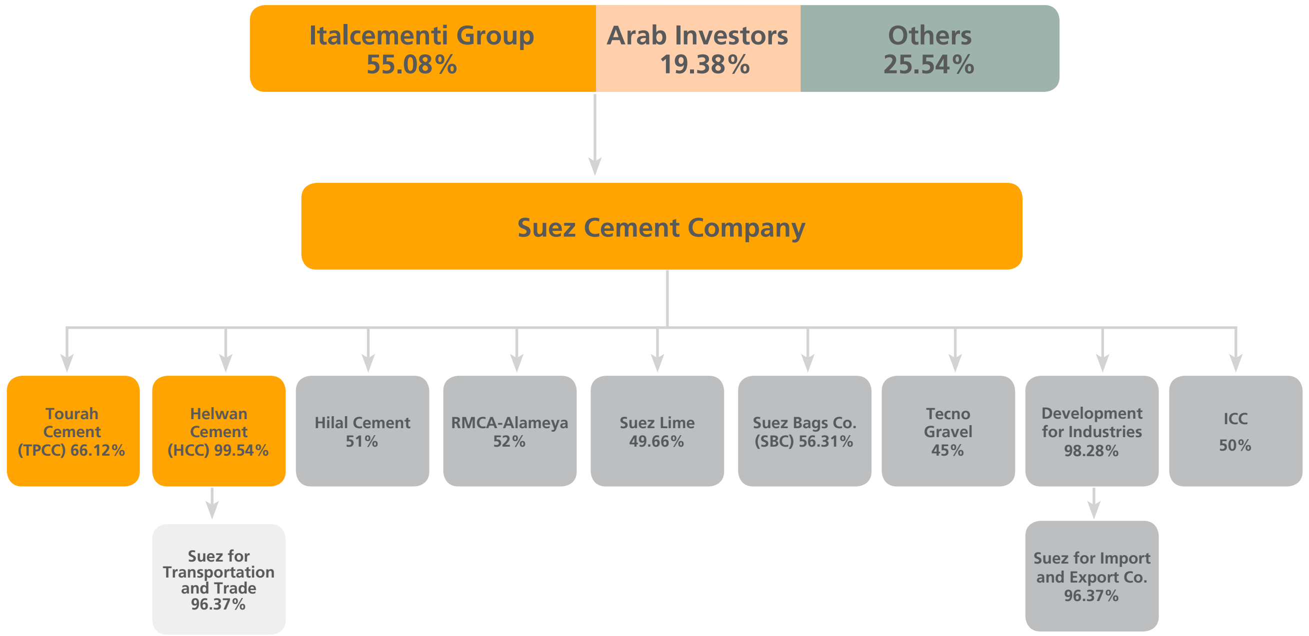
SHAREHOLDER INFORMATION

Suez Cement group of Companies (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 well-known landmarks and continues to serve market needs with its 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 mainly composed 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.

The Italcementi Group is the majority shareholder of SCC with a share of 55.08% in SCC which holds 66.12% of TPCC, 53.32% of Suez Bags and 99.55 % of HCC. SCC, TPCC and SBC are listed on the Egyptian Stock Exchange, while HCC was optionally delisted in January 2010.



The afoementioned structure includes SCC direct and indirect ownership

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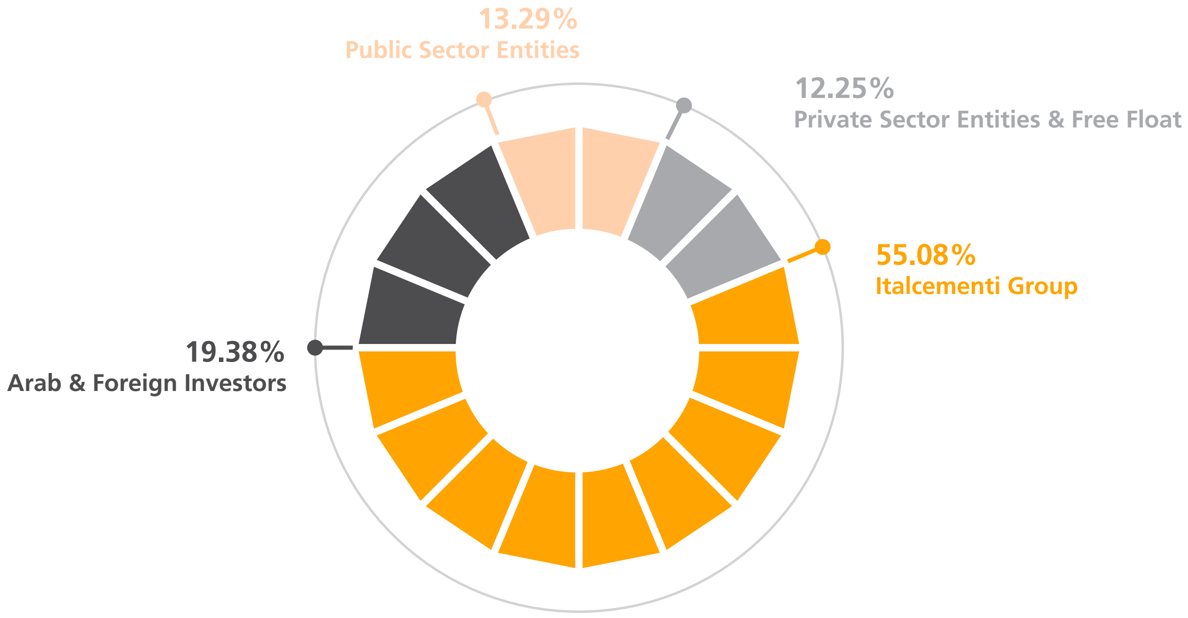
SCC Shareholding structure as of December 31st, 2015



SCC Trading Volume on The Egyptian Stock Market 2015

Month	Number of Traded Shares	Average Monthly Price	Trade Value EGP
January	542.340	39.07	21.191.184
February	503.547	40.84	20.564.247
March	983.618	41.91	41.228.243
April	144.075	39.81	5.736.345
May	29.875	37.40	1.117.353
June	167.341	37.58	6.289.231
July	1438.584	35.12	50.527.935
August	240.675	31.38	7.551.618
September	242.221	32.91	7.972.232
October	156.901	30.74	4.822.638
November	96.094	29.79	2.863.059
December	167.860	21.81	3.661.197
Total	**4.713.131**	**36.82**	**173.525.281**

Source: Misr Information System and Trading (MIST)

Dividend Policy

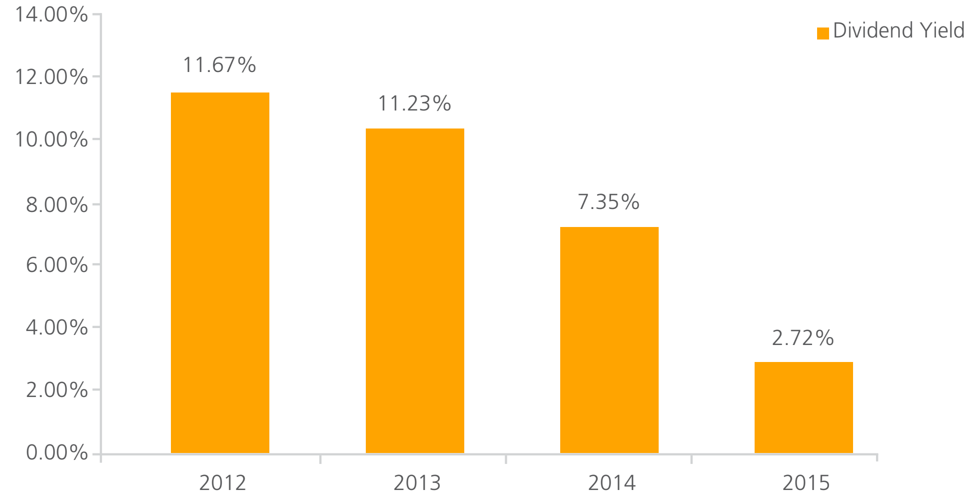
SCGC's management aims to continue implementing its high earning per share policy despite the challenging conditions over the last year. Our success in doing so proves SCGC's ability to sustain its business and even grow in the face of difficult market conditions.

Year	2012	2013	2014	2015
Average Share Price	22.71	23.59	36.06	36.82
Dividend Per Share	2.65	2.65	2.65	*1
Dividend Yield	11.67%	11.23%	7.35%	2.72%

EGP

*EGP 1 subject to OGM approval.

SCC Dividend Yield

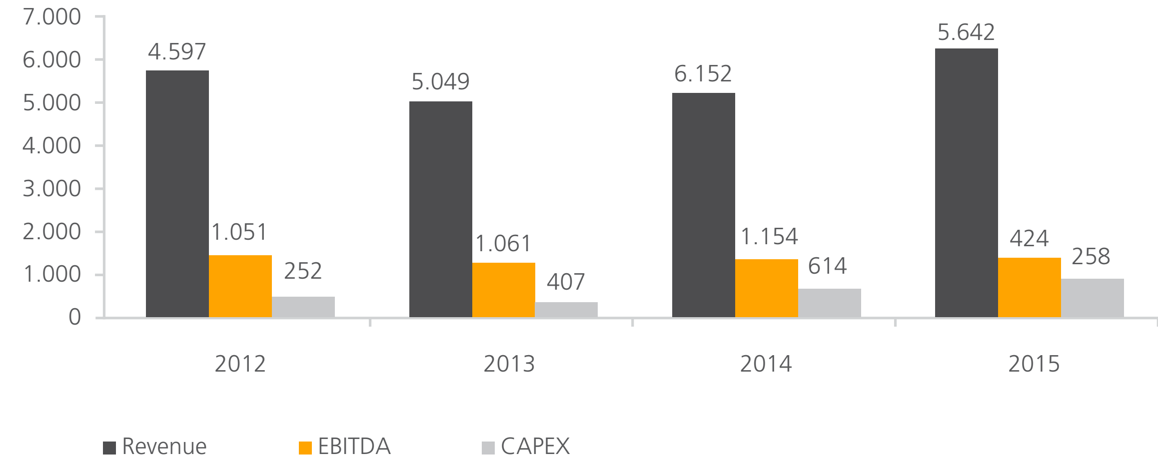


Capital Expenditure (CAPEX)

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

Year	2012	2013	2014	2015
Revenue	4,597	5,049	6,152	5,642
EBITDA	1,051	1,061	1,154	424
CAPEX	252	407	614	258

MEGP



FINANCIAL HIGHLIGHTS - CONSOLIDATION FOR YEAR 2015

	Dec-15	Dec-14	Dec-13
Revenue	5,642	6,152	5,049
Gross Profit	423	1,086	934
EBITDA	439	1,197	1,150
Net Earnings	(60)	500	538
Return on Sales	-1%	8%	11%
Gross Margin	7%	18%	18%
EBITDA Margin	8%	19%	23%
Fixed Assets	4,322	4,453	4,059
Total Assets	10,023	10,726	9,971
Cash & Cash Equivalents	809	1,559	1,811
Working Capital	619	1,086	1,380
Total Debt	147	147	110
Minority Interest	641	676	655
Shareholders Equity	6,581	7,185	7,273
Net Fixed Assets turnover	131%	138%	124%
ROA , Total Assets turnover	131%	57%	51%
Return on Equity	-1%	7%	7%
Current Ratio	127%	145%	179%
Debt to equity ratio	10%	20%	23%
Gearing ratio	10%	20%	23%

