السويس للأسمنت
Suez Cement
Italcementi Group

2014 ANNUAL REPORT

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Italcementi Group

2014 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.

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SCGC AT A GLANCE

How cement is made

Cement is obtained from limestone and clay, which are raw materials of natural origin. Extracted from quarries usually located near the cement plants, limestone and clay undergo local primary crushing to reduce their size to be transported to manufacturing plants.

Restoration of a quarry landscape

Quarrying is combined with studies of landscape rehabilitation and recovery techniques. Rehabilitated areas may be destined to: farming and development of new crops; rebuilding of ecosystems through revegetation and reforestation; creation of leisure areas, nature parks and gardens; establishment of new industrial, craft or commercial development areas.

Grinding & drying

The first steps in cement processing are grinding and drying. The raw materials, adequately proportioned and possibly incorporating additives, are ground into a very fine powder, called raw meal, which is then conveyed to blending silos and finally sent to storage.

Burning

Raw meal is fed to the kilns and heated to 1,450°C to obtain clinker. These clinker components bring hydraulic properties to cement. After clinker leaves the kiln it is rapidly cooled and then stored.

Central control room

The entire cement manufacturing process is continuously monitored and controlled from either small department rooms or a single central control room. All data relating to production as well as quality and environmental controls are displayed 24 hours a day on computer monitors. Skilled technicians are able to promptly identify any possible anomaly or danger and take either corrective or preventive action to regain control of the system.

Finish grinding

The final step of the cement manufacturing process consists of grinding clinker blended with gypsum and any other secondary constituents. As a result, a variety of cement for multiple uses can be obtained. The various types of cement are then stored in suitably devised silos.

Final product

Loaded into road tankers or packed into bags, cement is dispatched to customers ready for use. It is transported in 25 and 50 kg bags. The process is maintained by conforming in compliance with ongoing regulations and the company's policy for control, maintenance and continuous improvement in the quality of both products and services.

Distribution network & technical assistance

Suez Cement group of Companies manufactures and distributes three main product lines: cement, aggregates and ready-mixed concrete. We aim to optimize production across all of our markets, providing a complete solution for customers' needs at the lowest possible cost. This is an approach we call strategic integration of activities.

5 Plants

20 Concrete plants

11.7 Mt Grey cement capacity

3307 Employees

15 Quarries

57302 Hours of training

530 MEGP Investments in environment

2.66 Lost Time Injuries frequency rate

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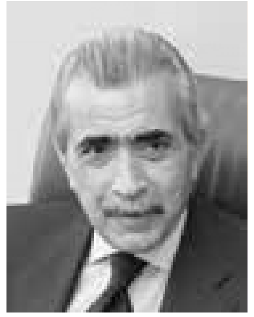
Message from the Chairman and the Managing Director



We are pleased to witness that Egypt has entered a stable political period following the presidential elections in June 2014. This stability has helped foster a better economic environment for businesses and investors alike, including industrial sectors like cement.

Overall, the cement market grew a modest 2.7%, recovering the 2012 consumption level and remained heavily concentrated in the housing segment.

The industry suffered throughout most of the year, like many Egyptians, from a severe energy shortage which curtailed production and caused some supply tension. As a result, prices increased sharply, mostly in the second quarter of the year when such supply tension was the highest. In parallel costs rose sharply from the 35-40% energy increase implemented in July, as part of the government efforts to reduce the budget deficit, and from the need to import clinker in order to complement our own energy limited production.

In this context, Suez Cement Group of Companies (SCGC) leveraged its market leadership to grow its consolidated revenues over 20%, with EBITDA gaining 8.8% but net profit slightly declining (from lower exchange rate, higher depreciation and taxes).

The various initiatives launched in 2013 to improve efficiencies and diversify our energy mix had some early impact in 2014 and will further enhance our industrial performance in 2015 :

- our Kattameya plant effectively started to use coal in November 2014 and alternative fuels (municipal waste and biomass) in January 2014

- our Suez and Helwan plants started alternative fuel (agricultural waste) early 2014 and Suez plant will start coal utilization in early 2015

These achievements have been supported by an ambitious investment plan of 1 billion EGP over the past two years, also including the implementation of the best available technologies worldwide to bring our plants to the best standards in term of environmental emissions, thus anticipating the requirements from the new environmental regulations that were updated recently to control the utilization of coal in the cement industry.

The investment efforts will continue in 2015 and 2016 for another 1 billion EGP aiming at converting Helwan and Torah plant fuel mix and ensuring a sustainable competitive position, as compared with local and regional competitors.

As for renewable energy, SCGC's sister company Italgen, the first private firm to get government permission to produce and sell renewable power, has been developing the framework for a wind power project in Egypt. The wind farm is being built at a site in Gulf El Zeit, just north of Hurghada, and is part of SCGC's and Italcementi Group's efforts to boost the percentage of renewable, clean energy we use. Advanced discussions are ongoing for financing the 150 million first phase of development slated to produce 120 MW of power when complete – enough energy to cover 40% of SCGC's power needs. It will also reduce the Company's CO_2 emissions. Subsequent phases are set to boost power generation up to 400 MW. Italgen and SCGC are confident the project will come online in 2016 now that it has awarded a tender for Phase I construction.

Furthermore, SCGC inaugurated a new waste-processing plant at the Kattameya site that turns refuse into fuel. The facility is the first of its kind for Egypt and SCGC's parent company Italcementi Group. The project, which took almost a year to complete, was a joint effort between SCGC and the Group Technical Center (CTG) worth 5 million euros and should become a blueprint for additional installations.

When it comes to safety, SCGC's ambition is to create positive relationships with employees and sub-contractors to improve safety dynamics on site. The Company is proud to say it did not receive any fines or warnings from the Egyptian government for non-compliance of safety regulations. Furthermore, the Lost Time Injury (LTI) frequency rate for sub-contractors – the number of accidents that resulted in lost time per million hours worked – dropped 68% versus the year before. In addition, we conducted more than 37,000 safety orientation and training hours for employees and sub-contractors on SCGC's safety policy and rules, emergency preparedness, risk assessment procedures and the safety inspection program.

Our positive performance was enriched by the fact that 2014 marked the 150th anniversary of Italcementi Group's inception and SCGC's 10 successful years in Egypt and we continued to increase our community involvement through education, health and cultural programs.

Driven by our ongoing commitment to corporate social responsibility (CSR), SCGC has continued to promote social initiatives that focused on key needs in local communities. In 2014, SCGC made education and health key priorities and spent over 1 million on related programs across the country. In recognition of its strong commitment to sustainable development, SCGC's CSR program was recognized as one of Egypt's top 10 by the Federation of Egyptian Industries. Only projects that contribute to the quality of life for community members and comply with local government policies and the UN Universal Declaration of Human Rights are chosen.

These projects include: sponsorship of the annual ENACTUS National Competition, the revamp of Helwan Public Hospital, Kafr El Elw Primary School and Omar Ibn El Khattab Preparatory School for boys in Kafr Selim on top of five more primary and secondary schools in El-Minya Governorate with CARE Egypt. Moving on, SCGC gave its annual donation to the Don Bosco Technical Institute in Cairo as well as sponsored the International Conference on "Responsive Urbanism in Informal Areas" and the Revival of the Egyptian Museum Initiative, launched on December 15, 2014.

Finally, SCGC embodied its reputation for innovation through the introduction of several new products: the eating smog cement TX Active, the transparent cement i.light and i.design Effix.

In order to simplify the purchasing process and guarantee the same readily understandable approach, all products have been grouped into 11 Performance Families with the new innovative market system i.nova, launched in March 2014.

Looking ahead , SCGC is optimistic that authorities will come through on their promise of supporting large-scale construction and development initiatives in light of the government's recent plans to attract foreign direct investment, including the construction of a new Suez Canal Logistics Center, 4,200 km of new roadways and a series of North Coast initiatives and city infrastructure projects as well as a grain hub in Damietta.

Moving forward, SCGC believes growth in the construction industry will be encouraged by Egypt's newfound economic strength and the implementation of national development projects, both of which will fuel demand for cement throughout the country.

As is no doubt clear, SCGC is looking towards a bright future as we move into 2015 and beyond. We are prepared to do our part to ensure Egypt's economic success in the years to come.

Sincerely,

Omar Mohanna
Chairman

Bruno Carré
Managing Director

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MARKET EVOLUTION & CUSTOMER RELATIONSHIP MANAGEMENT

Key Insights

- SCGC is Egypt's grey cement leader with sales reaching 7.9Mt
- The Company also boasts white cement with sales reaching 0.26Mt
- All plants attained European certification for production conformity and quality standards for Portland cement and white cement

As the country embarked on its challenging journey towards democracy, the economy faced significant pressures, which affected the profitability and sustainability of many businesses in Egypt. Ongoing political unrest and a security void, coupled with higher energy prices and supply issues, presented a difficult year for SCGC.

The combined impact of Egypt's currency devaluation and hikes to domestic energy prices pushed consumer price inflation into double digit figures by the end of the year. In December 2014, the official inflation rate hit 10.1% year-on-year as reported by CAPMAS (the Central Agency for Public Mobilization and Statistics).

Analysts believe the Egyptian economy is likely to stage a return to profitability in the near future as mega projects under the auspices of the government come to fruition. However, this forecast could dim if authorities are unable to keep their promises of peace and security.

Industry and SCGC highlights

- The Egyptian cement market grew at a rate of 2.7%, with firms producing 51.5 million tonnes (up 1.2 million tonnes versus 2013) due to increased demand from small to mid-sized jobs.

- SCGC maintained a clear market position, dedicating its production to domestic market needs. In 2014, SCGC sold 7.9 million tonnes of grey cement, and another 110,000 tonnes of white cement.

- SCGC also focused on improving cement deliveries, recording 2.9 million tonnes in CPT sales. Relevant key performance indicators were established to monitor and help achieve the ultimate goal of delivering cement at the right place and right time to avoid stock shortfall – one of the main factors in achieving customer satisfaction.

- The delivery fleet now consists of 72 trucks – 27 reserved for bulk shipments, with an additional 45 flatbed trucks used for bag deliveries.

- Sales through the Kalyub HUB reached 212,000 tonnes.

SCGC also launched its i.nova marketing and product system solution in Egypt. The promotion, which involved the introduction of Company-wide branding that linked SCGC and Italcementi Group, included a major press event at Smart Village, a comprehensive TV & Radio campaign in April and July (Ramadan) and a road show campaign.

The road show was organized in 11 governorates covering the Delta, Greater Cairo, the Red Sea region and Suez. Its goal was promoting SCGC's new branding system, communicating innovative marketing solutions and reinforcing the Company's market presence in those areas.

SCGC demonstrated its commitment to the country through its continued focus on customer satisfaction and strategic investments in modernization, environmental protection, safety and social initiatives, such as:

- A technical seminar in Alexandria (a new market) to promote SCGC's portfolio and discuss issues related to production quality. The event took place at the Four Seasons hotel in Alexandria and targeted top contractors and consultants in the North Coast and Alexandria region.

- SCGC's position on the validation of Blended Limestone cement applications in reinforced concrete as is illustrated in a study by the Housing & Building Research Centre (HBRC). The presentation was made to the Concrete Code Committee (CCC). SCGC believes widespread adoption of this new type of cement will not only contribute to reducing the industry's clinker to cement ratio, but also promote greener housing solutions. The study shows how the product could be used safely in the production of bricks, blocks and other building materials.