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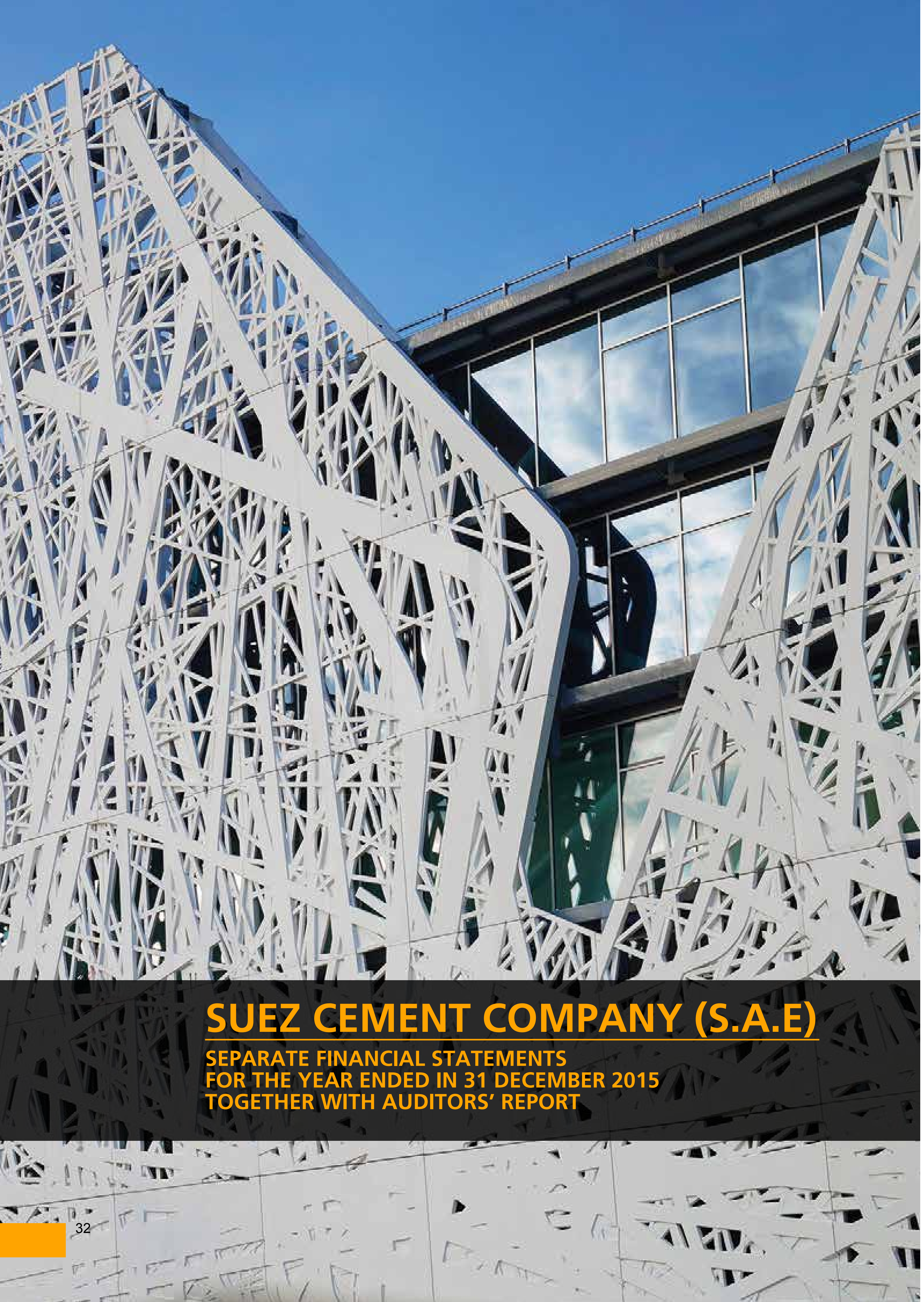
LEGAL INFORMATION ABOUT THE SUEZ CEMENT GROUP OF COMPANIES

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 04/12/2038
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		Italcementi Group 55.08% Arab & Foreign Investors 19.38% Public Sector Entities 13.29% Private Sector Entities & Free Float 12.25%	Suez Cement Co. 66.12% Public/Private Sector Entities 25.23% Free Float 8.65%	Suez Cement Co. 99.54% Private Sector Entities & Free Float 0.46%	Suez Cement Co. 53.32% Tourah Cement Co. 4.52% Dipeco Swiss LTD 29.89% Free Float 12.27%
Voting Powers for Decision Making		Suez Cement	Tourah Cement	Helwan Cement	Suez Bags
Capital	Authorized	LE 3,600 million	LE 800 million	LE 2000 million	LE 24 million
	Paid up	LE 909,282,535	LE 357,621,000	LE 583,456,155	LE 21,870,000



SUEZ CEMENT COMPANY (S.A.E)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED IN 31 DECEMBER 2015 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 2015, 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 financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these 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 2015, 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 2015 and for better understanding of the company's consolidated financial position as 31 December 2015 and its consolidated financial performance, and its consolidated 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 separate 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: 3 March 2016

Auditors

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

Allied for Accounting & Auditing (EY)

SEPARATE BALANCE SHEET AS OF 31 DECEMBER 2015

	Note	2015	2014
Non-current assets			**(Restated)**
Fixed assets	(3)	825,746,310	670,153,431
Projects under construction	(4)	161,452,239	336,940,011
Investments in subsidiaries	(5-a)	4,546,052,988	4,546,052,988
Investments in an associate and share in joint ventures	(5-b)	30,267,255	30,267,255
Available-for-sale investments	(5-c)	2,433,859	2,543,767
Amounts paid under investments in subsidiaries			
and other companies	(5-d)	1,186,791	1,186,791
Loan to subsidiaries	(6)	33,000,000	43,000,000
Total non-current assets		**5,600,139,442**	**5,630,144,243**
Current assets			
Inventory	(7)	425,954,425	442,115,519
Accounts receivable	(8)	826,415	658,136
Due from related parties	(9)	5,042,343	2,688,688
Prepayments and other receivables	(10)	112,283,429	161,636,494
Cash at banks	(11)	479,795,867	668,081,707
Total current assets		**1,023,902,479**	**1,275,180,544**
Current liabilities			
Provisions	(12)	167,863,788	152,979,726
Bank overdraft	(13)	24,265,314	50,715,612
Accounts payable		345,389,649	315,820,434
Due to related parties	(14)	34,041,104	63,094,375
Income tax for the year		22,882,160	63,085,707
Accrued expenses and other payables	(15)	170,841,543	267,817,826
Total current liabilities		**765,283,558**	**913,513,680**
Working capital		**258,618,921**	**361,666,864**
Total investment		**5,858,758,363**	**5,991,811,107**
Financed as follows:			
Equity			
Issued and paid up capital	(16-a)	909,282,535	909,282,535
Legal reserve	(16-b)	454,641,267	454,641,267
Other reserves	(16-b)	2,214,173,360	2,211,709,171
Reserve of unrealized gains on available-for-sale investments			
1,320,859			
1,430,767			
Retained earnings		1,842,361,036	1,888,562,499
Profits for the year		361,032,928	478,982,470
Total equity		**5,782,811,985**	**5,944,608,709**
Non-current liabilities			
Other long term liabilities	(17)	29,866,010	13,571,411
Deferred tax liabilities	(18)	46,080,368	33,630,987
Total non-current liabilities		**75,946,378**	**47,202,398**
Total finance of working capital and non-current assets		**5,858,758,363**	**5,991,811,107**

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

-The accompanying notes from (1) to (28) are an integral part of these separate financial statements.
- Auditors' report attached.

SEPARATE STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
			(Restated)
Sales		**2,002,600,352**	**2,026,713,115**
Cost of sales		(1,764,463,204)	(1,720,545,414)
GROSS PROFIT		**238,137,148**	**306,167,701**
General and administrative expenses	(20)	(165,093,934)	(112,779,221)
Provisions	(12)	(37,071,974)	(26,146,111)
Provisions no longer required	(12)	21,169,418	14,783,336
Reversal of impairment of prepayments and other receivables		423,613	-
Board of directors' remuneration and allowance		(141,000)	(116,250)
Dividends income	(22)	269,814,555	298,865,926
Other income	(21)	35,983,561	35,007,668
OPERATING PROFITS		**363,221,387**	**515,783,049**
Finance expenses		(5,661,203)	(4,529,373)
Credit interests		45,658,712	47,847,738
Gain from sale of fixed assets		72,000	2,464,189
Foreign exchange differences		(6,926,427)	11,275,809
Loss from sale of obsolete Inventory		-	(2,840,963)
PROFITS BEFORE INCOME TAXES		**396,364,469**	**570,000,449**
Deferred income taxes for the year	(18)	(12,449,381)	(27,932,272)
Income taxes for the year	(19)	(22,882,160)	(63,085,707)
PROFITS FOR THE YEAR		**361,032,928**	**478,982,470**
EARNINGS PER SHARE	**(26)**	**1,86**	**2,41**

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 (28) are an integral part of these separate financial statements

SEPARTE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued and paid up capital	Legal reserve	Other Reserves	Reserve of unrealized gains on available-for-sale investments	Retained earnings	Profits for the year (Restated)	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 31 December 2014 as issued	909,282,535	454,641,267	2,211,709,171	1,430,767	1,888,562,499	471,824,836	5,937,451,075
Tax differences (note 28)	-	-	-	-	-	7,157,634	7,157,634
Restated balance as of 31 December 2014	909,282,535	454,641,267	2,211,709,171	1,430,767	1,888,562,499	478,982,470	5,944,608,709
Transferred to retained earnings	-	-	-	-	478,982,470	(478,982,470)	-
Dividends and transferred to other reserves	-	-	2,464,189	-	(525,183,933)	-	(522,719,744)
Unrealized loss on available for sale investment	-	-	-	(109,908)	-	-	(109,908)
Profits for the year	-	-		-	-	361,032,928	361,032,928
Balance as of 31 December 2015	**909,282,535**	**454,641,267**	**2,214,173,360**	**1,320,859**	**1,842,361,036**	**361,032,928**	**5,782,811,985**
Balance as of 1 January 2014	909,282,535	454,641,267	2,211,524,361	2,748,405	1,785,348,568	628,473,258	5,992,018,394
Transferred to retained earnings	-	-	-	-	628,473,258	(628,473,258)	-
Dividends and transferred to other reserves	-	-	184,810	-	(525,259,327)	-	(525,074,517)
Unrealized loss on available for sale investment	-	-	-	(1,317,638)	-	-	(1,317,638)
Profits for the year	-	-	-	-	-	478,982,470	478,982,470
Restated balance as of 31 December 2014	**909,282,535**	**454,641,267**	**2,211,709,171**	**1,430,767**	**1,888,562,499**	**478,982,470**	**5,944,608,709**

- The accompanying notes from (1) to (28) are an integral part of these separate financial statements.

SEPARTE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		396,364,469	570,000,449
Dividends income	(22)	(269,814,555)	(298,865,926)
Depreciation of fixed assets	(3)	137,182,463	114,746,449
Provisions	(12)	37,071,974	26,146,111
Provisions no longer required	(12)	(21,169,418)	(14,783,336)
Reversal of decline in value of obsolete inventory		(1,804,800)	(6,264,811)
Reversal of impairment of prepayments and other receivables		(423,613)	-
Liabilities against end of service plan	(17)	17,644,599	1,499,894
Finance expenses		5,661,203	4,529,373
Credit interests		(45,658,712)	(47,847,738)
(Gain) from sale of fixed assets		(72,000)	(2,464,189)
Operating profits before changes in working capital		254,981,610	346,696,276
Change in inventory	(7)	17,965,894	(240,439,753)
Change in accounts receivable	(8)	169,016	(492,523)
Change in due from related parties	(9)	(2,353,655)	(338,754)
Change in prepayments and other receivables	(10)	52,634,208	(86,357,134)
Change in accounts payable		29,569,214	122,222,726
Change in due to related parties	(14)	(29,053,271)	29,675,211
Change in accrued expenses and other payables	(15)	(96,976,283)	119,789,547
Cash from operations		226,936,733	290,755,596
Finance expense paid		(5,661,203)	(4,529,373)
Income taxes paid		(63,085,707)	(97,533,354)
Provisions used		(2,049,863)	(2,113,596)
Payments in respect of End of service plan		(1,350,000)	(1,425,000)
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		**154,789,960**	**185,154,273**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		72,000	2,503,899
Payments in respect of investments in subsidiaries		-	(48,051,250)
Payments in respect of projects under construction	(4)	(117,287,570)	(409,489,693)
Dividends received		269,814,555	298,865,926
Credit Interests received		43,495,257	51,848,820
NET CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES		**196,094,242**	**(104,322,298)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan to subsidiary		10,000,000	3,000,000
Dividends paid		(522,719,744)	(525,074,517)
NET CAH FLOWS (USED IN) FINANCING ACTIVITIES		**(512,719,744)**	**(522,074,517)**
Net (decrease) in cash and cash equivalent during the year		**(161,835,542)**	**(441,242,542)**
Cash and cash equivalent- beginning of the year		617,366,095	1,058,608,637
Cash and cash equivalent- end of the year		**455,530,553**	**617,366,095**
For the purpose of preparing the statement of cash flows; cash and cash equivalent comprise of the following:			
Cash at banks	(11)	479,795,867	668,081,707
Less:			
Bank overdraft	(13)	(24,265,314)	(50,715,612)
Cash and cash equivalent		**455,530,553**	**617,366,095**

-The accompanying notes from (1) to (28) are an integral part of these separate financial statements.

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NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2015

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 acquires (through its subsidiaries) 55% of the company's outstanding shares as of 31 December 2015.

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 2015 were authorized for issuance in accordance with the Board of Directors' resolution on 10 February 2016.

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.

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

Non-monetary 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.

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.

Interest in joint ventures

A joint arrangement is an arrangement of which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Suez Cement Company S,A,E accounts for its interest in the joint venture in its separate financial statement using cost method; and in its consolidated financial statements using equity method.

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 Employees' benefits

End of service benefits

Defined benefit plan

The Company provides end of service benefits to its employees, The entitlement to these benefits is measured based upon the employees' final salaries and length of service, The expected costs of these benefits are accrued over the period of employment.

The expected costs of these benefits are accrued over the period of employment based on the actuarial present value of the future payments required to settle the obligation resulting from employees' service in the current and prior periods.

Actuarial gains and losses on End of services benefits are recognised immediately in the statement of

income in the period in which they occur.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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 director.

2.18 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.

2.19 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.

2.20 Statement of cash flows

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

2.21 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 2015	398,503	526,090,129	1,613,896,531	38,526,155	84,694,001	2,263,605,319
Transfer from Projects under construction (Note 4)	-	9,041,169	276,134,749	5,382,767	2,216,657	292,775,342
Disposals	-	-	(229,585)	(70,975)	-	(300,560)
As of 31 December 2015	**398,503**	**535,131,298**	**1,889,801,695**	**43,837,947**	**86,910,658**	**2,556,080,101**
Accumulated depreciation						
As of 1 January 2015	-	(390,102,111)	(1,108,621,678)	(33,994,617)	(60,733,482)	(1,593,451,888)
Depreciation for the year		(19,141,628)	(108,799,681)	(1,662,934)	(7,578,220)	(137,182,463)
Disposals	-	-	229,585	70,975	-	300,560
As of 31 December 2015	**-**	**(409,243,739)**	**(1,217,191,774)**	**(35,586,576)**	**(68,311,702)**	**(1,730,333,791)**
Net book value as of 31 December 2015	**398,503**	**125,887,559**	**672,609,921**	**8,251,371**	**18,598,956**	**825,746,310**
Net book value as of 31 December 2014	**398,503**	**135,988,018**	**505,274,853**	**4,531,538**	**23,960,519**	**670,153,431**

First:

Proceeds from sale of fixed assets (A)	**72,000**
Cost of fixed assets sold	300,560
Accumulated depreciation of fixed assets sold	(300,560)
Net book value (B)	**-**
Gain from sale of fixed assets (A) - (B)	**72,000**

Second:

• Fixed Assets as of 31 December 2015 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	180,690,494
Machinery, equipment and tools	631,207,621
Motor vehicles	29,815,496
Furniture and office equipment	45,368,259
Total	**887,081,870**

• No imposed restrictions on the ownership of fixed assets against credit facilities offered to the company.

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

4- PROJECTS UNDER CONSTRUCTION

Balance as of 1 January 2015	Additions during the year	Transferred to fixed assets during the year (note 3)	Balance as of 31 Dec 2015
LE	LE	LE	LE
336,940,011	**117,287,570**	**(292,775,342)**	**161,452,239**

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5- INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value	2015	2014
		LE	LE	LE
Subsidiary companies				
Helwan Cement Company S.A.E	99,55	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	53,32	10	22,438,108	22,438,108
Development for Industries Company S.A.E	98,28	100	225,000	225,000
Axim Egypt Company S.A.E	98,28	100	225,000	225,000
International City Company for Ready Mix (LLC) - KSA	50		47,701,250	47,701,250
Subsidiary companies through indirect investments *				
Suez For Transport and Trade S.A.E	96,37	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)	96,37		-	-
			4,546,052,988	**4,546,052,988**

* In addition to the company's share in the subsidiary companies. The company owns indirect shares through its subsidiaries. Hence. these companies are qualified 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 Helwan Cement S.A.E – subsidiary company by 99.55% and Tourah Portland Cement Company S.A.E – subsidiary company by 66.12%) in Suez for Transport and Trade (S.A.E) by 96.37%.

- 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 96.37%) in Suez for import and export (S.A.E) by 96.37 %.

B) Investments in an associate and joint ventures

	%of Ownership	Par value	2015	2014
		LE	LE	LE
Investment in an associate				
Techno Gravel For Quarries-Egypt S.A.E	45	10	28,334,257	28,334,257
Total investment in an associate			**28,334,257**	**28,334,257**
Share in joint ventures				
Suez Lime Company S.A.E *	49.66	100	3,621,100	3,621,100
Impairment loss			(1,688,102)	(1,688,102)
Total share in joint ventures			**1,932,998**	**1,932,998**
Total investments in an associate and share in joint ventures			**30,267,255**	**30,267,255**

* Suez Cement Company S.A.E has a 49.66 % interest in Suez Lime Company S.A.E ; a jointly controlled entity. The entity is jointly managed along with Unicalce company (an Italian company that holds 50 % interest) and Tourah Portland Cement Company S.A.E (that holds 1%).

The venturers have a contractual arrangement that establishes joint control over the economic activities of the entity; the arrangement requires unanimous agreement for financial and operating decisions among the ventures.

Suez Cement Company recognizes its share in the joint venture in the separate financial statements at cost and consolidated financial statements using the equity method.

C) Available-for-sale investments

	%of Ownership	Par value	2015	2014
		LE	LE	LE
Lafarge Cement Company – Egypt S.A.E	0.137	10	1,113,000	1,113,000
Reserve of unrealized gains on available-for-sale investments			1,320,859	1,430,767
			2,433,859	**2,543,767**

D) Amounts paid under investments in subsidiaries and other companies

	%of Ownership	Par value	2015	2014
		LE	LE	LE
Suez Bosphorus Cimento Sanayi Ve Ti	99.9	3.64	186,791	186,791
Italgin Egypt For Energy S.A.E	1	100	650,000	650,000
Italgin Gulf el Zeit S.A.E	1	100	350,000	350,000
			1,186,791	**1,186,791**

6- LOAN TO SUBSIDIARIES

On 20 October 2006. Suez Cement Company's Board of Directors approved to lend Ready Mix Concrete Al alamia (RMC)" S.A.E and its subsidiaries an amount of LE 300 Million at annual interest rate 10.54%.

The balance of the loan as of 31 December 2015 amounted to LE 15 Million; due from Ready Mix Concrete Al alamia (RMC)" S.A.E, and LE 18 Million; due from Development and Construction Materials Company (DECOM) S.A.E (subsidiary company by 52%).

7- INVENTORY

	2015	2014
	LE	LE
Raw materials	12,160,501	12,717,303
Spare parts and supplies	153,101,366	152,247,110
Fuel	114,661,395	64,406,618
Packing materials	4,647,860	3,905,052
Work in progress	106,192,958	178,053,129
Finished goods	49,852,790	66,652,479
Goods in transit	34,518,171	15,119,244
	475,135,041	**493,100,935**
Less:		
Decline in value of obsolete (spare parts) inventory	(48,810,528)	(50,896,328)
Decline in value of obsolete (packing -bags) inventory	(370,088)	(89,088)
	(49,180,616)	**(50,985,416)**
	425,954,425	**442,115,519**

*** Net decline in the value of obsolete inventory amounted to LE 1,804,800 has been recognized among cost of sales, as follows:**

	2015	2014
	LE	LE
Beginning balance	(50,895,416)	(57,250,227)
Decline in the value of inventory (added to the cost of sales)	(1,804,800)	(6,264,811)
Ending balance	**(49,180,616)**	**(50,896,328)**

8- ACCOUNTS RECEIVABLE

	2015	2014
	LE	LE
Accounts receivable	826,415	995,431
Less:		
Impairment of accounts receivables	-	(337,295)
	826,415	**658,136**

Impairment in the value of accounts receivable

	2015
	LE
Beginning balance	337,295
Impairment in the value of accounts receivable	(337,295)
Ending balance	**-**

9- DUE FROM RELATED PARTIES

	2015	2014
	LE	LE
Tourah Portland Cement Company S.A.E	2,177,389	-
Ready Mix Concrete Al alamia (RMC)" S.A.E	2,418,788	1,515,128
Axim Egypt S.A.E	-	3,702
Suez For Import and Export S.A.E	3,915	8,834
EL Helal Cement Company-Kuwait (Kuwaiti Joint Stock Company)	14,396	-
Techno Gravel For Quarries-Egypt S.A.E	-	366
Development and Construction Materials Company (DECOM) S.A.E	427,855	1,160,658
	5,042,343	**2,688,688**

10- PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	LE	LE
Prepaid expenses	12,491,842	8,510,264
Advances to suppliers	17,140,281	88,182,806
Deposits with others	45,112,699	37,155,013
Debtors – sale of fixed assets	-	527
Tax authority	7,534,752	10,225,394
Refunded tax	10,184,371	12,879,608
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	14,920,407	3,064,948
	107,639,607	**160,273,815**
Accrued interest	5,467,004	3,303,549
Less: Impairment in value of other debit balances	(823,182)	(1,940,870)
	112,283,429	**161,636,494**

Impairment in the value of other debit balances

	2015	
	LE	
Beginning balance	1,940,870	
No longer required	(423,613)	
Used during the year	(694,075)	
Ending balance	**(823,182)**	

11- CASH AT BANKS

	2015	2014
	LE	LE
a- Egyptian Pound		
Current accounts	54,814,662	60,120,483
Treasury bills (mature in three months)	332,573,828	442,686,018
b- Foreign currencies		
Current accounts	3,893,314	2,936,386
Time deposits (mature in three months)	88,514,063	162,338,820
	479,795,867	**668,081,707**

12- PROVISIONS

	Balance as of 1 January 2015	Charged during the year	Utilized during the year	Provisions no longer required	Balance as of 31 December 2015
	LE	LE	LE	LE	LE
Tax claims	93,826,404	33,487,000	(673,494)	-	126,639,910
Judicial disputes	12,821,837	1,314,400	(345,000)	(725,000)	13,066,237
Training support fund	46,331,485	1,278,282	-	(20,444,418)	27,165,349
Other claims		992,292	-	-	992,292
	152,979,726	**37,071,974**	**(1,018,494)**	**(21,169,418)**	**167,863,788**

13- Bank Overdraft

Suez Cement Company S.A.E obtained lines of credit from banks capped at LE 683 million in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements and imported goods.