- Initiating studies on the "mini-pack" project, a new concept of retail marketing that seeks to target end users directly, and introducing TX Active cements and i.light precast concrete panels to the Egyptian market, with particular emphasis on selling these products to architects and interior designers.

- Replacing cement packaging materials with Kraft paper at Helwan Bags Company

In conclusion, SCGC's strategy to place the customer at the center of its core business and shift to service-oriented activities have 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:

- More customer satisfaction surveys
- Increased tailor-made service offerings
- Boosting best practice sharing between subsidiaries
- Creating a customer call center
- Hosting awareness sessions with customers about cement quality
- Easing end-user lifecycles via technical assistance
- Reinforcing partnerships with major cement consultants and leading universities

INVESTMENT

Because investment is the key to success and growth, SCGC implemented an intensive investment program in 2014 that included many major and minor projects across SCGC's plants related to environmental protection, safety and human rights as well as technical performance, standards compliance and production capacity.

Over the past few years, SCGC has modernized its production facilities to improve efficiency and comply with the latest environmental and safety standards. Several major projects worth approximately LE 580 million were completed in the areas of:

- Environmental Protection and Safety (LE 163 million)
- Performance Improvement and Capitalized Maintenance (LE 113 million)
- Strategy (LE 272 million)
- Quality, IT and other domains (LE 32 million)

In line with the Compliance Action Plan under the Egyptian Environmental Affairs Agency (EEAA), SCGC continues to invest in pollution abatement and emissions control. In 2014, projects to convert electrostatic precipitators to bag houses at the Kattameya, Suez, Helwan and El-Minya Plants were completed at a cost of LE 218 million.

Last year, SCGC also started to implement a LE 53.1 million alternative fuel project at the Helwan and Suez Plants. In addition, due to Egypt's ongoing fuel shortage, SCGC has pioneered a strategic program to incorporate coal energy at the Kattameya and Suez Plants, which will cost approximately LE 273 million.

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HUMAN RESOURCES MANAGEMENT

2014 saw SCGC's Human Resources Department change its structure to ensure higher efficiency in terms of reviewing, implementing and supervising Company policies and procedures as well as a renewed focus on industrial relations matters, with the upcoming Collective Labor Agreement negotiations in 2015 a prime example.

Furthermore, the HR team finalized the framework of a new department program set for 2015. The objective of this project is to introduce initiatives that will put emphasis on performance versus qualification.

The project will span 8 phases and cover the following areas:

- Review and update current database
- Creation of a local job catalogue, fully aligned with the ITC job catalogue
- Identification of key positions
- Development of core and functional competencies
- Development of a competency matrix
- Definition of a compensation strategy
- Development of a competency based career path program
- Development of succession planning

Although the project is scheduled to be launched in January 2015, preparations for the first phase began rolling out in late 2014 which involved a complete review of the existing database.

By the end of 2014, SCGC's Egypt team comprised 3,307 staff members (versus 3,385 in December 2013) as a result of our ongoing efforts to hire internally and thus offer career growth opportunities for high potential employees as well as boost efficiency across the company.

The new online appraisal system launched at the end of 2013 was integrated fully in 2014, with the pilot project proving to be a highly efficient tool for all managerial levels. Meanwhile, the Company continued to enhance existing employee benefits as well as introduce new perks such as increases in private medical coverage under the BUPA plan as well as more flexibility in treatment choices. SCGC also maintained its internal medical coverage program, which has a large network of medical facilities across Egypt, and the Company life insurance scheme that provides benefits for family members of staff members in the case of their death.

Development & Training

The main activities for the Development and Training (D&T) Department in 2014 involved finding ways of optimizing the performance of the Company's human capital as SCGC weathered economic unrest and energy shortages. D&T did so by leveraging its internal capabilities as well as enriching the firm's service provider network. Around 57,302 hours of training were provided to 1,750 staff members over the course of 2014.

SCGC training activities were articulated around four main pillars:

- Human capital development
- Efficiency & specialization
- Sustainable development & Innovation
- Compliance & risk mitigation

Using D&T's team of expert trainers from the Technical Department, the department hosted a "Vibration Analysis" training program in May 2014. The course, offered internally, was geared toward non-production staff and engineers spanning over 390 training hours.

As part of SCGC's Safety Road Map, the Lock Out-Tag Out (LOTO) initiative was implemented in three stages to comply with standards set out by the Safety Department. The Road Map also involved the promotion of SCGC's Safety Golden Rules that illustrate the safe use of equipment while on site.

In addition, two safety pilot programs targeting managers, called "Managing Safety", were implemented as a top-down approach to ensure that managers understand safety fundamentals and Company guidelines. It also provides workers with safety role models that are fully equipped with knowledge of key safety messages and regulations. The overarching goal is for managers to help staff avoid dangerous or risky activities so as to achieve "zero accidents".

In terms of human capital development, D&T worked with the HR team to design a framework to promote a performance-based culture using standardized human resource management systems.

This program is set to be implemented in 2015 over 8 phases with the aim of clearly defining SCGC's competencies matrix and employee career path development plans. At the same time, the second phase of SCGC's internal promotion program was rolled out. Some 54 staff members in the Technical Department were assessed while 42 employees in the Finance Department were evaluated.

In terms of operational governance, the team will continue to follow SCGC standards.

Integrity

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

Below is a description of the programs in more detail:

- SCGC implemented its 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 has also adopted Organization, Management and Control Model targeting to prevent corruption and bribery.

- In 2012, the Company began developing a 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 Program (ERM) that ensures better risk management and auditing systems are maintained. The Risk Report, issued twice a year, gives an overview and follow-up of the Company's main risks and opportunities. Meanwhile, the Annual Risk Assessment, introduced in 2014, is based on three metrics: risk and opportunity impacts, probability of occurrence or time horizon and level of control.

- In 2012, an integrated Internal Audit Program was put place that also addressed health, safety, environmental protection, antitrust, 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 a systematic and disciplined approach. Risk levels and audit ratings are homogenously defined over five levels. Corrective action plans are then discussed with all stakeholders.

- In 2014, the company issued guidelines for its 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 as well as 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

In an industrial setting, employee perceptions regarding their organization's commitment to safety correlate to their willingness to adopt safe work practices. They also impact workplace injury rates. SCGC is dedicated to the notion of preventing risky or dangerous activities on site through training, proactive policies and regulations, health initiatives and proper safety equipment so employees have all the tools they need to keep safe while on the job.

- In 2014, SCGC's Lost Time Injury (LTI) frequency rate for employees and temporary workers – the number of accidents that resulted in lost time per million hours worked – came to 2.66.

- The severity rate of recorded injuries was 0.08, while the number of days lost without commuting came to 434.

- The Total Recordable Injury Rate (TRIR) was 5.03 including Fatalities, Lost Time Injuries, Restricted Work Duty and Medical Treatment.

In order to become one of the safest companies in the cement industry, SCGC devotes a great deal of effort to reducing the frequency rate of workplace casualties. Across the world, vehicular accidents cause nearly 1.3 million deaths and injure millions more every year. Egypt has one of the world's highest crash rates with an estimate of 14,000 deaths every year and another 70,000 suffering injuries.

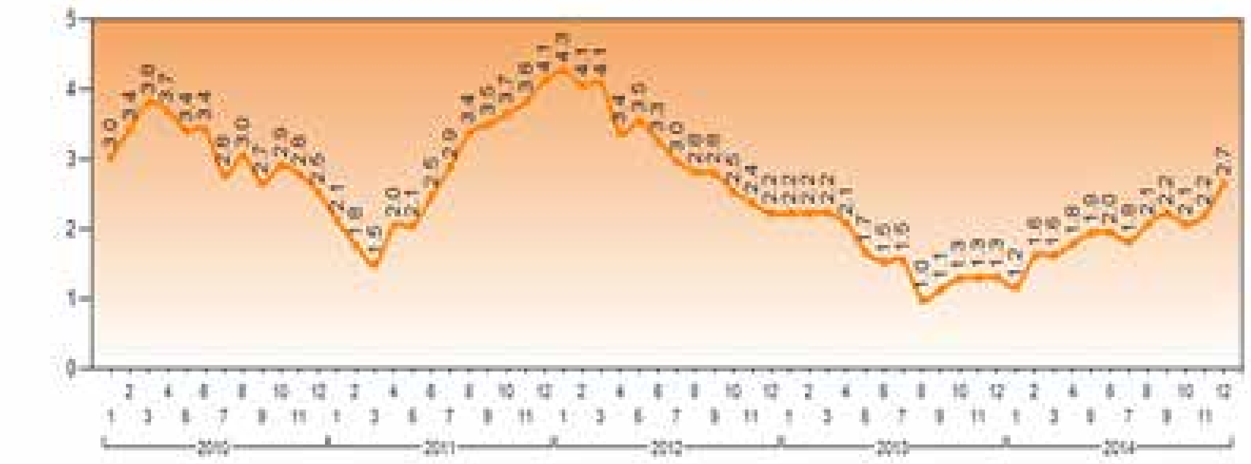
To raise awareness of road safety, SCGC launched a new campaign in 2014 to showcase safe driving techniques and the importance of using seat belts.

Every year, SCGC actively celebrates the UN World Day for Safety and Health at Work. 2014's theme was "Safe Driving", a great opportunity to encourage employees to improve their driving habits as well as reinforce the Company's Driving Code. To involve employees and encourage them to set good examples while driving, SCGC launched a photo competition and asked staff to photograph unsafe driving behaviors. The five best pictures from each plant were recognized during Safety Day events held concurrently across the five facilities. A children's drawing contest was also held where youth drew pictures of unsafe driving behaviors. The top 25 pictures received a prize.

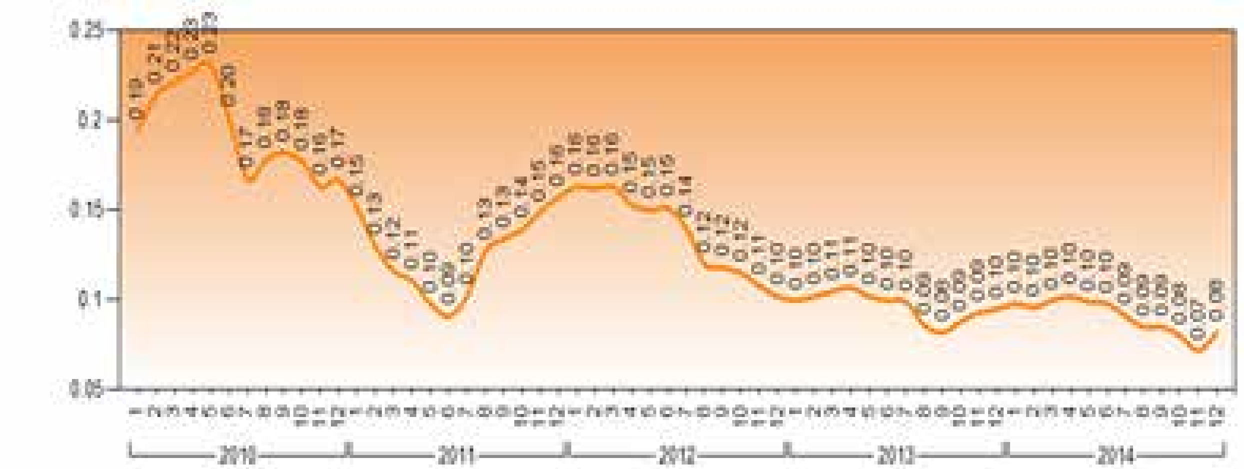
Over the year, SCGC employees were graded on their participation in various safety training and programming. The Safety Department is proud to say that team members excelled and scored the highest marks since SCGC began evaluating the programs. The department recognized these same teammates at a special ceremony with top management in attendance.