Total usage of these lines of credit as of 31 December 2015 amounted to LE 24,265,314.

14- DUE TO RELATED PARTIES

	2015	2014
	LE	LE
Ciments Francais (major shareholder)	15,321,688	31,828,864
Italcementi S.P.A	2,728,483	2,205,253
Tourah Portland Cement Company S.A.E	-	11,178,418
Helwan Cement Company S.A.E	2,037,341	6,972,170
Suez Bags Company S.A.E.	4,969,642	5,019,257
Suez For Transport and Trade S.A.E	8,983,950	5,890,413
	34,041,104	**63,094,375**

15- ACCRUED EXPENSES AND OTHER PAYABLES

	2015	2014
	LE	LE
Accrued expenses	40,064,104	30,693,775
Advances from customers	84,583,880	203,413,893
Tax authority – salary tax	1,807,047	1,717,927
Tax authority – withholding taxes	2,559,152	2,708,156
Tax authority-sales tax	10,482,218	1,533,228
Tax authority-Clay fees	4,802,385	3,563,775
Deposits from others	5,120,155	5,586,902
Social and medical security	1,140,938	1,013,761
Other payables	20,281,664	17,586,409
	170,841,543	**267,817,826**

16- CAPITAL AND RESERVES

16/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.

On 25 March 2013. the Extra ordinary General Assembly Meeting approved the increase of the Company's authorized capital to LE 3.600 million.

16/b. RESERVES

	2015	2014
	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	14,454,110	11,989,921
Total other reserves	2,214,173,360	2,211,709,171
Total reserve	**2,668,814,627**	**2,666,350,438**

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.

17- OTHER LONG TERM LIABILITIES

Liabilities – Defined benefit plan

The company pays amounts to the employees when they retire at the end of service according to the defined benefits plan which specifies the amount of retirement that is entitled to the employee. The amount of pay is based on one or more factors. including age, years of service, and salary. The output for the defined benefit plan is calculated using an actuarial valuation conducted in a manner using estimated additional unit after taking into consideration the following assumptions:

	2015	2014
Discount rate	14.60 %	16 %
Average salary increase	8 %	9 %
Annuity schedule	60	60

The amounts recognized at the date of balance sheet are as follows:

	2015	2014
	LE	LE
Present value of the defined benefit liability	29,866,010	13,571,411
Actuarial Present value of the defined benefit liability at the balance sheet	**29,866,010**	**13,571,411**

The movement of liability as per the balance sheet

	2015	2014
	LE	LE
Liability - beginning of the year	13,571,411	13,496,517
Past service cost * (Note 20)	13,543,309	-
Current service cost (Note 20)	923,906	869,297
Interest cost	2,067,495	1,878,365
Payments from the plan	(1,350,000)	(1,425,000)
Actuarial losses / (gains) (Note 20)	1,109,889	(1,247,768)
Liability – end of the year	**29,866,010**	**13,571,411**

* Past service cost, represents the change in the present value of the defined benefit plan for employees' services in prior periods; resulting from a plan amendment

Defined benefit plan cost as per income statement

	2015	2014
	LE	LE
Past service cost	13,543,309	-
Current service cost	923,906	869,297
Interest cost	2,067,495	1,878,365
Actuarial losses / (gain)	**1,109,889**	**(1,247,768)**

The analysis of defined benefit plan cost as per income statement

	2015	2014
	LE	LE
General and administrative expense	15,577,104	(378,471)
Finance expense	2,067,495	1,878,365
	17,644,599	**1,499,894**

18- DEFERRED INCOME TAX LIABILITIES

	2015	2014
	LE	LE
Depreciation of fixed assets	(75,028,102)	(65,487,166)
Provisions	28,947,734	31,856,179
Net deferred income tax (liability)	**(46,080,368)**	**(33,630,987)**

19- RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2015	2014
	LE	LE
Net profits before income taxes	**396,364,469**	**570,000,449**
Add:		
Accounting depreciation	137,182,463	114,746,449
Donations	14,713,951	5,597,620
Board of directors' allowance	1,689,864	1,709,067
Provisions	54,997,572	28,893,773
Indemnities and fines	941,211	823,800
Previous year expenses- un-supported documents	2,485,103	5,152
Tax on dividends	13,490,728	-
Labors Club	1,744,382	1,600,000
Hilal Company - Chairman Salary	430,242	428,393
Unrealized foreign exchange losses	87,077,259	-
Net profit as per tax law	711,117,244	723,804,703
Less:		
Tax depreciation	(224,317,835)	(192,832,804)
Suez Cement Company's share in the directors' bonuses of Suez Bag Company and Tourah Cement Company	(450,000)	-
Approved Donations	(11,627,907)	(1,785,930)
Capital Gains	(72,000)	(2,464,189)
Used provisions	(3,062,568)	(1,538,597)
Provisions no longer required	(24,016,126)	(22,295,915)
Unrealized foreign exchange gains	(76,057,765)	-
Dividends received	(269,814,555)	(291,639,312)
Dividend received after applied the law	-	(795,000)
Taxable income	**101,698,488**	**210,452,355**
Income tax using applicable tax rate (22,5 % × 101,698,488)	22,882,160	-
Income tax using applicable tax rate (25 % × 210,452,355)	-	52,613,089
Additional income tax using applicable tax rate (5%)	-	10,472,618
Income tax at the effective tax rate 22.50%	**22,882,160**	**63,085,707**

20- GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	LE	LE
Technical assistance fees (Note 27-a)	20,938,897	21,062,205
Salaries	54,670,646	46,100,077
End of service benefits plan- current and past service costs (Note 17)	14,467,215	869,297
Actuarial losses / (gain) (Note 17)	1,109,889	(1,247,768)
Communication expenses	21,810,018	27,420,868
Other general and administrative expenses	38,606,541	18,574,542
Tax on dividends	13,490,728	-
	165,093,934	**112,779,221**

21- OTHER INCOME

	2015	2014
	LE	LE
Management fees	10,691,172	10,583,239
Settlement value of clay development contribution fees	-	12,228,384
Other income	25,292,389	12,196,045
	35,983,561	**35,007,668**

22- DIVIDENDS INCOME

	2015	2014
	LE	LE
Helwan Cement Company S.A.E	261,380,365	243,933,398
Tourah Cement Company S.A.E	-	23,646,496
Ready Mix Concrete Al alamia (RMCA)- S.A.E	4,160,000	5,044,000
Suez Bags Company S.A.E	-	16,196,416
Suez for Transport and Trade – Egypt S.A.E	2,100,000	1,050,000
Lafarge Cement Company – Egypt S.A.E	1,049,190	448,002
Techno Gravel For Quarries-Egypt S.A.E	1,125,000	1,575,000
El Helal Cement Company – Kuwait	-	6,342,614
Axim Egypt Company S.A.E	-	630,000
	269,814,555	**298,865,926**

23- CONTINGENT LIABILITIES

The letters of guarantee issued at the Company's request are as follows:

Bank name	Amount in issued currency	Equivalent in	Cash margin
	LE	LE	LE
QNB AL AHLI	10,000	10,000	10,000
Bank of Alexandria	2,577,568	2,577,568	19,763
	2,587,568	**2,587,568**	**29,763**

The outstanding balance of issued letters of credit in favor of Suez Cement Company by Al Mashreq Bank, HSBC – Egypt, QNB Al Ahli, and National Bank of Egypt as of 31 December 2015 amounted to LE 245,140, LE 2,079,736, LE 951,460, and LE 33,606,324 respectively.

24- TAX SITUATION

a) Corporate taxes

- Period until Year 2007:

The tax authority has assessed the company for this period. It was agreed at the Internal Committee and the due value was paid within the limits of the provision

- Years from 2008 to 2009:

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

- Years from 2010 to 2014 :

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

b) Sales tax

- Years from 2008 to 2009:

Due tax was paid after the decision of the internal committee and a dispute is currently before the court in terms of some items.

- Years from 2010 to 2011:

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

- Years from 2012 to 2013:

The company files the tax declaration within the legal grace period. The company has not been assessed for this period till now.

c) Salary tax

- Period since inception up to 1998:

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

- Years from 1999 to 2013:

The company deducts the salary tax from employees and remits it to the tax authority within the legal grace period (monthly). The tax authority is currently in the process of inspecting the company's records for this period.

- Years from 2014 to 2015:

The company deducts the salary tax from employees and remits it to tax authority within the legal grace period (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. Due tax was settled and paid based on the internal committee decision.

- Years from 2006 to 2010:

The company paid the items that have been agreed upon with the internal committee, and currently the disputed items for this period are under re-inspection.

- Years from 2011 to 2014:

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

25- 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, loan to subsidiaries, and other debit balances. The financial liabilities include bank overdraft. 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.

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 amounted to LE 97,483,469 whereas; the financial liabilities denominated in foreign currencies amounted to LE 153,421,590.

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.

26- 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:

	2015	2014
	LE	LE
Net profits for the year	361,032,928	478,982,470
Less:		
Board of directors' dividends - estimated */ actual	(3,000,000)	(3,000,000)
Employees' dividends - estimated */ actual	(20,206,279)	(37,800,000)
Net profit available for shareholders	**337,826,649**	**438,182,470**
The weighted average number of outstanding shares	181856507	181856507
Earnings per share	**1,86**	**2,41**

* Estimation only / subject to the BOD decision until the approval of the General Assembly.

27- RELATED PARTY TRANSACTIONS

a) Ciments Francais (major shareholder)

The value of the technical assistance fees offered by Ciments Francais (major shareholder) for the year ended 31 December 2015 amounted to LE 27,318 million which represents 1 % of Cement sales revenues of Tourah portland cement company and Suez cement company excluding inter transactions (the maximum fees are 1% according to the agreement), Suez Cement portion of this technical assistance amounted to LE 20,939 million charged to statement of income (Note 20) and The Tourah Cement portion of this technical assistance amounted to LE 6,379 million.

The value of the expatriate fees offered by Ciments Francais (major shareholder) for the year ended 31 December 2015 amounted to LE 24,446 million.

b) Italcementi S.P.A (The parent company of Ciments Francais (major shareholder of Suez Cement Company S.A.E)

The value of the purchasing commission agreement and other services provided by Italcementi S,P,A to Suez Cement Company for the year ended 31 December 2015 amounted to LE 8,186 million.

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

The value of the supplied bags offered by Suez Bags S.A.E (subsidiary) for the year ended 31 December 2015 amounted to LE 91,108 million.

The value of the Suez Bags Company S.A.E portion from corporate redistribution services cost provided by Suez Cement Company for the year ended 31 December 2015 amounted to LE 5,422 million.

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

The value of the Tourah Cement Company S.A.E portion from corporate redistribution services cost provided by Suez Cement Company for the year ended 31 December 2015 amounted to LE 27,265 million.

The value of sold clinker to Tourah Cement Company S.A.E for the year ended 31 December 2015 amounted to LE 82 thousand.

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

The value of the Helwan Cement Company S.A.E portion from corporate redistribution services cost provided by Suez Cement Company for year ended 31 December 2015 amounted to LE 61,181 million.

The value of purchase clinker from Helwan Cement Company S.A.E for the year ended 31 December 2015 amounted to LE 19,950 million.

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

The value of sold cement to Ready Mix Concrete Al alamia (RMC)" S.A.E (subsidiary) for year ended 31 December 2015 amounted to LE 4,707 million.

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

The value of sold cement to Egyptian development for construction materials Decom Company S.A.E (subsidiary) for the year ended 31 December 2015 amounted to LE 8,881 million.

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

The value of sold cement to Suez for Transport and Trade S.A.E (subsidiary) for the year ended 31 December 2015 amounted to LE 3,842 million.

The value of transportation services offered by Suez Transport for Trade S.A.E (subsidiary) for year ended 31 December 2015 amounted to LE 57,140 million.

28- COMPARATIVE FIGURES

Net profit for the year 2014 was restated by increasing net profit for the year by LE 7,157,634; which represents the effect of decreasing due income tax for that year; according to the law no. 53 of 2014 and its regulations.

SUEZ CEMENT COMPANY (S.A.E)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 TOGETHER WITH AUDITORS' REPORT

AUDITORS' 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 2015, 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 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above, 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 2015, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (26) in the financial statement which indicates that , Globe Corporation against Helwan Cement Company (S.A.E.) (99.55% subsidiary) before the Court of Cairo claims payment of about US $ 17 million, plus interest as per the alleged contract since the year 2002. According to the opinion of the legal advisor of the company , the company has several legal, strong pleadings in merits, which might change the outcome of the case to be in favor of the company, however this might take long time until a judgment is rendered by the Court.

Cairo: 3 March 2016

Auditors

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

Allied for Accounting & Auditing (EY)

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2015

	Note	2015	2014
Non current assets			(Restated)
Fixed assets	(4)	3,908,950,340	3,885,737,848
Projects under construction	(5)	413,353,590	567,320,241
Goodwill		2,740,344,085	2,740,344,085
Investment in an associate and shares in joint ventures	(6 a)	32,521,782	31,171,428
Available-for-sale investments	(6 b)	2,454,420	2,564,328
Held to maturity investments	(6 c)	8,429,279	8,429,279
Amounts paid under investments in subsidiaries and other companies	(6 d)	2,186,795	2,186,795
Total non-current assets		**7,108,240,291**	**7,237,754,004**
Current assets			
Inventory	(7)	1,250,512,405	1,193,846,543
Accounts and notes receivable	(8)	233,457,762	220,328,964
Prepayments and other receivables	(9)	370,387,899	447,436,527
Cash on hand and at banks	(10)	1,060,315,580	1,626,454,394
Total current assets		**2,914,673,646**	**3,488,066,428**
Current liabilities			
Provisions	(13)	487,529,233	486,089,966
Bank overdraft	(12)	251,696,271	67,050,017
Accounts payable		793,009,440	873,185,944
Income taxes for the Year		50,081,934	-
Accrued income taxes		42,910,424	272,065,424
Accrued expenses and other payables	(11)	670,466,492	704,054,047
Total current liabilities		2,295,693,794	2,402,445,398
Working capital		618,979,852	1,085,621,030
Total investment		**7,727,220,143**	**8,323,375,034**
Financed as follows			
Equity			
Issued and paid up capital	(14 a)	909,282,535	909,282,535
Reserves	(14 b)	2,668,814,627	2,666,350,438
Reserve of unrealized gain on available-for-sale investments	(6 b)	1,320,859	1,430,767
Cumulative foreign currencies translation differences		41,450,934	29,646,227
Retained earnings		3,019,933,380	3,078,636,386
(Losses) / Profits for the year		(60,143,884)	499,747,685
Total equity		6,580,658,451	7,185,094,038
Non-controlling interest	**(15)**	**641,034,121**	**676,203,293**
Non current liabilities			
Medium term loans	(16)	146,584,528	146,611,574
Other long term liabilities	(17)	54,115,451	48,801,742
End of service benefits liabilities	(18)	97,552,942	32,878,242
Deferred tax liabilities	(24)	207,274,650	233,786,145
Total non-current liabilities		**505,527,571**	**462,077,703**
Total finance of working capital and non-current assets		**7,727,220,143**	**8,323,375,034**

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

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.
- Auditors' report attached.

السويس للأسمنت
Suez Cement
Italcementi Group

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
			(Restated)
Sales		5,642,108,499	6,151,762,321
Cost of sales		(5,219,402,801)	(5,065,704,685)
GROSS PROFIT		**422,705,698**	**1,086,057,636**
General and administrative expenses	(19)	(546,600,672)	(435,748,637)
Provisions	(13)	(61,439,505)	(70,382,700)
Provisions no longer required	(13)	51,366,774	23,252,452
Impairment of accounts and notes receivable		(9,256,621)	(641,172)
Impairment of prepayments and other receivables		(393,822)	-
Reversal of impairment of accounts and notes receivable		1,652,164	840,751
Board of directors' remuneration and allowances		(507,221)	(450,365)
Investment income in an associate company	(6 a)	2,729,789	2,726,092
Investment income		3,934,998	2,118,690
Other income	(20)	51,436,773	135,165,384
OPERATING (LOSSES) / PROFITS		(84,371,645)	742,938,131
Finance expenses	(21)	(35,430,257)	(23,014,971)
Credit interests		67,465,406	78,250,457
Gain from sale of fixed assets		1,005,336	4,962,163
Foreign exchange differences		14,265,331	38,749,949
Impairment of the value of projects under constriction		(3,024,269)	-
Other expenses	(22)	(36,560,079)	(31,144,967)
Losses from sale of obsolete inventory		(3,390,572)	(6,644,158)
(LOSSES) / PROFITS BEFORE INCOME TAXES		(80,040,749)	804,096,604
Deferred income taxes for the year	(24)	26,511,495	(46,457,235)
Income taxes for the year	(23)	(50,081,934)	(231,509,902)
(LOSSES) / PROFITS FOR THE YEAR BEFORE NON- CONTROLLING INTEREST		(103,611,188)	526,129,467
Non-controlling interest		43,467,304	(26,381,782)
(LOSSES) / PROFITS FOR THE YEAR		**(60,143,884)**	**499,747,685**

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 (30) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale investments	Cumulative foreign currencies translation differences	Retained earnings	(Losses) / Profits for the year	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 31 December 2014 - as issued	909,282,535	2,666,350,438	1,430,767	32,624,516	3,083,307,850	492,590,051	7,185,586,157
Adjustments	-	-	-	(2,978,289)	(4,671,464)	7,157,634	(492,119)
Adjusted balance as of 31 December 2014	**909,282,535**	**2,666,350,438**	**1,430,767**	**29,646,227**	**3,078,636,386**	**499,747,685**	**7,185,094,038**
Transferred to retained earnings	-	-	-	-	499,747,685	(499,747,685)	-
Dividends and transferred to reserves	-	2,464,189	-	-	(558,450,691)	-	(555,986,502)
Unrealized loss on available-for-sale investments	-	-	(109,908)	-	-	-	(109,908)
Foreign currencies translation differences for the year	-	-	-	11,804,707	-	-	11,804,707
Losses for the year	-	-	-	-	-	(60,143,884)	(60,143,884)
Balance as of 31 December 2015	**909,282,535**	**2,668,814,627**	**1,320,859**	**41,450,934**	**3,019,933,380**	**(60,143,884)**	**6,580,658,451**
Balance as of 1 January 2014	909,282,535	2,666,165,628	2,748,405	35,164,036	3,121,219,325	538,279,366	7,272,859,295
Adjustments on retained earnings – Non-controlling interest in the capital decrease of Helwan Cement Company	-	-	-	-	(173,626)	-	(173,626)
Adjustments on retained earnings-Tax differences	-	-	-	-	(5,159,507)	-	(5,159,507)
Adjusted balance as of 1 January 2014	**909,282,535**	**2,666,165,628**	**2,748,405**	**35,164,036**	**3,115,886,192**	**538,279,366**	**7,267,526,162**
Transferred to retained earnings	-	-	-	-	538,279,366	(538,279,366)	-
Dividends and transferred to reserves	-	184,810	-	-	(575,529,172)	-	(575,344,362)
Unrealized loss on available-for-sale investments	-	-	(1,317,638)	-	-	-	(1,317,638)
Foreign currencies translation differences for the year	-	-	-	(5,517,809)	-	-	(5,517,809)
Profits for the year	-	-	-	-	-	499,747,685	499,747,685
Balance as of 31 December 2014 (Restated)	**909,282,535**	**2,666,350,438**	**1,430,767**	**29,646,227**	**3,078,636,386**	**499,747,685**	**7,185,094,038**

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

Suez Cement
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December 2015

	Note	2015	2014
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income taxes		(80,040,749)	804,096,604
Depreciation of fixed assets	(4)	464,148,123	448,352,886
Impairment of accounts and notes receivable	(9,8)	(1,937,744)	641,172
Decline in value of inventory	(7)	(789,978)	(15,630,541)
Provisions	(13)	61,439,505	70,382,700
Provisions no longer required	(13)	(51,366,774)	(23,252,452)
Reversal of impairment of prepayments and other receivables	(9)	(1,652,164)	(840,751)
Liabilities against end of service plan	(18)	67,824,700	3,368,194
Investment income in an associate company		(2,729,789)	(2,726,092)
Finance expenses		35,430,257	23,014,971
Credit interests		(67,465,406)	(78,250,457)
Impairment in the value of projects under construction		3,024,269	-
(Gain) from sale of fixed assets	(4)	(1,005,336)	(4,962,163)
Operating profits before changes in working capital		**424,878,914**	**1,224,194,071**
Change in inventory	(7)	(55,875,884)	(334,334,588)
Change in accounts and notes receivable, and prepayments and other receivables	(9,8)	66,216,239	(200,754,907)
Change in accounts payable, and accrued expenses and other payables		(113,764,059)	632,205,325
Cash from operations		**321,455,210**	**1,321,309,901**
Finance expenses paid	(21)	(35,430,257)	(23,014,971)
Income taxes paid		(224,483,536)	(223,514,676)
Tax differences paid		(4,671,464)	(5,159,507)
Payment in respect of end of service plan		(3,150,000)	(3,150,000)
Provisions used	(13)	(8,633,464)	(43,661,865)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**45,086,489**	**1,022,808,882**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(4,5)	(42,067,448)	(48,460,847)
Change in debtors-sale of fixed assets		1,293,499	1,812,825
Proceeds from sale of fixed assets	(4)	1,346,915	10,883,723
Payments in respect of projects under construction	(5)	(269,353,540)	(603,146,733)
Increase of fixed assets - Fixed assets of International City for Ready Mix (K.S.A)	(4)	-	(199,126,517)
Proceeds from investment in an associate company	(6-a)	1,379,435	1,856,579
Payments for amounts paid under investment in subsidiaries and other companies	(6-d)	-	(700,000)
Credit interests received		67,465,406	78,250,457
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(239,935,733)**	**(758,630,513)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in medium term loans and other long term liabilities	(16,17)	5,286,663	69,713,361
Dividends paid		(555,986,502)	(575,344,362)
Dividends paid to non-controlling interest	(15)	(7,632,942)	(49,654,657)
Changes in non-controlling interest	(15)	15,931,074	44,112,287
Adjustments on retained earnings		-	(173,626)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(542,401,707)**	**(511,346,997)**
Net (decrease) in cash and cash equivalent during the Year		(737,250,951)	(247,168,628)
Foreign currencies translation differences related to fixed assets		(25,338,824)	1,119,381
Change in cumulative foreign currencies translation differences		11,804,707	(5,517,809)
Cash and cash equivalent - beginning of the year		1,626,454,394	1,814,046,625
CASH AND CASH EQUIVALENT – END OF THE YEAR		**875,669,326**	**1,562,479,569**
For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalent comprise of the following:			
Cash on hand and at banks (10)		1,060,315,580	1,626,454,394
Less:			
Bank overdraft		(184,646,254)	(63,974,825)
CASH AND CASH EQUIVALENT		**875,669,326**	**1,562,479,569**

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2015

1- BACKGROUND

Summary of Suez Cement Group Companies

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 acquires (through its subsidiaries) 55% of the company's outstanding shares as of 31 December 2015.