During 2014, SCGC also implemented several initiatives to improve safety program implementation methodologies. One of the highlights was the rollout of Phase 2 of the LOTO system that covered quarries and packing areas within the five plants. Another example was the revamp of procedures surrounding pre-heater operations to adhere to industry best practices following reports of employee accidents. Pre-heaters are now monitored using cameras and not just alarm systems. Furthermore, Working at Heights access was modified while the mechanical cyclone doors were replaced.

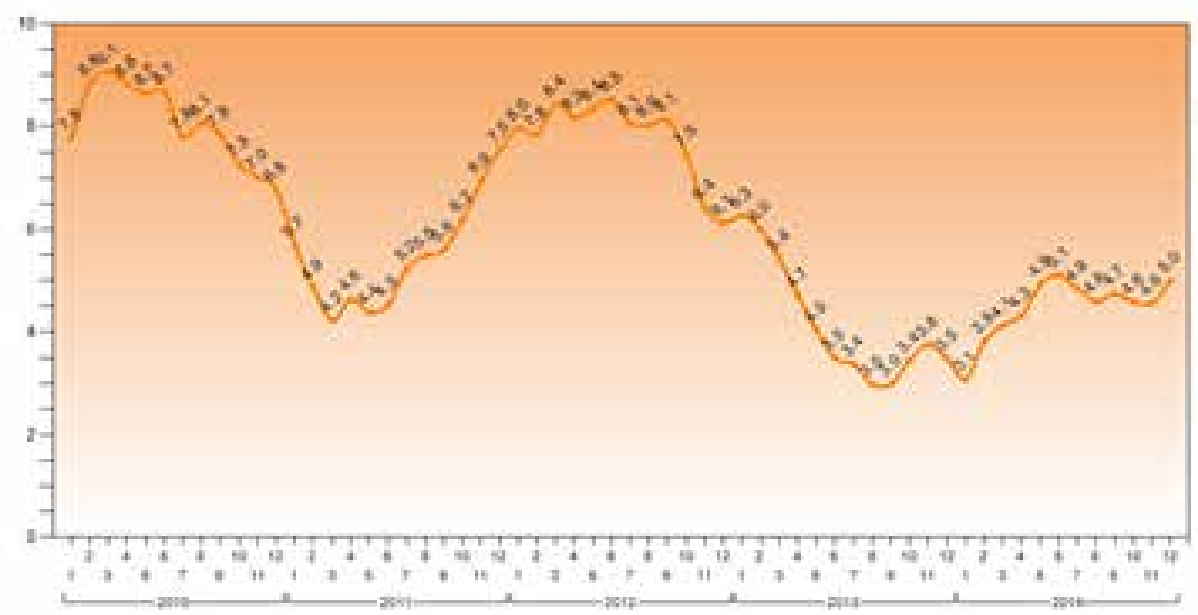
SCGC's LTI FR for employees and temporary employees



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 promoting employee health and enhancing the wellbeing of workers are as vital as safety awareness. Health management, including industrial hygiene (dust, noise and whole-body vibration hazards), is one of the Company's major concerns.

In 2014, a group of specialists from a university in Rome performed a full industrial hygiene assessment of the Suez Plant. The survey is a part of a strategic project implemented by Italcementi Group aimed at improving working conditions based on key principles regarding sustainable development and corporate social responsibility.

Exposure Risk									
		Tourah	**Helwan**	**Kattameya**	**Suez**	**Minya**	**Suez Bags**	**HQ**	**Suez Transp**
% of workers exposed	Dust	49%	51%	52%	69%	46%	0%	0%	0%
	Silica	39%	37%	28%	38%	39%	0%	0%	0%
	Noise	19%	48%	52%	63%	38%	62%	0%	0%
	Whole-body vibration	2 %	3%	5%	3%	4%	0%	0%	79%
Monitoring									
% of workers monitored	Dust	98%	102%	100%	103%	100%	0%	0%	0%
	Silica	100%	117%	100%	128%	99%	0%	0%	0%
	Noise	65%	100%	100%	99%	100%	3%	0%	0%
	Whole-body vibration	100%	100%	100%	105%	100%	75%	0%	0%

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ENVIRONMENTAL PROTECTION

All SCGC plants renewed their ISO 14001 certificates and applied ISO 14001/2004, with each plant being awarded its own certificate. On August 2011, the new amendments to Law No. 4 of 1994 were approved, including tighter restrictions on air pollution emissions with a grace period of three years for compliance. SCGC submitted its compliance action plan to authorities that included filter upgrading schemes. It received approval from the government, which allowed SCGC to adhere to the former limits during the grace period until the projects were completed.

In this vein, SCGC developed more stringent environmental protection targets for its plants to embrace SCGC's 'Continuous Improvement' spirit and avoid future fines or penalties should regulations change in the future. The EMS application also urged the Company to adopt an environmental policy that reflects SCGC's commitment towards improving environmental conditions where its plants operate.

In 2012-2014 Compliance Action Plan, with a budget of LE 530 million, goals were all met as planned by the end of 2014 except for the replacement of filters in Kiln 9 (Tourah Plant) and Kiln 2 (Suez Plant). The remaining tasks are expected to be completed in 2016. New emissions standards under Law No. 4 of 1994 will likely be officially enforced by April 2015. SCGC is set to meet the new standards, and even exceed them, by diversifying its energy mix through the integration of coal/petcoke power to fuel kiln operations.

Climate Protection

Cement production is an energy and carbon-intensive process. SCGC has been monitoring and reporting its carbon dioxide emissions since 2006 as per the WBCSD-CSI CO2 protocol for the cement industry.

SCGC 2014 CO2 Cement Production* Emissions

Absolute gross (ton/year)	5,008,941
Specific gross (kg/ton clinker)	798
Specific gross (kg/ton cem*)	670

These calculations are based on the WBCSD-CSI CO2 protocol, June 2005, Version 2 and Italcementi Group guidelines.
*Cem is defined as a cementitious product that includes both clinker and cement substitutes used for grinding.

SCGC is meeting other standards as follows:

- Responsible use of resources: SCGC is currently applying CSI guidelines.
- Alternative Raw Material (ARM): Almost 10% of the Company's ARM cement products consist of non-quarried materials slag.
- Alternative Fuel: Biomass fuel represents 6.51% of SCGC's total fuel needs and is being produced primarily at the Kattameya Plant.
- Clean Development Mechanism (CDM) projects: The Company has two CDM projects; one in Helwan and another in Kattameya. The projects so far have boosted SCGC's three pillars of sustainable development: environmental protection, cost savings and social responsibility. They are also in line with the Egyptian government's efforts to promote sustainable development schemes. The two projects submitted to UNFCCC were registered in July 2013 and have a 10-year crediting period.

Air Emissions

All plants meet SCGC standards in term of monitoring:

- Continuous monitoring : 100% of clinker production lines are now fully equipped with CEMs for measuring SO2, NOx, CO, O2, THC and dust as per requirements under ITC group standards.
- Spot monitoring: All pollutants and micro pollutants mentioned in the SD Air emissions procedures were

integrated into the monitoring system by the end of 2014.

Several major projects were completed and successfully implemented in the area of pollution abatement and emissions control. They include Rawmill and gravel filters being replaced by bag house systems in kilns at the Helwan, Kattameya, El-Minya and Suez Plants.

The Environmental Preservation Program (EPP)

The EPP survey identifies and assesses environmental risks as well as defines mitigation actions and the transfer of residual risk through insurance coverage. This survey was conducted by AXA (a third party consultant) with the support of the Sustainable Development Department.

The pilot phase of the EPP has been completed, with field surveys of the Kattameya Plant representing the final step of the "self assessment" questionnaire and environmental "risk gap" analysis. The environmental risk gap analysis evaluates potential site risks and will serve as a tool to identify and correct issues that could prove hazardous. The report was submitted with an action plan.

The Suez and Tourah Plants are set to undergo their own EPP surveys in 2015. The ultimate goal of SCGC's environmental policy is to achieve an equitable balance between the use of natural resources and long-term economic growth, while ensuring a better quality of life for generations to come.

Quarry Rehabilitation Programs

In 2014, SCGC finalized its first Biodiversity Plan in co-operation with Ain Shams University's Zoology Department at the Helwan Limestone Quarry, the largest SCGC quarry. The program's aim was to analyze and monitor biodiversity levels at the quarry in comparison with 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 now use as stopovers as they make their way south in the winter and north in the summer. This is one of the first reports of its kind in Egypt and was featured in Al Ahram newspaper last February.

In light of the partnership's success, SCGC renewed the agreement with Ain Shams University for another two years.

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

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

- Two other refilling projects are located at the Suez Plant clay quarry, where unused materials are being used to refill previously excavated sections. 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 CSR, SCGC has continued to promote initiatives that focus on the key needs of local community members. In 2014, SCGC made education and health priorities and spent over LE 10 million on related programs across the country. These initiatives also aim to improve stakeholder relations

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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. In recognition of its strong commitment to sustainable development, SCGC's CSR program was recognized as one of the top 10 in Egypt by the Egyptian Federation of Egyptian Industries.

They include:

- 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 2014 competition, where each team showcased development projects implemented throughout the 2013-2014 academic year. The projects were evaluated by a jury made up of a prestigious group of business leaders in Egypt.

- In September 2014, Helwan Cement Company and the Association for the Development and Enhancement of Women (ADEW) celebrated the reopening of Kafr El Elw Primary School, renovated as part of the "Madrasti" (My School) project financed by HCC. The program seeks to improve educational conditions through the development of school infrastructure, creating a healthy environment for youth. A ceremony was held at the school premises where attendees got a chance to see the positive change brought about by the extensive renovations. In addition to renovations, the contribution from HCC provided scholarships for 500 students, covering tuition fees, books, uniforms, bags, shoes, etc.

- Similarly, SCGC signed a partnership agreement with the Takatof Association for Development to renovate and upgrade Omar Ibn El Khattab Preparatory School for boys in Kafr Selim, Suez Governorate. The development project, worth LE 2 million, seeks to provide students and teachers with a modern learning environment that is conducive to academic success. The funds will be used to finance renovations and upgrades slated for completion in 2015.

- Likewise, SCGC partnered with CARE Egypt to upgrade five primary and secondary schools in El-Minya Governorate. 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.

- In 2014, SCGC contributed LE 1 million to the Don Bosco Institute. The objective of the sponsorship program is to promote technical and vocational education, upgrade Don Bosco's infrastructure 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 more than 25 graduates from the program and provided on the-job training for another 170 participants as well as summer internship opportunities. The funds for the 2014-2015 academic year will cover school fees for 48 students in need and upgrade the centre by reinforcing the external wall, providing an electric generator and sponsoring a Youth Centre catering to recreational, educational and social activities for young people in the neighborhood.