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 Consolidated financial statements of the Company for the Period ended 31 December 2015 were authorized for issuance in accordance with the Board of Directors' resolution on 18 February 2016.

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

	2015	2014
	%	%
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.	99.55	99.55
Ready Mix Concrete El - Alamya (RMCA) S.A.E	52	52
Hilal Cement Group (K.S.C.C.) – Kuwait	51	51
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%	96.37	96.37
Development for Industries Company S.A.E	98.28	98.28
Axim for industries Company S.A.E	98.28	98.28
Suez For import and Export S.A.E	96.37	97.90
International City Company for Concrete	50	50

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 2015 amounting to LE 419,254,863 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 2015 amounting to LE 305,671,064.

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

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 96.37%.

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 extraordinary 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,

This merge were reflect at the balance sheet as an increase in the fixed Assets by LE 129,758,310 against a decrease in the

good will by LE 68,686,548 and a decrease in Non-Controlling interest by LE 61,071,762.

The final goodwill amounted to LE 735,755.

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 Group (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.

Additionally; there's a goodwill related to Hilal Cement Company and its subsidiaries amounted to KD 5,047,444 equivalent to LE 124,507,572; and consequently, goodwill of Hilal Cement Company (K.S.C.C.) – Kuwait amounted to LE 241,107,547

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 39,943,069 as of 31 December 2015 have been presented separately in the shareholders' equity.

The cumulative foreign currencies translation differences resulted from the translation which belong to the non-controlling interest amounted to LE 38,376,675 as of 31 December 2015 have been presented as a part of non-controlling interests (Note 15).

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.

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%.

On10 August 2015, Suez Transport and Trade Company S.A.E acquired 100% of Suez for Import and Export Company (S.A.E) Share Capital, accordingly, The total indirect share of Suez Cement Company S.A.E is 96.37%.

International City for Ready Mix (LLC) - K.S.A
International City for Ready Mix Company is a limited liability company in Saudi Arabia; It was established on 11 January 2009 for the purpose of producing ready mix concrete.

On 21 January 2014; Suez Cement Company S.A.E. acquired 50% of the total 1,000,000 shares of International City for Ready Mix Company (K.S.A) with a par value of SR 100, with a total cost amounted to LE 47,701,250.

On 31 March 2014; Italcementi S,P,A which owns the other 50% of the total shares of International City for Ready Mix Company (K.S.A) agreed with Suez Cement Company S.A.E in relation to their powers over International City for Ready Mix Company, hence Suez Cement Company will have effective control over International City for Ready Mix Company (K.S.A).

On 18 December 2014; Italcementi SpA and Suez Cement Company S.A.E decided to increase their share Capital of International City Company for Concrete LLC – K.S.A by an amount of 50 million SAR; out of which Suez Cement Company shall subscribe 25 million SAR in cash.

The cumulative foreign currencies translation differences resulted from the translation which belong to the non-controlling interest amounted to LE 1,507,866 as of 31 December 2015 have been presented

as a part of non-controlling interests (Note 15).

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 de-recognition 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.

Interest in joint ventures

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is an arrangement of which two or more parties have joint control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Suez Cement Company S.A.E accounts for its interest in the joint venture in its separate financial statement using cost method; and in its consolidated financial statements using equity method.

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 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.

3.12 Employees' benefits

End of service benefits

Defined benefit plan

The Company provides end of service benefits to its employees. The entitlement to these benefits is measured based upon the employees' final salaries and length of service, The expected costs of these benefits are accrued over the period of employment.

The expected costs of these benefits are accrued over the period of employment based on the actuarial present value of the future payments required to settle the obligation resulting from employees' service in the current and prior periods.

Actuarial gains and losses on End of services benefits are recognized immediately in the statement of

income in the period in which they occur.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 Statement of cash flows

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

3.21 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, 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 2015	591,963,585	1,658,111,257	6,411,711,212	338,389,060	178,080,163	9,178,255,277
Foreign currencies translation differences	350,284	15,976,786	21,373,925	15,336,853	733,416	53,771,264
Adjusted balance as of 1 January 2015	**592,313,869**	**1,674,088,043**	**6,433,085,137**	**353,725,913**	**178,813,579**	**9,232,026,541**
Additions	-	385,000	33,605,801	7,107,678	968,969	42,067,448
Transferred from projects under construction (note 5)	-	14,518,332	398,098,071	5,940,656	3,505,755	422,062,814
Disposals	-	(29,096)	(7,241,754)	(2,608,859)	-	(9,879,709)
As of 31 December 2015	**592,313,869**	**1,688,962,279**	**6,857,547,255**	**364,165,388**	**183,288,303**	**9,686,277,094**
Accumulated depreciation						
As of 1 January 2015	-	(1,016,391,430)	(3,906,675,475)	(241,854,879)	(127,595,645)	(5,292,517,429)
Foreign currencies translation differences	-	(8,812,777)	(11,937,726)	(8,933,865)	(514,964)	(30,199,332)
Adjusted balance as of 1 January 2015	**-**	**(1,025,204,207)**	**(3,918,613,201)**	**(250,788,744)**	**(128,110,609)**	**(5,322,716,761)**
Depreciation for the Year	-	(82,611,835)	(343,697,349)	(22,314,603)	(15,524,336)	(464,148,123)
Disposals	-	21,537	6,908,688	2,607,905	-	9,538,130
As of 31 December 2015	**-**	**(1,107,794,505)**	**(4,255,401,862)**	**(270,495,442)**	**(143,634,945)**	**(5,777,326,754)**
Net book value as of 31 December 2015	**592,313,869**	**581,167,774**	**2,602,145,393**	**93,669,946**	**39,653,358**	**3,908,950,340**
Net book value as of 31 December 2014	**591,963,585**	**641,719,827**	**2,505,035,737**	**96,534,181**	**50,484,518**	**3,885,737,848**

4- FIXED ASSETS CONT'D

First:	LE
Proceeds from sale of fixed assets (A)	**1,346,915**
Cost of fixed assets sold	9,879,709
Accumulated depreciation of fixed assets sold	(9,538,130)
Net book value (B)	**341,579**
Gain from of sale fixed assets (A) – (B)	**1,005,336**

Second:

Fixed Assets as of 31 December 2015 includes assets that are fully depreciated and still in use. The acquisition cost for these assets are as follows:

Asset	Cost
	LE
Building, constructions, infrastructure and roads	255,527,803
Machinery, equipment and tools	1,531,103,587
Motor vehicles	74,919,937
Furniture and office equipment	84,375,320
Total	**1,945,926,647**

Third: Helwan Cement Company S.A.E. (Subsidiary) claims title over lands held under adverse possession. These lands are not included among fixed assets, and represented in 153 Fadden's, 4 hectares and 18 shares located in the Governorates of Helwan and ELmenya.

Fourth: Lands caption of Egyptian Tourah Portland Cement Company S.A.E (Subsidiary) includes acre of lands; held in usufruct.; the right of using these lands. There is a legal dispute over these lands.

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

5- PROJECTS UNDER CONSTRUCTION

Balance at 1 January 2015	Foreign currencies translation differences	Adjusted Balance at 1 January 2015	Additions during the year	Transferred to fixed assets during the year (Note 4)	Impairment of the value of projects under constriction	Balance at 31 December 2015
			LE	LE	LE	LE
567,320,241	**1,766,892**	**569,087,133**	**269,353,540**	**(422,062,814)**	**(3,024,269)**	**413,353,590**

6- INVESTMENTS

A) Investment in an associate and shares in joint ventures

	% of Ownership	Par Value	2015	2014
		LE	LE	LE
Techno Gravel For Quarries-Egypt S.A.E	45	10		
Investment cost– Beginning of the year			29,246,048	28,329,468
Plus:				
The Company's share in profit for the year			2,724,288	2,773,159
Less:				
Dividends			(1,379,435)	(1,856,579)
Investment in an associate - End of the year			**30,590,901**	**29,246,048**
Suez Lime Company S.A.E *	49.66	100		
Investment cost– Beginning of the year			1,925,380	1,972,447
Plus / (Less):				
The Company's share in profit / (losses) for the year			5,501	(47,067)
The Company's share in losses for the year			-	
Shares in joint ventures - End of the year			**1,930,881**	**1,925,380**
Total investment in an associate companies and share joint ventures			**32,521,782**	**31,171,428**

* Suez Cement Company S.A.E owns a 49.66 % interest in Suez Lime Company S.A.E ; a jointly controlled entity. The entity is jointly managed along with Unicalce company (an Italian company that owns a 50 % interest), and Tourah Portland Cement Company S.A.E (that holds a 1% interest).

The venturers have a contractual arrangement that establishes joint control over the economic activities of the entity; the arrangement requires unanimous agreement for financial and operating decisions among the venturers.

Suez Cement Company recognizes its share in the joint venture in the separate financial statements at cost; whereas it recognizes its share in the consolidated financial statements using the equity method.

B) Available-for-sale investments

	% of Ownership	Par value	2015	2014
Available-for-sale Investment – Measured at fair value		LE	LE	LE
Lafarge Cement Company – Egypt S.A.E (Listed - Inactive market)	**0.137**	**1000**	**1,113,000**	**1,113,000**
Reserve of unrealized gains on available-for-sale investments			**1,320,859**	**1,430,767**
			2,433,859	**2,543,767**
Available-for-sale investments -Measured at cost				
Iron and Steel Company (Al Hadid Wal Solb)			**20,500**	**20,500**
Al Tour Investment Company – Unlisted			**61**	**61**
			20,561	**20,561**
			2,454,420	**2,564,328**

C) Held to maturity investments

	2015	2014
	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 ownership	Par Value	2015	2014
		LE	LE	LE
Suez Bosphorus Cimento Sanayi Ve Ti	99,9%	3.64	186,795	186,795
Italgen Egypt for Energy Company S.A.E *	1	100	1,300,000	1,300,000
Italgen Gulf El-Zeit for Energy Company S.A.E *	1	100	700,000	700,000
			2,186,795	**2,186,795**

* In addition to, Suez Cement Company's S.A.E 1 % direct share in Italgen Egypt for Energy Company S.A.E, and Italgen Gulf El-Zeit for Energy Company S.A.E each; it owns a 1 % indirect share (through Helwan Cement Company S.A.E – subsidiary company)

7 INVENTORY

	2015	2014
	LE	LE
Raw materials	131,852,755	104,703,732
Fuel, Spare parts and Consumables	714,216,808	647,069,140
Rolling and packing Material	21,317,480	21,881,310
Work in progress	366,770,654	400,938,537
Finished goods	117,987,748	168,953,272
Goods in transit	34,518,171	15,119,244
Letters of credit	32,422,544	4,545,041
	1,419,086,160	**1,363,210,276**
Less:		
Decline in value of inventory	(168,573,755)	(169,363,733)
	1,250,512,405	**1,193,846,543**

8- ACCOUNTS AND NOTES RECEIVABLE

	2015	2014
	LE	LE
Accounts receivable	316,611,593	299,132,445
Notes receivable	10,243,681	10,243,681
	326,855,274	**309,376,126**
Less :		
Impairment in value of accounts and notes receivable	(93,397,512)	(89,047,162)
	233,457,762	**220,328,964**

9- PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	LE	LE
Other debtors – Tax Authority	44,302,138	44,109,739
Deposits with others	175,921,413	158,867,779
Prepaid expenses	23,452,099	23,130,337
Accrued revenue	7,648,829	6,716,850
Checks under collection	13,712,004	11,354,322
Advances to suppliers	54,540,669	185,819,207
Margin on letters of guarantee	675,264	432,589
Blocked current account in favour of social insurance authority, and tax authority *	804,262	804,262
Other receivables	50,928,152	24,445,132
	371,984,830	**455,680,217**
Debtors - sale of fixed assets	-	1,293,499
	371,984,830	**456,973,716**
Less:		
Impairment in value of other debit balances.	(1,596,931)	(9,537,189)
	370,387,899	**447,436,527**

* Blocked current accounts include an amount of LE 549,007, belongs to Helwan Cement Company S.A.E. (subsidiary); at National Bank of Egypt (NBE), and Bank du Caire. These blocked accounts are in favour of Social Insurance Authority and Real estate tax authority.

Blocked current accounts include an amount of LE 255,255; belongs to Suez Cement Company S.A.E; at QNB AL AHLI in favour of Tax Authority.

10- CASH ON HAND AND AT BANKS

	2015	2014
	LE	LE
a- Egyptian Pound		
Cash on hand	1,274,376	1,114,526
Current accounts	213,715,977	232,707,435
Time deposits and treasury bills (mature in 3 months)	389,657,300	896,238,628
b. Foreign currencies		
Cash on hand	454,306	917,011
Current accounts	91,516,752	91,953,766
Time deposits (mature in 3 months)	363,696,869	403,523,028
	1,060,315,580	**1,626,454,394**

11- ACCRUED EXPENSES AND OTHER PAYABLES

	2015	2014
	LE	LE
Shareholders - credit balances	40,809,867	52,387,237
Advances from customers	389,405,037	454,216,609
Deposits from others	16,106,295	17,307,488
Accrued salaries	2,580,067	1,984,654
Accrued expenses	99,142,077	85,672,116
Deferred revenue – Governmental grants	15,969,186	17,182,650
Other payables	106,453,963	75,303,293
	670,466,492	**704,054,047**

12- Bank Overdraft

A) Suez Cement Company S.A.E obtained a line of credit from Several Banks capped at LE 683 million in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements and imported goods.

Total usage of this line of credit as of 31 December 2015 amounted to LE 24,265,314.

B) Egyptian Tourah Portland Cement Company S.A.E (subsidiary) obtained lines of credit capped at LE 330 million as follows:

- Line of credit from Bank of Alex capped at LE 150 million in the form of overdraft to finance the company's working capital requirements in Egyptian pounds or its equivalent in foreign currencies and;
- Line of credit from Crédit Agricole Egypt capped at LE 100 million in the form of overdraft facility to finance the company's working capital requirements in Egyptian pounds or its equivalent in foreign currencies.

Total usage of these lines of credit as of 31 December 2015 amounted to LE 94,191,869.

C) Suez Bags Company S.A.E (subsidiary) obtained lines of credit capped at LE 59.2 million in the form of overdraft facility to finance the company's working capital requirements as follows:

- Line of credit from Al Mashrq Bank capped at LE 10 million and;
- Line of credit from QNB AL AHLI capped at LE 48.2 million.

Total usage of these lines of credit as of 31 December 2015 amounted to LE 603,428.

D) Hilal Cement Company (subsidiary) obtained a line of credit from Several Kuwaiti's Banks capped at KWD 775,000.

There's no usage of these lines of credit for the period ended 31 December 2015.

E) Development and Construction Materials Company - Egypt (S.A.E) - (DECOM) obtained a line of credit against deposits from Bank Audi to finance the company's working capital requirements.

Total usage of this line of credit as of 31 December 2015 amounted to LE 417,104.

F) Helwan Cement Company S.A.E obtained lines of credit from different banks capped at LE 485 in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements.

Total usage of this line of credit as of 31 December 2015 amounted to EGP 132,218,556.

13- PROVISIONS

	Balance as of 1 January 2015	Charged during the year	Utilized during the year	No longer required	Balance as of 31 December 2015
	LE	LE	LE	LE	LE
Tax claims	218,811,723	55,747,044	(5,392,609)	-	269,166,158
Sites restoration	46,465,396	155,861	(262,927)	(97,073)	46,261,257
Judicial disputes	36,201,296	2,477,813	(2,977,928)	(3,260,043)	32,441,138
Training support Fund	133,611,551	1,666,782	-	(48,009,658)	87,268,675
Other claims	-	1,392,005	-	-	1,392,005
Gas claims for Tourah					
Portland cement company	51,000,000	-	-	-	51,000,000
	486,089,966	**61,439,505**	**(8,633,464)**	**(51,366,774)**	**487,529,233**

14- CAPITAL AND RESERVES

14/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 extraordinary 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 Extraordinary 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,

On 25 March 2013, the Extraordinary General Assembly Meeting approved the increase of the Company's authorized capital to LE 3,600 million.

14/b. RESERVES

	2015	2014
	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	14,454,110	11,989,921
Total other reserves	**2,214,173,360**	**2,211,709,171**
Legal reserve	**2,668,814,627**	**2,666,350,438**

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.

15- NON-CONTROLLING INTEREST

Changes in non-controlling interest

	2015	2014
	LE	LE
Beginning balance for the the year	676,203,293	655,363,881
Non-controlling interest share in net (losses) / profits for the year	(43,467,304)	26,381,782
Change of non-controlling interest share in the equity of Hilal Cement Group Kuwait	11,979,536	25,365,052
Non-controlling interest share in foreign currencies translation differences	39,884,541	28,530,413
Adjustments on retained earnings	(35,933,003)	(9,783,178)
Dividends paid	(7,632,942)	(49,654,657)
Ending balance for the year	**641,034,121**	**676,203,293**

The balance of non-controlling interest in subsidiaries

	Ownership	2015	2014
	%	LE	LE
Egyptian Tourah Portland Cement Company S.A.E.	33.88	160,024,487	230,591,303
Suez Bags Company S.A.E.	43.69	56,575,092	47,680,591
Helwan Cement Company S.A.E.	0.45	7,455,337	8,811,115
Ready Mix Concrete El - Alamya (RMCA) S.A.E	48	139,718,069	126,311,404
Hilal Cement Group (K.S.C.C.) – Kuwait	49	171,911,732	168,890,436
Cumulative foreign currencies translation differences		38,376,675	27,337,458
Development and Construction Material Company – (DECOM) –S.A.E.	48	23,344,880	15,692,286
Suez for Transport and Trade Company S.A.E.	3.63	623,951	717,074
Industries Development Company S.A.E	1.72	5,085	5,343
Axim for industries Company S.A.E Formerly, Upper Egypt For Industries Company S.A.E	1.72	6,821	6,939
Suez For import and Export Company S.A.E	3.63	5,097	4,643
International City Company for Concrete	50	41,479,029	48,961,746
Cumulative foreign currencies translation differences		1,507,866	1,192,955
		641,034,121	**676,203,293**

16- MEDIUM TERM LOANS

	2015	2014
	LE	LE
MEDIUM TERM LOANS		
Hilal Cement Company (K.S.C.C.) – Kuwait		
Unsecured borrowings from local banks and Kuwaiti shareholder	34,203,849	32,470,674
International City Company for Concrete – Saudi Arabia		
Loan from Italcementi S.P.A (The parent company of Ciments Francais - major shareholder of Suez Cement Company S.A.E)	112,380,679	114,140,900
TOTAL MEDIUM TERM LOANS	**146,584,528**	**146,611,574**

16- MEDIUM TERM LOANS – Cont'd

16/1. Hilal Cement (K.S.C.C.) – Kuwait

Term loans represent unsecured borrowings from local banks and Kuwaitis Shareholder availed in Kuwaiti Dinar. Term loans carry interest rate in the range of 4.5% to 5% per annum.

16/2. International City Company for Ready Mix (LLC) KSA – Saudi Arabia

Term loans represent Loan from Italcementi S.P.A (The parent company of Ciments Francais (major shareholder of Suez Cement Company (S.A.E) amounted to 53,941,000 SAR with Interest rate equal to Euribor for a One month period plus 250 bps margin.

17- OTHER LONG TERM LIABILITIES

	2015	2014
	LE	LE
OTHER LONG TERM LIABILITIES		
Long term creditors – Land purchasing	491,137	832,667
Long term creditors – International City Company for Ready Mix (LLC) KSA	32,582,728	29,844,303
Long term employee benefits – International City Company for Ready Mix (LLC) KSA	1,999,245	1,350,254
Long term employee benefits – Hilal Cement Company (K.S.C.C.) – Kuwait	19,042,341	16,774,518
TOTAL OTHER LONG TERM LIABILITIES	**54,115,451**	**48,801,742**

18- END OF SERVICES BENEFITS LIABILITIES

Suez Cement Company S.A.E, Helwan Cement Company S.A.E (subsidiary), Egyptian Tourah Tourah Portland Cement Company S.A.E (subsidiary),and Suez Bags Company S.A.E (subsidiary) pay amounts to the employees when they retire at the end of service, according to the defined benefits plan, which specifies the amount of retirement that is entitled to the employee. The amount of pay based on one or more factors, including age, years of service, and salary. The output for the defined benefit plan is calculated using an actuarial valuation conducted in a manner using estimated additional unit after taking into consideration the following assumptions:

	2015	2014
Discount rate	14.60 %	16 %
Average salary increase	8 %	9 %
Annuity schedule	60	60

The amounts recognized at the date of balance sheet are as follows:

	2015	2014
	LE	LE
Present value of the defined benefit liability	97,552,942	32,878,242
Actuarial Present value of the defined benefit liability at the balance sheet	**97,552,942**	**32,878,242**

The movement of liabilities as per the balance sheet

	2015 LE	2014 LE
Liability at the beginning of the year	32,878,242	32,660,048
Past service cost * - (note 19)	57,833,842	-
Current service cost - (note 19)	2,082,911	1,968,570
Interest cost	5,058,281	4,586,771
Payments from plans	(3,150,000)	(3,150,000)
Actuarial losses / (gain) - (note 19)	2,849,666	(3,187,147)
Liability at the end of the year	**97,552,942**	**32,878,242**

* Past service cost, represents the change in the present value of the defined benefit plans for employees' services in prior periods, resulting from plan amendments.