- In November 2014, SCGC sponsored the International Conference on "Responsive Urbanism in Informal Areas" organized by the Department of Architecture at the Faculty of Engineering - Cairo University (CUFE) in partnership with the Ministry of Urban Renewal and Informal Settlements and UN-Habitat, under the auspices of the Prime Minister. The conference's goal was to explore effective ways to revamp informal settlements through the use of innovative solutions, new building materials, renewable resources, etc. The conference was also an occasion to raise awareness about the "arcVision Prize Egypt – Women and Architecture Award", which Italcementi and SCGC launched in 2013 in conjunction with the Society of Egyptian Architects. The national contest recognizes the talent and creativity of female Egyptian architects. Nominees displayed outstanding design excellence and attention to key issues in architecture: technology, sustainability and social and cultural implications. Jenan Azmy was named the 2014 arcVision prize – Egypt winner for her projects that supported the socio-economic development of Egypt as well as improved the quality of life for community members without negatively impacting the environment.

- Finally, SCGC was one of the main sponsors of the Revival of the Egyptian Museum Initiative launched on December 15, 2014 in the presence of Eng. Ibrahim Mahlab, the Prime Minister of Egypt, Prof. Dr. Mamdouh ElDamaty, the Minister of Antiquities, and Prof. Dr. Galal Said, the Governor of Cairo. The Revival of the Egyptian Museum Initiative is a collaboration between the private and public sector, cultural institutions, experts and volunteers. SCGC is sponsoring rehabilitation works in the East Wing of the Tutankhamen Gallery.

RESPONSIBLE PRODUCTION

Energy & Fuel

Due to challenging market conditions regarding fossil fuels, SCGC has started gradually integrating other power sources such as coal, petcoke and alternative fuels. Almost 10% of the Company's energy mix now consists of alternative fuels, which saved SCGC more than LE 30 million in 2014. The Procurement Department is also working towards fulfilling 2015 targets that include producing 25% of SCGC's energy using coal and alternative fuels, which could save the firm LE 80 million for the year.

The Procurement Department is working to create a database of qualified alternative fuel suppliers to help SCGC find the most cost effective partners in the long run. The Procurement Department also helped source fossil fuels and maintain appropriate fuel stockpiles to avoid stoppages due to shortages. The fuels were subsidized and did not cost additional fees.

Spare Parts and Consumables

Suez Cement Company was the firm's leader in 2014 for the implementation and utilization of the Best Cost Country Sourcing (BCCS) project, which aims to increase sourcing from more competitive producers without compromising the quality of materials and spare parts. The Procurement Department succeeded in finding appropriate suppliers for around 10% of all codified items, which resulted in cost savings of LE 2.3 million versus OEM vendors. The suppliers were mainly companies in China, India, Turkey and the Middle East.

Subcontracting

The Procurement Department achieved its goal of reducing the need for sub-contractors. It reduced the number of sub-contractors by 174 industrial service workers and 44 general service providers, saving the Company LE 10 million.

Meanwhile, the department announced the one of the contract bid winners for the 120 MW wind farm project near Hurghada. The bid came in under budget at LE 10.8 million, saving the firm 30% of the estimated cost.

SCGC's Procurement Department also worked to eliminate occupational injuries and accidents as well as improve working conditions for employees and sub-contractors as part of the Safety Road Map. It did so by performing regular inspections of sub-contractor operations and conducting coaching/training meetings with groups on the importance of safety awareness.

General Services

The Procurement Department worked closely with the HR Department to enhance expenditure tracking in areas such as Food Supply, Medical Expenses and Car Rentals. Around 90% of General Service spending was covered by Purchase Orders on System Applications and Products and met 2014 OFC budget targets.

Transportation was also covered by long-term contracts including extra trips, which improved utilization of SCGC vehicles. The new contracts included vehicle inspection guidelines and safe driving regulations for drivers.

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Supplier Qualification

In 2014, SCGC maintained its commitment towards Sustainable Development via the Supplier Qualification scheme, which evaluates suppliers and their commitment to health, safety and environment protection as well as SCGC's Code of Ethics. This is an inter-departmental effort between the Procurement, Technical, Safety, Finance and Legal Departments; all are responsible for evaluating suppliers in their areas of concern to ensure they meet Company standards.

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	SRC 42,5 N
White Ordinary Portland Cement	CEM I 52,5 N
White Limestone Cement	CEM II /B-L 42,5 N

In addition to cement production, Suez Lime Company produces and sells hydrated lime. This product is used in various construction applications, such as plaster, mortar, lime-brick manufacturing, paints and decorative textiles. Hydrated lime is used by other sectors to create marble, granite, steel, sugar, paper, petroleum, crystal and glass, fertilizers and rubber.

SCGC controls the quality of each cement type and strength class through its Quality Management System. 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 is to enhance the relationship between customers and suppliers.

To guarantee routine quality control, 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 has also been EN 197-1 certified for evaluation of conformity as well as EN 197-2 certified for composition, specification and conformity criteria. SCGC's white cement received the CE mark. All products were granted the Egyptian Quality Mark (EQM).

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 (CrVI) 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 6.7% in 2014

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(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 hit 6.7% in 2014, surpassing the Company's medium to long-term goal 3.4% through sales recorded by the Bravo Build shops and the Kalyub HUB.

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.
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.

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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.

SUEZ CEMENT COMPANY (S.A.E)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED IN 31 DECEMBER 2014 TOGETHER WITH AUDITORS' REPORT

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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 2014, 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 2014, 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 2014 and for better understanding of the company's consolidated financial position as 31 December 2014 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: 25 February 2015

Auditors

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

Allied for Accounting & Auditing (EY)

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SEPARATE BALANCE SHEET AS OF 31 DECEMBER 2014

	Note	2014	2013
Non current assets			
Fixed assets	(3)	670,153,431	495,268,061
Projects under construction	(4)	336,940,011	217,121,847
Investments in subsidiaries	(5-a)	4,546,052,988	4,498,351,738
Investments in associates and share in joint ventures	(5-b)	30,267,255	30,267,255
Available-for-sale investments	(5-c)	2,543,767	3,861,405
Amounts paid under investments in subsidiaries and other companies	(5-d)	1,186,791	836,791
Loan to subsidiaries	(6)	43,000,000	46,000,000
Total noncurrent assets		**5,630,144,243**	**5,291,707,097**
Current assets			
Inventory	(7)	442,115,519	195,410,955
Accounts receivable	(8)	658,136	165,613
Due from related parties	(9)	2,688,688	2,349,934
Prepayments and other receivables	(10)	161,381,239	79,025,187
Cash at banks	(11)	668,081,707	1,058,608,637
Total current assets		**1,274,925,289**	**1,335,560,326**
Current liabilities			
Provisions	(12)	152,979,726	143,730,547
Bank overdraft	(13)	50,715,612	-
Accounts payable		315,565,179	193,342,453
Due to related parties	(14)	63,094,375	33,419,164
Income taxes for the year		70,243,341	-
Accrued income taxes		-	97,533,354
Accrued expenses and other payables	(15)	267,817,826	148,028,279
Total current liabilities		**920,416,059**	**616,053,797**
Working capital		**354,509,230**	**719,506,529**
Total investment		**5,984,653,473**	**6,011,213,626**
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)	2,211,709,171	2,211,524,361
Net unrealized gains on available-for-sale investments		1,430,767	2,748,405
Retained earnings		1,888,562,499	1,785,348,568
Profits for the year		471,824,836	628,473,258
Total equity		**5,937,451,075**	**5,992,018,394**
Noncurrent liabilities			
Other long term liabilities	(17)	13,571,411	13,496,517
Deferred tax liabilities	(18)	33,630,987	5,698,715
Total noncurrent liabilities		**47,202,398**	**19,195,232**
Total finance of working capital and non current assets		**5,984,653,473**	**6,011,213,626**

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 2014

	Note	2014	2013
Sales		**2,026,713,115**	**1,673,539,137**
Cost of sales		(1,720,545,414)	(1,380,805,073)
GROSS PROFIT		**306,167,701**	**292,734,064**
General and administrative expenses	(20)	(112,779,221)	(84,673,180)
Provisions	(12)	(26,146,111)	(18,293,744)
Provisions no longer required		14,783,336	3,960,222
Reversal the Decline in the value of other receivables		-	193,752
Board of directors' remuneration and allowance		(116,250)	(111,000)
Dividends income	(22)	298,865,926	375,400,489
Other incomea	(21)	35,007,668	68,706,727
OPERATING PROFITS		**515,783,049**	**637,917,330**
Finance expenses		(4,529,373)	(2,441,625)
Impairment loss on investments		-	(1,688,102)
Credit interests		47,847,738	36,914,641
Gain from sale of fixed asset		2,464,189	184,809
Foreign exchange differences		11,275,809	52,477,387
(losses) of sale of obsolete inventory		(2,840,963)	-
PROFITS BEFORE INCOME TAXES		**570,000,449**	**723,364,440**
Deferred income taxes for the year	(18)	(27,932,272)	2,642,172
Income taxes for the year	(19)	(70,243,341)	(97,533,354)
PROFITS FOR THE YEAR		**471,824,836**	**628,473,258**
EARNINGS PER SHARE	**(26)**	**2,37**	**3,22**

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

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SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Issued and paid up capital	Legal Reserve	Other reserves	Net unrealized gains on available-for-sale investments	Retained earnings	Profits for the year	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 1 January 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)
Net unrealized loss on available for sale investment	-	-	-	(1,317,638)	-	-	(1,317,638)
Profits for the year	-	-	-	-	-	471,824,836	471,824,836
Balance as of 31 December 2014	**909,282,535**	**454,641,267**	**2,211,709,171**	**1,430,767**	**1,888,562,499**	**471,824,836**	**5,937,451,075**
Balance as of 1 January 2013	909,282,535	454,641,267	2,210,626,660	2,626,680	1,508,848,343	596,445,398	5,682,470,883
Transferred to retained earnings	-	-	-	-	596,445,398	(596,445,398)	-
Dividends and transferred to other reserves	-	-	897,701	-	(319,945,173)	-	(319,047,472)
Net unrealized gain on available for sale investment	-	-	-	121,725	-	-	121,725
Profits for the year	-	-	-	-	-	628,473,258	628,473,258
Balance as of 31 December 2013	**909,282,535**	**454,641,267**	**2,211,524,361**	**2,748,405**	**1,785,348,568**	**628,473,258**	**5,992,018,394**