18- END OF SERVICES BENEFITS LIABILITIES – Cont'd

The cost as per income statement

	2015 LE	2014 LE
Past and current service costs (note 19)	59,916,753	1,968,570
Interest cost (note 21)	5,058,281	4,586,771
Actuarial losses / (gain)	2,849,666	(3,187,147)

19- GENERAL AND AMINISTRATIVE EXPENSES

	2015	2014
	LE	LE
Technical assistance fees	74,963,465	105,085,275
Salaries	187,451,493	168,262,645
Defined benefits plans- current and past service costs (Note 18)	59,916,753	1,968,570
Actuarial losses / (gain) (Note 17)	2,849,666	(3,187,147)
Communication expenses	28,496,153	31,105,758
Tax on dividends	13,490,728	-
Other general and administrative expenses	179,432,414	132,513,536
	546,600,672	**435,748,637**

20- OTHER INCOME

	2015	2014
	LE	LE
Settlement of clay development contribution fees	-	59,201,721
Income from sold salvage	4,810,171	6,803,591
Amortization of granted loan *	2,148,664	7,159,994
Other income	44,477,938	62,000,078
	51,436,773	**135,165,384**

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* This amount represents the amortization of the granted loan. This loan was provide by some international bodies under the special aids package relevant to the industrial pollution control project. The Company merited that grant as a result of the company's commitment to the terms of the technical agreement that was signed with Egyptian Environmental Affairs Agency (EEAS). This grant worth 20% of the loan value and it is amortized over the fiscal periods that represent the estimated useful life and recognised as other income.

21- FINANCE EXPENSES

	2015	2014
	LE	LE
Finance expenses	26,456,947	16,306,477
Interest cost on defined benefit plans (note 18)	5,058,281	4,586,771
Other finance Expenses	3,915,029	2,121,723
	35,430,257	**23,014,971**

22- OTHER EXPENSES

	2015	2014
	LE	LE
Rents against unused quarries	13,815,287	14,107,646
Other expenses	22,744,792	17,037,321
	36,560,079	**31,144,967**

23- RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2015	2014
	LE	LE
Net (losses) / profits before income taxes	(80,040,749)	804,096,604
Add:		
Provisions	70,629,257	46,930,669
Provisions – Defined benefits plans	57,833,842	51,003,014
Board of directors' allowance	1,824,864	2,265,960
Donations	18,211,469	9,189,122
Accounting depreciation	464,148,123	448,352,886
Other expenses	2,668,534	8,431,583
Less:		
Tax depreciation	(417,663,760)	(439,143,879)
Used provisions	(64,802,402)	(67,755,068)
Investment income	(3,934,998)	(2,118,690)
Approved Donations	(15,054,125)	(5,254,479)
Others	(256,406,428)	(87,798,048)
Taxable income	**(222,586,373)**	**768,199,674**
Income tax at the effective tax rate 22.50%	**(50,081,934)**	**241,228,981**

24- DEFERRED INCOME TAXES

	31/12/2015	31/12/2014
	LE	LE
Depreciation of fixed assets	(324,494,661)	(359,259,556)
Provisions	117,220,011	125,473,411
Net deferred income tax (liability)	**(207,274,650)**	**(233,786,145)**

25- TAX SITUATION

A) CORPORATE TAXES

- PERIOD UNTIL YEAR 2007:

The tax authority has assessed the company for this period. It was agreed at the Internal Committee and the due value was paid within the limits of the provision

- Years from 2008 to 2009:

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

- Years from 2010 to 2014 :

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

B) SALES TAX

- Years from 2008 to 2009 :

Due tax was paid after the decision of the internal committee and a dispute is currently before the court in terms of some items.

- Years from 2010 to 2011 :

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

- Years from 2012 to 2013 :

The company files the tax declaration within the legal grace period. The company has not been assessed for this period till now.

C) SALARY TAX

- PERIOD SINCE INCEPTION UP TO 1998:

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

- Years from 1999 to 2013 :

The company deducts the salary tax from employees and remits it to the tax authority within the legal grace period (monthly). The tax authority is currently in the process of inspecting the company's records for this period.

- Years from 2014 to 2015:

The company deducts the salary tax from employees and remits it to tax authority within the legal grace period (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. Due tax was settled and paid based on the internal committee decision.

- Years from 2006 to 2010 :

The company paid the items that have been agreed upon with the internal committee, and currently the disputed items for this period are under re-inspection.

- Years from 2011 to 2014:

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

26- CONTINGENT LIABILITIES

A) The letters of guarantee issued at the parent company's and its subsidiaries request are as follows:

	CONTINGENT LIABILITIES
	LE
SUEZ CEMENT COMPANY S,A,E,	2,587,568
EGYPTIAN TOURAH PORTLAND CEMENT COMPANY S,A,E,	19,510,684
SUEZ BAGS COMPANY S,A,E,	28,839,337
HILAL CEMENT COMPANY (K.S.C.C) KUWAIT	10,041,440
HELWAN CEMENT COMPANY SA.E,	66,505,246
	127,484,275

B) The outstanding balance of issued letters of credit in favor of Suez Cement Company S.A.E by Al Mashreq Bank, HSBC – Egypt, QNB Al Ahli, and National Bank of Egypt as of 31 December 2015 amounted to LE 245,140, LE 2,079,736, LE 951,460, and LE 33,606,324 respectively.

26- CONTINGENT LIABILITIES – CONT'D

C) In 2011, The Globe Corporation, a company based in California in the USA (the Globe) filed a case against Helwan Cement Company SAE (HCC) claiming past due payments, based on an exclusive agency contract for the export of cement allegedly entered into between HCC and the Globe in 2002. This alleged contract provided for certain commissions/fees in favor of The Globe proportional to the volume of cement exported and also provided for a compound rate of weekly interest in case of delayed payments.

The Globe's case against Helwan before the Court of Cairo claims payment of about US $ 17 million, plus interest as per the alleged contract since the year 2002. The court has not yet examined the case on the merits and the proceeding remains suspended while awaiting the Court of Cassation's decision on the preliminary matter of jurisdiction, given that the alleged contract provided for applicable law and dispute resolution in California (USA). Recently, Tahaya Misr Investment Inc. (formerly known as The Globe) has also initiated a lawsuit against Helwan Cement SAE (HCC), Suez Cement SAE and Italcementi S.P.A (The parent company of Ciments Francais) (major shareholder of Suez Cement Company SAE) in California -USA and as of today, there has been no general appearance of any of the named defendants before the Court).

27- 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 notes receivable and other receivables, The financial liabilities include banks overdraft, current and non-current portion of medium loans, non-current portion of other long term liabilities, end of service liabilities, and accounts payable 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 (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,

28- 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 624,941,285 whereas, the total financial liabilities denominated in foreign currencies amount to LE 340,781,018.

29- RELATED PARTY TRANSACTIONS

The transactions with related parties during the period from 1 January 2015 to 31 December 2015 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 FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 AS FOLLOWS:

	Sales/ service revenue	Purchases/ service cost
	LE	LE
Suez Cement Company S,A,E,	17,716,573	187,244,142
Egyptian Tourah Portland Cement Company S,A,E,	49,998,416	94,774,659
Helwan Cement Company S,A,E,	305,768,149	18,513,839
Ready Mix Concrete El - Alamya (RMCA) S,A,E	-	90,303,510
Development and Construction Material Company		
(DECOM) S,A,E,	-	51,528,852
Suez Bags Company S,A,E,	126,554,398	359,534
Suez for Transport and Trade Company S,A,E,	79,325,271	136,638,271
	579,362,807	**579,362,807**

B- THE TECHNICAL ASSISTANCE FROM SUEZ CEMENT COMPANY S,A,E, TO SUEZ CEMENT GROUP COMPANIES FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 AS FOLLOWS:

	Technical assistance –revenues	Technical assistance –expenses
	LE	LE
Suez Cement Company S,A,E,	93,868,966	-
Egyptian Tourah Portland Cement Company S,A,E,	-	27,265,250
Helwan Cement Company S,A,E,	-	61,181,425
Suez Bags Company S,A,E,	-	5,422,291
	93,868,966	**93,868,966**

C- THE MANAGEMENT FEES FROM SUEZ CEMENT COMPANY S,A,E, TO SUEZ CEMENT GROUP AND RELATED PARTIES COMPANY FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 AS FOLLOWS:

	Management Fees –revenues	Management Fees –expenses
	LE	LE
Suez Cement Company S.A.E	9,566,062	-
Ready Mix Concrete El - Alamya (RMCA) S.A.E – (subsidiary)	-	5,125,599
Development and Construction Material Company (DECOM) S.A.E – (subsidiary)	-	3,469,884
Italgin Egypt For Energy S.A.E – (subsidiary)	-	300,000
Italgin Gulf el Zeit S.A.E – (subsidiary)	-	400,000
Interbulk Egypt for Export Company S.A.E	-	270,579
	9,566,062	**9,566,062**

D- LOANS AND ITS INTEREST TRANSACTIONS BETWEEN SUEZ CEMENT GROUP COMPANIES FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 AS FOLLOWS:

	Lender	Borrower	Debit / (Credit) Interest
	LE	LE	LE
Suez Cement Company S,A,E,	33,000,000	-	(4,147,875)
Ready Mix Concrete El - Alamya (RMCA) S,A,E	-	15,000,000	1,914,000
Development and Construction Material Company (DECOM) S,A,E,	-	18,000,000	2,233,875
	33,000,000	**33,000,000**	**-**

E- ITALCEMENTI S.P.A (THE PARENT COMPANY OF CIMENTS FRANCAIS (MAJOR SHAREHOLDER OF SUEZ CEMENT COMPANY S.A.E):

The value of the commission and other services provided by Italcementi S.P.A for the period from 1 January 2015 to 31 December 2015 as follows as follows:

	Amount
	KEGP
Suez Cement Company S,A,E,	8,186
Egyptian Tourah Portland Cement Company S,A,E,	1,034
Helwan Cement Company S,A,E,	1,342
Suez Bags Company S,A,E,	1,882
	12,444

F- CEMENTS FRANCAIS (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 2015 to 31 December 2015 which represents a percentage of sales revenues of the group of cement products exclude intra – Suez Cement Group transactions as follows:

	%	Amount
		KEGP
Suez Cement Company S,A,E,	1	20,939
Egyptian Tourah Portland Cement Company S,A,E,	1	6,379
Helwan Cement Company S,A,E,	3	47,645
		74,963

The value of the expatriate fees offered by Ciments Francais (major shareholder) for the period ended 31 December 2015 as follows:

	Amount
	KEGP
Suez Cement Company S,A,E,	24,446
Egyptian Tourah Portland Cement Company S,A,E,	7,297
Helwan Cement Company S,A,E,	507
	32,250

30- COMPARATIVE FIGURES

Certain consolidated comparatives figures for year 2014 have been reclassified and adjusted as follows:-

Reclassified items	2014 Before re-classification	Reclassifications and adjustments Debit / (Credit)	2014 After re-classification
	LE		LE
Projects under construction	606,919,567	(39,599,326)	567,320,241
Prepayments and other receivables	447,181,272	255,255	447,436,527
Accounts payable	906,690,233	33,504,289	873,185,944
Accrued expenses and other payables	704,441,473	387,426	704,054,047
Cumulative foreign currencies translation differences	32,624,516	2,978,289	29,646,227
Accrued income taxes	274.551.594	2,486,170	272.065.424
Non-controlling interests	679,064,786	2,861,493	676,203,293
End of service plan liabilities	32,490,816	(387,426)	32,878,242
Retained earnings	3.083.307.850	4,671,464	3.078.636.386
Profits for the year	492,590,051	(7,157,634)	499,747,685
		-	

السويس للأسمنت
Suez Cement
Italcementi Group

2015 Annual Report
Suez Cement Company

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