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

SEPERATE STATEMENT OF CASH FLOWS 31 DECEMBER 2014

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		570,000,449	723,364,440
Dividends income	(22)	(298,865,926)	(375,400,489)
Depreciation of fixed assets	(3)	114,746,449	102,062,894
Provisions	(12)	26,146,111	18,293,744
Provisions no longer required		(14,783,336)	(3,960,222)
Decline in value of obsolete inventory	(7)	-	1,099,277
Reversal of Decline in value obsolete of inventory		(6,264,811)	-
Reversal the Decline in the value of other receivables		-	(193,752)
Liabilities against end of service plan	(17)	1,499,894	15,071,517
Finance expenses		4,529,373	2,441,625
Impairment loss on investment		-	1,688,102
Credit interests		(47,847,738)	(36,914,641)
(Gain) from sale of fixed assets	(3)	(2,464,189)	(184,809)
Operating profits before changes in working capital		346,696,276	447,367,686
Change in inventory	(7)	(240,439,753)	30,955,241
Change in accounts receivable	(8)	(492,523)	184,376
Change in due from related parties	(9)	(338,754)	11,506,135
Change in prepayments and other receivables	(10)	(86,357,134)	1,097,095
Change in accounts payable		122,222,726	(4,990,360)
Change in due to related parties	(14)	29,675,211	4,145,391
Change in accrued expenses and other payables	(15)	119,789,547	(9,917,859)
Cash from operations		290,755,596	480,347,705
Finance expense paid		(4,529,373)	(2,441,625)
Income taxes paid		(97,533,354)	(82,130,340)
Provisions used	(12)	(2,113,596)	(6,787,365)
Payments in respect of End of service plan		(1,425,000)	(1,575,000)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**185,154,273**	**387,413,375**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		-	(976,697)
Proceeds from sale of fixed assets	(5-a)	2,503,899	184,809
Payments in respect of investments in subsidiaries		(48,051,250)	-
Payments in respect of projects under construction	(4)	(409,489,693)	(151,369,907)
Payments under investments in subsidiaries and other companies	(5-d)	-	(150,000)
Dividends received	(22)	298,865,926	375,400,489
Credit Interests received		51,848,820	31,069,187
NET CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES		(104,322,298)	254,157,881
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans to subsidiaries		3,000,000	14,000,000
Dividends paid		(525,074,517)	(319,047,472)
NET CAH FLOWS (USED IN) FINANCING ACTIVITIES		**(522,074,517)**	**(305,047,472)**
Net (decrease) increase in cash and cash equivalent during the year		**(441,242,542)**	**336,523,784**
Cash and cash equivalent- beginning of the year		1,058,608,637	722,084,853
Cash and cash equivalent- end of the year		**617,366,095**	**1,058,608,637**
For the purpose of preparing the statement of cash flow, the cash and cash equivalent comprise of the following:			
Cash on hand and at banks	(11)	668,081,707	1,058,608,637
Less:			
Bank overdraft	(13)	(50,715,612)	-
		617,366,095	**1,058,608,637**

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

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2014

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 2014.

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 period ended 31 December 2014 were authorized for issuance in accordance with a resolution of the directors on 25 February 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

Statement of compliance

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

2.2 CHANGES IN ACCOUNTING POLICIES

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

2.3 FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

2.4 Fixed assets and depreciation

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

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

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

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal, Any gain or loss arising on derecognition of the asset is included in the statement of income when the asset is derecognized.

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

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

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the statement of income.

2.5 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets, Projects under construction are valued at cost less impairment.

2.6 Investments
Investments in subsidiaries

Investments in subsidiaries are investments in entities which the company has control, Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power of the investee, unless, in exceptional circumstances, it can be clearly demonstrated that this is not the case.

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

Investments in associates

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

Investments in associates are accounted for at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of income for each investment separately.

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 directors.

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 2014	398,503	500,065,690	1,364,843,369	40,486,058	79,404,443	1,985,198,063
Transfer from Projects under construction (Note 4)	-	26,024,439	257,394,086	963,446	5,289,558	289,671,529
Disposals	-	-	(8,340,924)	(2.923.349)	-	(11,264,273)
As of 31 December 2014	**398,503**	**526,090,129**	**1,613,896,531**	**38,526,155**	**84,694,001**	**2,263,605,319**
Accumulated depreciation						
As of 1 January 2014	-	(372,713,283)	(1,028,247,828)	(35,375,111)	(53,593,780)	(1,489,930,002)
Depreciation for the year	-	(17,388,828)	(88,714,774)	(1,503,145)	(7,139,702)	(114,746,449)
Disposals	-	-	8,340,924	2,883,639	-	11,224,563
As of 31 December 2014	**-**	**(390,102,111)**	**(1,108,621,678)**	**(33,994,617)**	**(60,733,482)**	**(1,593,451,888)**
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**
Net book value as of 31December 2013	**398,503**	**127,352,407**	**336,595,541**	**5,110,947**	**25,810,663**	**495,268,061**

First:

Proceeds from sale of fixed assets	**2,503,899**
Cost of fixed assets sold	11,264,273
Accumulated depreciation of sold fixed assets	(11,224,563)
Net book value	**39,710**
Gain from sale of fixed assets	**2,464,189**

Second:

• Fixed Assets as of 31 December 2014 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	178,779,430
Machinery, equipment and tools	564,566,770
Motor vehicles	29,886,471
Furniture and office equipment	40,970,742
Total	**814,203,413**

• No pledged 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 2014	Additions during the year	Transferred to fixed assets during the year (note 3)	Balance as of 31 December 2014
LE	LE	LE	LE
217,121,847	**409,489,693**	**(289,671,529)**	**336,940,011**

5. INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value	2014	2013
		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	56,31	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	-
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
			4,546,052,988	**4,498,351,738**

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

On 26 February 2012 the extraordinary General Assembly meeting amended article no. 2 of the Statute to modify the company's name to Ready Mix Concrete Al alamia (RMC)" S.A.E.

** 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 EGP 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 paid in cash.

*** 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 97,88%.

B) Investments in an associates and joint ventures

	% of Ownership	Par value	2014	2013
		LE	LE	LE
Investments in an associate				
Techno Gravel For Quarries-Egypt S.A.E	45	10	28,334,257	28,334,257
Total investments 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	2014	2013
		LE	LE	LE
Lafarge Cement Company – Egypt S.A.E (Previously : Egyptian company for Cement S.A.E) – quoted in stock exchange in an inactive market	0,137	10	1,113,000	1,113,000
Reserve of gain from changes in the fair value of available-for-sale investment			1,430,767	2,748,405
			2,543,767	**3,861,405**

D) Amounts paid under investments in subsidiaries and other companies

	% of Ownership	Par value	2014	2013
		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	500,000
Italgin Gulf el Zeit S.A.E	1	100	350,000	50,000
			1,186,791	**836,791**

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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 10,54%, The loan's balance as of 31 December 2014 amounted to LE 20 Million from Ready Mix Concrete Al alamia (RMC)" S.A.E and LE 23 Million from Development and Construction Materials Company (DECOM) SAE (subsidiary company by 52%).

7. INVENTORY

	2014	2013
	LE	LE
Raw materials	12,717,303	7,153,628
Spare parts and supplies	152,247,110	161,483,188
Fuel	64,406,618	10,842,606
Packing materials	3,905,052	2,516,401
Work in progress	178,053,129	36,985,897
Finished goods	66,652,479	31,423,588
Goods in transit	15,119,244	2,255,874
	493,100,935	**252,661,182**
Less:		
Decline in value of obsolete (spare parts) inventory	(50,896,328)	(57,161,139)
Decline in value of obsolete (packing -bags) inventory	(89,088)	(89,088)
	(50,985,416)	**(57,250,227)**
	442,115,519	**195,410,955**

* The reversal of decline in the value of obsolete inventory amounted to EGP 6,264,811 has been recognized among cost of sales

8. ACCOUNTS RECEIVABLE

	2014	2013
	LE	LE
Accounts receivable	995,431	502,908
Less:		
Decline in the value of accounts receivables	(337,295)	(337,295)
	658,136	**165,613**

9. DUE FROM RELATED PARTIES

	2014	2013
	LE	LE
Ready Mix Concrete Al alamia (RMC)" S.A.E	1,515,128	1,406,863
Axim Egypt Company S.A.E	3,702	-
Suez For Import and Export S.A.E	8,834	-
Italgin Gulf el Zeit S.A.E	-	159,970
Suez Lime S.A.E	-	202
Techno Gravel For Quarries-Egypt S.A.E	366	366
Development and Construction Materials Company (DECOM) S.A.E	1,160,658	782,533
	2,688,688	**2,349,934**

10. PREPAYMENTS AND OTHER RECEIVABLES, NET

	2014	2013
	LE	LE
Prepaid expenses	8,510,264	4,927,429
Advances to suppliers	88,182,806	12,537,121
Deposits with others	37,155,013	35,324,490
Accrued revenues	527	-
Tax authority	7.416.710	7,574,294
Refunded tax	12,879,608	5,868,762
Blocked current account at QNB AL AHLI in favor of tax authority	255,255	255,255
Other debit balances	5,618,377	7,174,075
	160,018,560	**73,661,426**
Accrued interest	3,303,549	7,304,631
Less: Impairment in value of other debit balances	(1,940,870)	(1,940,870)
	161,381,239	**79,025,187**

11. CASH AT BANKS

	2014	2013
	LE	LE
a- Egyptian Pound		
Current accounts	60,120,483	25,103,262
Treasury bills (mature in three months)	442,686,018	467,016,672
b- Foreign currencies		
Current accounts	2,936,386	802,203
Time deposits (mature in three months)	162,338,820	565,686,500
	668,081,707	**1,058,608,637**

12. PROVISIONS

	Balance as of 1 January 2014	Charged during the year	Utilized during the year	Provisions no longer required	Balance as of 31 December 2014
	LE	LE	LE	LE	LE
Tax claims	73,850,000	22,090,000	(2,113,596)	-	93,826,404
Juridical disputes	11,869,173	1,150,000	-	(197,336)	12,821,837
Training support fund	58,011,374	2,906,111	-	(14,586,000)	46,331,485
	143,730,547	**26,146,111**	**(2,113,596)**	**(14,783,336)**	**152,979,726**

13. Bank Overdraft

Suez Cement Company S.A.E obtained a line of credit from Crédit Agricole Egypt capped at 160 MEGP in the form of overdraft facility in Egyptian pounds to finance the company's working capital requirements.

Suez Cement Company S.A.E obtained a line of credit from Crédit Agricole Egypt capped at 85 MEGP or equivalent in foreign currencies ; for the opening of sight letters of credit to import raw material / spare parts and equipment related to the company's business.

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Interest rate at Central bank of Egypt interest rate + 1.95 % per annum.

Total usage of these line of credit as of 31 December 2014 amounted to EGP 50,715,612

14. DUE TO RELATED PARTIES

	2014	2013
	LE	LE
Ciments Francais (major shareholder)	31,828,864	11,474,056
Italcementi S,P,A	2,205,253	1,170,083
Tourah Portland Cement Company S.A.E	11,178,418	5,996,103
Helwan Cement Company S.A.E	6,972,170	2,634,980
Suez Bags Company S.A.E,	5,019,257	9,250,922
Suez For Transport and Trade S.A.E	5,890,413	2,893,020
	63,094,375	**33,419,164**

15. ACCRUED EXPENSES AND OTHER PAYABLES

	2014	2013
	LE	LE
Accrued expenses	30,693,775	29,540,668
Advances from customers	203,413,893	64,473,000
Tax authority – salary tax	1,717,927	2,107,482
Tax authority – withholding taxes	2,708,156	7,196,251
Tax authority-sales tax	1,533,228	3,762,287
Tax authority-Clay fees	3,563,775	352.300
Deposits from others	5,586,902	5,445,168
Social and medical security	1,013,761	932,751
Other payables	17,586,409	34.218.371
	267,817,826	**148,028,279**

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

	2014	2013
	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	11,989,921	11,805,111
Total other reserves	**2,211,709,171**	**2,211,524,361**
Legal reserve	**2,666,350,438**	**2,666,165,628**

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 dated10 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 - end of service plan

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

	2014
Discount rate	14,5 %
Average salary increase	9 %
Annuity schedule	60

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

	2014	2013
	LE	LE
Liability at present value	13,571,411	13,496,517
Liability at the balance sheet	**13,571,411**	**13,496,517**

The movement of liabilities as per the balance sheet

	2014	2013
	LE	LE
Liability - beginning of the year	13,496,517	11,765,646
Current service cost (note 20)	869,297	811,150
Interest cost	1,878,365	1,701,613
End of service benefits paid	(1,425,000)	(1,575,000)
Actuarial (gain) losses on obligation (note 20)	(1,247,768)	793,108
Liability – end of the year	**13,571,411**	**13,496,517**

The cost as per income statement

	2014	2013
	LE	LE
Cost at initial recognition	-	11,765,646
Accrued cost of service	869,297	811,150
Cost of interest	1,878,365	1,701,613
Actuarial (gain) losses on obligation	(1,247,768)	793,108

The analysis of end of service cost as per income the statement

	2014	2013
	LE	LE
General and administrative expense	(387,471)	13,369,904
Finance expense	1,878,365	1,701,613
	1,499,894	**15,071,517**

18. DEFERRED INCOM TAXES LIABILITIES

	2014	2013
	LE	LE
Depreciation of fixed assets	(65,487,166)	(41,425,079)
Provisions	31,856,179	35,726,364
Net deferred income tax (liability)	**(33,630,987)**	**(5,698,715)**

19. RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

		2014
		LE
Net profits before income taxes		**570,000,449**
Add:		
Provisions		26,146,111
Board of directors' allowance		1,709,067
Hilal Company - Chairman Salary		428,393
Donations		5,597,620
Depreciation		114,746,449
Labors Club		1,600,000
Indemnities and penalties expenses		823,800
Previous year expenses		5,152
Provision for pensions		2,747,662
Less:		
Depreciation		(192,832,804)
Provisions used		(1,538,597)
Provisions no longer required		(22,295,915)
Capital Gains		(2,464,189)
Donations		(1,785,930)
Suez cement share in suez bag and tourah for cement of directors bonuses		-
Dividends received - subsidiaries		(268,576,131)
Taxable income		**234,311,136**
Income tax using applicable tax rate (25%) = 234,311,136 X 25%		58,577,784
Additional income tax using applicable tax rate (5%) = 233,311,136 X 5%		11,665,557
Income Tax at the effective tax rate	**15,83 %**	**70,243,341**

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	LE	LE
Technical assistance fees (note 27-a)	21,062,205	10,430,930
Salaries	46,100,077	34,790,235
End of service benefits plan	869,297	12,576,796
Actuarial (gain) losses on obligation	(1,247,768)	793,108
Public relations , communications and advertising expenses	27,420,868	9,416,595
Other general and administrative expenses	18,574,542	16,665,516
	112,779,221	**84,673,180**

21. OTHER INCOME

	2014	2013
	LE	LE
Management fees (Note 27 a)	10,583,239	8,949,816
Settlement value of clay development contribution fees*	12,228,384	49,703,386
Other income	12,196,045	10,053,525
	35,007,668	**68,706,727**

* This amount represents tax authority accruals of clay development contribution fees for the period from 1 January 2014 till 31 March 2014 these accruals have been reversed and recognized among other income in the income statement based on the meeting held at the office of the Tax Authority Chairman on 28 December 2010 with the representatives of the cement companies working in Egypt,

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

During the current year the company has received the final reconciliation from the tax authority which mentioned that the balance due to the company is amounting to LE 81,603,296 till 31 July 2012 to be amortized using the future dues on the company production, The company has fully amortized the value and started to pay clay fees on a monthly basis from March 2014.

22. DIVIDENDS INCOME

	2014	2013
	LE	LE
Helwan Cement Company S.A.E	243,933,398	244,076,754
Tourah Cement Company S.A.E	23,646,496	94,585,986
Ready Mix Concrete Al alamia (RMCA)- S.A.E	5,044,000	2,158,000
Suez Bags Company S.A.E	16,196,416	16,196,416
Suez for Transport and Trade – Egypt S.A.E	1,050,000	552,328
Lafarge Cement Company – Egypt S.A.E - (Previously : Egyptian company for Cement S.A.E)	448,002	1,725,150
Techno Gravel For Quarries-Egypt S.A.E	1,575,000	1,800,000
El Helal Cement Company - Kuwait	6,342,614	13,045,855
Axim Egypt Company S.A.E	630,000	1,260,000
	298,865,926	**375,400,489**

23. CONTINGENT LIABILITIES

- The Company has credit facilities from several Egyptian banks with a maximum limit amounted to LE 670 million, Nothing used during the year ended at 31 December 2014,
- The letters of guarantee issued at the Company's as follows:

Bank name	Amount in issued currency	Equivalent in	Cash margin
LE	**LE**	**LE**	**LE**
QNB AL AHLI	10,000	10,000	10,000
Alexandria Bank	2,361,568	2,361,568	19,763
	2,371,568	**2,371,568**	**29,763**

- The outstanding balance of issued letters of credit in favour of Suez Cement Company by Crédit Agricole Egypt as of 31 December 2014 amounted to LE 15,511,449; whereas The outstanding balance of issued letters of credit by H.S.B.C Bank – Egypt as of 31 December 2014 amounted to LE 4,712,942.

24. TAX SITUATION

a) Corporate taxes

- Period since inception up to 2006:

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

- Year 2007:

The tax authority has assessed the company for this period, it was agreed by the Internal Committee and the required 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 2013:

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

b) Sales tax

- Period since inception up to 2007:

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

- Years from 2008 to 2009:

The tax authority has assessed the company for this period, the company objected against the inspection results, As to thermal material Axim, the dispute is before the court but the rest of items have been settled,

- Years from 2010 to 2011:

The tax authority has assessed the company for this period, the company objected against the inspection results, the results us currently under discussion,

- Years from 2012 to 2013:

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

c) Salary tax

- Period since inception up to 1998:

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

- Years from 1999 to 2009:

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

- Years from 2010 to 2013:

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, Tax due 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 under re-inspecting the disputed items for this period,

- Years from 2011 to 2013:

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 on hand and at banks, accounts receivable, due from related parties, loans 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 176,599,840 whereas; the financial liabilities denominated in foreign currencies amounted to LE 87,728,133

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:

	2014	2013
	LE	LE
Net profits for the period	471,824,836	628,473,258
Less:		
Board of directors' dividends (estimated) */ actual	(3,000,000)	(3,000,000)
Employees' dividends (estimated) */ actual	(37.421.445)	(40,154,774)
Net profit available for shareholders	**431.403.391**	**585,318,484**
The weighted average number of outstanding shares	181856507	181856507
Earnings per share	**2,37**	**3,22**

* Estimation only / subject to the BOD decision until the approval of the General Assembly at the end of the year,

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 2014 amounted to LE 29,958 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 21,062 Million charged to statement of income (Note 20) and The Tourah Cement portion of this technical assistance amounted to LE 8,896

The value of the expatriate fees offered by Ciments Francais (major shareholder) for the year ended 31 December 2014 amounted to LE 22,874 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 2014 amounted to LE 8,167 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 2014 amounted to LE 95,242 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 2014 amounted to LE 5,266 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 2014 amounted to LE 24,620 Million.

The value of the purchased clinker from Tourah Cement Company S.A.E (subsidiary) for the year ended 31 December 2014 amounted to LE 19,488 million.

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

The value of the purchased clinker from Helwan Cement Company S.A.E (subsidiary) for the year ended 31 December 2014 amounted to LE 54,278 million,

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 2014 amounted to LE 65,882 Million>

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 2014 amounted to LE 3,052 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 2014 amounted to LE 5,253 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 2014 amounted to LE 2,810 million.

The value of transportation services offered by Suez Transport for Trade S.A.E (subsidiary) for year ended 31 December 2014 amounted to LE 38,841 million.

28. COMPARATIVE FIGURES

Certain comparative figures for the year 2013 have been reclassified to conform to the year presentation of these separate financial statements,

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 2014, 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 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Cairo: 25 February 2015

Auditors

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

Allied for Accounting & Auditing (EY)

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CONSOLIDATED BALANCE SHEET - As Of 31 December 2014

	Note	2014	2013
Non current assets			
Fixed assets	(4)	3,885,737,848	3,522,931,254
Projects under construction	(5)	606,919,567	534,786,565
Goodwill		2,740,344,085	2,740,344,085
Investments in an associate and shares in joint ventures	(6 a)	31,171,428	30,301,915
Available-for-sale investments	(6 b)	2,564,328	3,881,966
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	1,486,795
Total non current assets		**7,277,353,330**	**6,842,161,859**
Current assets			
Inventory	(7)	1,193,846,543	843,881,414
Accounts and notes receivable	(8)	220,328,964	203,723,147
Prepayments and other receivables	(9)	447,181,272	264,900,683
Cash on hand and at banks	(10)	1,626,454,394	1,814,046,625
Total current assets		**3,487,811,173**	**3,126,551,869**
Current liabilities			
Banks overdraft	(12)	67,050,017	3,075,192
Provisions	(13)	486,089,966	482,621,583
Current portion of medium term loans	(16)	-	51,725,125
Accounts payable		906,690,233	597,632,290
Income taxes for the period		238,667,536	-
Accrued income taxes		35,884,058	264,457,624
Accrued expenses and other payables	(11)	704,441,473	347,402,376
Total current liabilities		2,438,823,283	1,746,914,190
Working capital		1,048,987,890	1,379,637,679
Total investment		**8,326,341,220**	**8,221,799,538**
Financed as follows			
Equity			
Issued and paid up capital	(14 a)	909,282,535	909,282,535
Reserves	(14 b)	2,666,350,438	2,666,165,628
Net unrealized gains on available-for-sale investments	(6 b)	1,430,767	2,748,405
Cumulative foreign currencies translation differences		32,624,516	35,164,036
Retained earnings		3,083,307,850	3,121,219,325
Profits for the year		492,590,051	538,279,366
Total equity		7,185,586,157	7,272,859,295
Non-controlling interest	**(15)**	**679,064,786**	**655,363,881**
Noncurrent liabilities			
Medium term loans	(16)	146,611,574	57,955,739
Other long term liabilities	(17)	48,801,742	16,019,091
End of service benefits liabilities	(18)	32,490,816	32,272,622
Deferred tax liabilities	(24)	233,786,145	187,328,910
Total non current liabilities		461,690,277	293,576,362
Total finance of working capital and non-current assets		**8,326,341,220**	**8,221,799,538**

Auditors	Consolidation Manager	Chief Financial Officer	Managing Director	Chairman
Emad H. Ragheb Nabil A. Istanbouli	Nagah Khider Abu Zeid	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 INSTATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
Sales		6,151,762,321	5,049,317,944
Cost of sales		(5,065,704,685)	(4,084,794,019)
GROSS PROFIT		**1,086,057,636**	**964,523,925**
General and administrative expenses	(19)	(435,748,637)	(364,565,243)
Provisions	(13)	(70,382,700)	(51,016,961)
Provisions no longer required	(13)	23,252,452	17,980,874
Impairment of accounts and notes receivable		(641,172)	(5,813,561)
Reversal of impairment of prepayments and other receivables		840,751	342,010
Board of directors' remuneration and allowances		(450,365)	(448,451)
Investment income in an associate and shares in joint ventures	(6 a)	2,726,092	2,405,348
Investment income		2,118,690	2,855,628
Other income	(20)	135,165,384	153,989,231
OPERATING PROFITS		742,938,131	720,252,800
Finance expenses	(21)	(23,014,971)	(12,744,274)
Credit interests		78,250,457	55,202,690
Gain and (loss) from sale of fixed assets		4,962,163	(70,258)
Foreign exchange differences		38,749,949	83,773,757
(Loss) on Amounts paid under investments in subsidiaries		-	(45,523)
Other expenses	(22)	(31,144,967)	(18,960,865)
(Loss) from sale of obsolete inventory		(6,644,158)	(13,840,464)
PROFITS BEFORE INCOME TAXES		804,096,604	813,567,863
Deferred income taxes for the year	(24)	(46,457,235)	(6,045,249)
Income taxes for the year	(23)	(238,667,536)	(215,108,298)
PROFITS FOR THE PERIOD BEFORE NON- CONTROLLING INTEREST		518,971,833	592,414,316
Non-controlling interest		(26,381,782)	(54,134,950)
PROFITS FOR THE YEAR		**492,590,051**	**538,279,366**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 2014

	Issued and paid up capital	Reserves	Net unrealized gains / (loss) on available-for-sale investments	Cumulative foreign currencies translation differences	Retained earnings	Profits for the year	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 1 January 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	-	-	-	-	(488,043)	-	(488,043)
Adjusted balance as of 1 January 2014	**909,282,535**	**2,666,165,628**	**2,748,405**	**35,164,036**	**3,120,557,656**	**538,279,366**	**7,272,197,626**
Transferred to retained earnings	-	-	-	-	538,279,366	(538,279,366)	-
Dividends and transferred to reserves	-	184,810	-	-	(575,529,172)	-	(575,344,362)
Net unrealized (loss) on available-for-sale investments	-	-	(1,317,638)	-	-	-	(1,317,638)
Foreign currencies translation differences for the year	-	-	-	(2,539,520)	-	-	(2,539,520)
Profits for the year	-	-	-	-	-	492,590,051	492,590,051
Balance as of 31 December 2014	**909,282,535**	**2,666,350,438**	**1,430,767**	**32,624,516**	**3,083,307,850**	**492,590,051**	**7,185,586,157**
Balance as of 1 January 2013	909,282,535	2,665,267,927	2,626,680	23,333,438	2,957,762,677	524,400,192	7,082,673,449
Adjustments on retained earnings – Non-controlling interest in the capital decrease of Helwan Cement Company	-		-	-	(72,813)	-	(72,813)
Adjustments on retained earnings-Tax differences	-	-	-	-	(2,551,251)	-	(2,551,251)
Adjusted balance as of 1 January 2013	**909,282,535**	**2,665,267,927**	**2,626,680**	**23,333,438**	**2,955,138,613**	**524,400,192**	**7,080,049,385**
Transferred to retained earnings	-	-	-	-	524,400,192	(524,400,192)	-
Dividends and transferred to reserves	-	897,701	-	-	(358,319,480)	-	(357,421,779)
Net unrealized gain on available-for-sale investments	-	-	121,725	-	-	-	121,725
Foreign currencies translation differences for the year	-	-	-	11,830,598	-	-	11,830,598
Profits for the year	-	-	-	-	-	538,279,366	538,279,366
Balance as of 31 December 2013	**909,282,535**	**2,666,165,628**	**2,748,405**	**35, 164, 036**	**3,121,219,325**	**538,279,366**	**7,272,859,295**

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

السويس للأسمنت
Suez Cement
Italcementi Group

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDE 31 December 2014

	Note	2014	2013
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		804,096,604	813,567,863
Depreciation of fixed assets	(4)	448,352,886	379,343,608
Impairment of accounts and notes receivable	(9,8)	641,172	5,813,561
Decline in value of inventory	(7)	(15,630,541)	(26,431,558)
Provisions	(13)	70,382,700	51,016,961
Provision no longer required	(13)	(23,252,452)	(17,980,874)
Reversal of impairment of prepayments and other receivables	(9)	(840,751)	(342,010)
Liabilities against end of services plan	(18)	3,368,194	35,197,622
Investment income in an associate companies and joint ventures	(6-a)	(2,726,092)	(2,405,348)
Finance expenses		23,014,971	12,744,274
Credit interests		(78,250,457)	(55,202,690)
(Gain) from sale of fixed assets	(4)	(4,962,163)	70,258
Operating profits before changes in working capital		**1,224,194,071**	**1,195,391,667**
Change in inventory	(7)	(334,334,588)	(13,094,609)
Change in accounts and notes receivable, and prepayments and other receivables	(9,8)	(200,499,652)	128,206,219
Change in accounts payable, and accrued expenses and other payables		666,097,040	33,248,716
Cash from operations		**1,355,456,871**	**1,343,751,993**
Finance expenses paid	(20)	(23,014,971)	(12,744,274)
Income taxes paid		(228,573,566)	(202,719,817)
Tax differences paid		(488,043)	(2,551,251)
Provision end of services		(3,150,000)	(2.925.000)
Provisions used	(13)	(43,661,865)	(32,677,035)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**1,056,568,426**	**1,090,134,616**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(4,5)	(48,460,847)	(50,206,748)
Proceeds from debtors – sale of assets	(9)	1,812,825	100,000
Proceeds from sale of fixed assets	(4)	10,883,723	1,163,468
Payments in respect of project under construction	(5)	(642,746,059)	(379,319,840)
(Increase of fixed assets) Assets of International City for Ready Mix (K.S.A)	(4)	(199,126,517)	(173,130,621)
Changes in amounts paid under investment in subsidiaries		-	(1,972,447)
Proceeds from investment in an associate companies	(6-a)	1,856,579	3,323,915
Payments for amounts paid under investment in subsidiaries and other companies	(6-d)	(700,000)	41,707,494

Credit interests received		78,250,457	55,202,690
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(798,229,839)**	**(503,132,089)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of medium term loans and other long term liabilities	(16,17)	69,713,361	25,500,301
Dividends paid		(575,344,362)	(357,421,779)
Dividends paid to non-controlling interest	(15)	(49,654,657)	(86,418,774)
Changes in non-controlling interest	(15)	46,973,780	14,896,537
Adjustments on retained earnings		(173,626)	(72,813)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(508,485,504)**	**(403,516,528)**
Net (decrease) increase in cash and cash equivalent during the year		(250,146,917)	183,485,999
Foreign currencies translation differences related to fixed assets		1,119,381	(6,395,080)
Change in Cumulative foreign currencies translation differences		(2,539,520)	11,830,598
Cash and cash equivalent - beginning of the year		1,814,046,625	1,622,317,094
CASH AND CASH EQUIVALENT – END OF THE YEAR	**(10)**	**1,562,479,569**	**1,814,046,625**
For the purpose of preparing the statement of cash flow,			
the cash and cash equivalent comprise of the following:			
Cash on hand and at banks	(10)	1,626,454,394	1,814,046,625
Less:			
Bank overdraft		(63,974,825)	(2,808,014)
		1,562,479,569	**1,811,238,611**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

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 2014.

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 Year ended 31 December 2014 were authorized for issuance in accordance with the resolution of the Board of Directors on 25 February 2015.

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

	2014	2013
	%	%
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	99.54
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	96.36
Development for Industries Company S.A.E	98.28	98.28
Axim for industries Company S.A.E		
Formerly, Upper Egypt For Industries Company S.A.E	98.28	98.28
Suez For import and Export S.A.E	97.90	97.90
International City Company for Concrete	**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 2014 amounting to LE 383,796,011 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 2014 amounting to LE 341,129,916.

Suez Bags Company S.A.E.

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

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

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

- Suez Cement Company S.A.E. acquired 10447 shares (20894 shares after the split) from the shares of Suez Bags Company S.A.E. during 2000, with an investment cost of LE 1,371 Million which resulted in goodwill amounted to LE 623,000 and amortized over five years starting from 2000.

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

- Egyptian Tourah Portland Cement Company S.A.E. acquired 5283 shares (10566 shares after the split) from the shares of Suez Bags Company S.A.E. during 2001, Suez Cement share is 66.12% (3493 shares) with the cost of LE 599,802, which resulted in goodwill, amounted to LE 337,000 and amortized over five years starting from 2001.

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

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

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

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

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

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

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

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

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

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

On 28 October 2007 Helwan Cement Company S.A.E. contributed in establishing Suez Transport and Trade Company S.A.E with a contribution in the capital by 55%, in addition to the contribution of Suez Cement Company S.A.E and Egyptian Tourah Portland Cement Company S.A.E. by 35% and 10% respectively. Accordingly, the direct and indirect share of Suez Cement Company S.A.E. in the capital of Suez Transport and Trade Company S.A.E. is 96.37%.

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 129,758,310 EGP against a decrease in the

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

The final good will amounted to 735,755 EGP.

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 32,624,516 as of 31 December 2014 have been presented separately in the shareholders' equity.

The cumulative foreign currencies translation differences resulted from the translation which belong to the non-controlling amounting to LE 31,391,906 as of 31 December 2014 have been treated 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.

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

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 EGP 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.

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.

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3.4 Fixed assets and depreciation

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

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

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

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

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of income when the asset is derecognized.

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

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

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

3.5 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost less impairment.

3.6 Investments

Investments in associates

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

This is according to equity method to account the investments in associates in the consolidated financial statements.

Available for sale investments

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

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

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

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

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

Held to maturity investments

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

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

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

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 amortised cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortisation process.

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

3.12 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.

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 2014	586,105,362	1,549,316,791	5,747,155,491	240,389,508	167,802,675	8,290,769,827
Foreign currencies translation differences	(57,647)	(1,717,001)	(1,008,685)	(923,211)	(89,877)	(3,796,421)
Fixed assets additions - ICC Company	-	47,388,186	153,187,183	109,082,136	1,810,736	311,468,241
Adjusted Balance as of 1 January 2014	**586,047,715**	**1,594,987,976**	**5,899,333,989**	**348,548,433**	**169,523,534**	**8,598,441,647**
Additions	5,915,870	20,943,153	19,823,232	826,600	951,992	48,460,847
Transferred from Assets under construction	-	42,180,128	505,947,016	14,881,276	7,604,637	570,613,057
Disposals	-	-	(13,393,025)	(25,867,249)	-	(39,260,274)
As of 31 December 2014	**591,963,585**	**1,658,111,257**	**6,411,711,212**	**338,389,060**	**178,080,163**	**9,178,255,277**
Accumulated depreciation						
As of 1 January 2014	-	(936,500,252)	(3,520,334,743)	(199,347,769)	(111,655,809)	(4,767,838,573)
Foreign currencies translation differences	-	1,122,334	804,833	691,596	58,277	2,677,040
Accumulated depreciation of fixed assets additions – ICC Company	-	(7,871,123)	(58,133,138)	(45,453,985)	(883,478)	(112,341,724)
Adjusted Balance as of 1 January 2014	-	**(943,249,041)**	**(3,577,663,048)**	**(244,110,158)**	**(112,481,010)**	**(4,877,503,257)**
Depreciation for the year	-	(73,142,389)	(340,426,506)	(19,669,356)	(15,114,635)	(448,352,886)
Disposals	-	-	11,414,079	21,924,635	-	33,338,714
As of 31 December 2014	-	**(1,016,391,430)**	**(3,906,675,475)**	**(241,854,879)**	**(127,595,645)**	**(5,292,517,429)**
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**
Net book value as of 31 December 2013	**586,105,362**	**612,816,539**	**2,226,820,748**	**41,041,739**	**56,146,866**	**3,522,931,254**

4. FIXED ASSETS CONT'D

First:	**L.E**
Proceeds from sale of fixed assets	**10,883,723**
Cost of sold fixed assets	39,260,274
Accumulated depreciation of sold fixed assets	(33,338,714)
Net book value	**5,921,560**
Gain from of sale fixed assets	**4,962,163**

Second:

Fixed Assets as of 31 December 2014 includes assets that are fully depreciated and still in use, and the acquisition cost for these assets was as follows:

Asset	Cost
	L.E
Building, constructions, infrastructure and roads	246,331,195
Machinery, equipment and tools	1,421,764,966
Motor vehicles	76,158,040
Furniture and office equipment	77,236,627
Total	*1,821,490,828*

Third: Helwan Cement Company S.A.E. (Subsidiary) has lands in its possession recorded in fixed assets without value, represented in 153 Fadden's, 4 hectares and 18 shares located in Helwan and ELmenya Governorates.

Fourth: Lands include acre of lands belongs to Egyptian Tourah Portland Cement Company S.A.E (Subsidiary). The company has the right of using these lands without value. There is a legal dispute regarding those lands.

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 2014	Additions during the year	Transferred into assets during the year (Note 4)	Balance at 31 December 2014
LE	LE	LE	LE
534,786,565	642,746,059	(570,613,057)	606,919,567

6. INVESTMENTS

A) Investment in an associate and shares in joint ventures

	% of Ownership	Par Value	2014	2013
		LE	LE	LE
Techno Gravel For Quarries-Egypt S.A.E*	45	10		
Investment cost– Beginning of the year			28,329,468	29,021,780
Plus:				
The Company's share in profit for the year			2,773,159	2,631,603
Deduct:				
Dividends			(1,856,579)	(3,323,915)
Investment balance - End of the year			**29,246,048**	**28,329,468**
Suez Lime S.A.E*	49.66	100		
Investment cost– Beginning of the year			1,972,447	2,198,702
Deduct:				
The Company's share in losses for the year			(47,067)	(226,255)
Investment balance - End of the year			**1,925,380**	**1,972,447**
Total investment in associate companies and joint ventures			**31,171,428**	**30,301,915**

* 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.

B) Available-for-sale investments

	% of Ownership	Par value	2014	2013
Investment available-for-sale Measured at fair value		LE	LE	LE
Lafarge Cement Company – Egypt S.A.E				
- Quoted in the stock exchange in an inactive market	0.137	1000	1,113,000	1,113,000
Net unrealized gains on available-for-sale investments			1,430,767	2,748,405
			2,543,767	3,861,405
Investments available-for-sale -Measured at cost				
Iron and Steel Company (Al Hadid Wal Solb) – Quoted				
in the stock exchange			20,500	20,500
Al Tour Investment Company – Unquoted in the stock exchange			61	61
			20,561	20,561
			2,564,328	3,881,966

C) Held to maturity investments

	2014	2013
	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	2014	2013
		LE	LE	LE
Suez Bosphorus Cimento Sanayi Ve Ti	100	3.64	186,795	186,795
Italgen Egypt for Energy Company S.A.E	2	100	1,300,000	1,200,000
Italgen Gulf El-Zeit for Energy Company S.A.E	2	100	700,000	100,000
			2,186,795	1,486,795

7. INVENTORY

	2014	2013
	LE	LE
Raw materials	104,703,732	105,709,618
Fuel, Spare parts and Consumables	647,069,140	572,261,504
Rolling and packing Material	21,881,310	20,092,968
Work in progress	400,938,537	207,077,455
Finished Products	168,953,272	111,122,272
Goods in transit	15,119,244	2,255,874
Letters of credit	4,545,041	10,355,997
	1,363,210,276	**1,028,875,688**
Less:		
Decline in value of inventory	(169,363,733)	(184,994,274)
	1,193,846,543	**843,881,414**

8. ACCOUNTS AND NOTES RECEIVABLE

	2014	2013
	LE	LE
Accounts receivable	299,132,445	281,885,456
Notes receivable	10,243,681	10,243,681
	309,376,126	**292,129,137**
Less :		
Impairment in value of accounts and notes receivable	(89,047,162)	(88,405,990)
	220,328,964	**203,723,147**

9. PREPAYMENTS AND OTHER RECEIVABLES

	2014	2013
	LE	LE
Other debtors – Tax Authority	44,109,739	26,285,531
Deposits with others	158,867,779	147,161,900
Prepaid expenses	23,130,337	19,287,885
Accrued revenue	6,716,850	10,371,220
Checks under collection	11,354,322	8,928,765
Advance to suppliers	185,819,207	34,657,523
Margin on letters of guarantee	432,589	236,160
Other receivables *	24,994,139	25,243,315
	455,424,962	**272,172,299**
Debtors - sale of fixed assets	1,293,499	3,106,324
	456,718,461	**275,278,623**
Less:		
Impairment in value of other debit balances.	(9,537,189)	(10,377,940)
	447,181,272	**264,900,683**

* Other receivables included an amount of LE 402,617 represents cash balances belong to Helwan Cement Company S.A.E. (subsidiary) in National Bank of Egypt (NBE) and Bank du Caire which were blocked in favour of Social Insurance Authority in according to the primary verdict

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in favor to the social insurance association on 3 August 2008.

Other receivables include an amount of LE 255,255 that belongs to Suez Cement Company S.A.E; which represents blocked current account at QNB AL AHLI in favor of tax authority.

10. CASH ON HAND AND AT BANKS

	2014	2013
	LE	LE
a- Egyptian Pound		
Cash on hand	1,114,526	1,205,448
Current accounts	232,707,435	161,540,811
Time deposits and treasury bills (mature in 3 months)	896,238,628	706,305,940
b. Foreign currencies		
Cash on hand	917,011	-
Current accounts	91,953,766	20,775,079
Time deposits and treasury bills (mature in 3 months)	403,523,028	924,219,347
	1,626,454,394	**1,814,046,625**

11. ACCRUED EXPENSES AND OTHER PAYABLES

	2014	2013
	LE	LE
Shareholders - credit balance	52,387,237	31,147,527
Advances from customers	454,216,609	145,991,629
Deposits from others	17,307,488	19,768,390
Accrued salaries	1,984,654	1,129,337
Accrued expenses	85,672,116	74,404,488
Deferred revenue – Governmental grants	17,182,650	-
Other credit balances	75,690,719	74,961,005
	704,441,473	**347,402,376**

12. Bank Overdraft

A- Suez Cement Company S.A.E obtained a line of credit from Crédit Agricole Egypt capped at MEGP 160 in the form of overdraft facility in Egyptian pounds to finance the company's working capital requirements.

Suez Cement Company S.A.E obtained a line of credit from Crédit Agricole Egypt capped at MEGP 85 or equivalent in foreign currencies ; for the opening of sight letters of credit to import raw material / spare parts and equipment related to the company's business.

Interest rate at Central bank of Egypt interest rate + 1.95 % per annum.

Total usage of these line of credit as of 31 December 2014 amounted to EGP 50,715,612.

B- Suez Bags Company S.A.E (subsidiary) obtained line of credits capped at MEGP 55.7 or equivalent in foreign currencies

as follows:

Line of credit capped at 9.7 MEGP from Alex Bank and a line of credit capped at MEGP 46 from QNB AL AHLI to finance the company's working capital requirements.

Total usage of these line of credit as of 31 December 2014 amounted to EGP 14,101,657

Hilal Cement Company (subsidiary) obtained a line of credit capped at KWD 100,000 from the Industrial Bank of Kuwait K.S.C.

Total usage of these line of credit as of 31 December 2014 amounted to EGP 2,036,319.

13. PROVISIONS

	Balance as of 1 / 1/ 2014	Charged during the Year	Utilized during the Year	No longer required during the Year	Balance as of 31/ 12/ 2014
	LE	LE	LE	LE	LE
Tax claims	203,089,317	59,866,146	(40,107,740)	(4,036,000)	218,811,723
Site restoration	48,175,870	293,957	(275,000)	(1,729,431)	46,465,396
Judicial disputes	40,138,148	1,260,000	(2,641,273)	(2,901,021)	35,855,854
Employee training support	139,580,396	8,962,597	-	(14,586,000)	133,956,993
Early pension refunds	637,852	-	(637,852)	-	-
Gas claims for Tourah Plant	51,000,000	-	-	-	51,000,000
	482,621,583	**70,382,700**	**(43,661,865)**	**(23,252,452)**	**486,089,966**

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

	2014	2013
	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	11,989,921	11,805,111
Total other reserves	2,211,709,171	2,211,524,361
Legal reserve	**2,666,350,438**	**2,666,165,628**

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

	2014	2013
	LE	LE
Beginning balance for the year	655,363,881	673,010,065
Non-controlling interest in the net profits for the Year	26,381,782	54,134,950
Change of Non-controlling interest in equity of Hilal Cement Group (K.S.C.C.) – Kuwait	25,365,052	22,603,376
Non-controlling interest in Foreign currencies translation differences	31,391,906	33,785,054
Adjustments on retained earnings	(9,783,178)	(41,750,790)
Dividends Paid	(49,654,657)	(86,418,774)
Ending balance for the year	**679,064,786**	**655,363,881**

The balance of non-controlling interest in subsidiaries

	Ownership	2014	2013
	%	LE	LE
Egyptian Tourah Portland Cement Company S.A.E.	33.88	230,591,303	256,566,988
Suez Bags Company S.A.E.	43.69	47,680,591	48,040,594
Helwan Cement Company S.A.E.	0.45	8,811,115	8,787,840
Ready Mix Concrete El - Alamya (RMCA) S.A.E	48	126,311,404	122,294,715
Hilal Cement Group (K.S.C.C.) – Kuwait	49	168,890,436	174,219,287
Cumulative foreign currencies translation differences		30,198,951	33,785,054
Development and Construction Material Company–			
(DECOM) –S.A.E.	48	15,692,286	11,053,797
Suez for Transport and Trade Company S.A.E.	3.63	717,074	586,676
Industries Development Company S.A.E	1.72	5,343	10,389
Axim for industries Company S.A.E			
Formerly, Upper Egypt For Industries Company S.A.E	1.72	6,939	13,604
Suez For import and Export Company S.A.E	2.10	4,643	4,937
International City Company for Concrete	50	48,961,746	-
Cumulative foreign currencies translation differences		1,192,955	-
		679,064,786	**655,363,881**

16. MEDIUM TERM LOANS

	2014	2013
	LE	LE
MEDIUM TERM LOANS		
Egyptian Tourah Portland Cement Company S.A.E.		
National Bank of Egypt	-	54,086,478
Helwan Cement Company S.A.E.		
National Bank of Egypt	-	7,914,672
Hilal Cement Company (K.S.C.C.) – Kuwait		
unsecured borrowings from local banks availed in Kuwaiti Dinar	32,470,674	47,679,714
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	114,140,900	-
TOTAL MEDIUM TERM LOANS	**146,611,574**	**109,680,864**
CURRENT PORTION OF MEDIUM TERM LOANS		
Egyptian Tourah Portland Cement Company S.A.E.		
National Bank of Egypt	-	(33,282,650)
Helwan Cement Company S.A.E.		
National Bank of Egypt	-	(3,518,668)
Hilal Cement Company (K.S.C.C.) – Kuwait		
unsecured borrowings from local banks availed in Kuwaiti Dinar	-	(14,923,807)
TOTAL CURRENT PORTION OF MEDIUM TERM LOANS	**-**	**(51,725,125)**
	146,611,574	**57,955,739**

16/1. Egyptian Tourah Portland Cement S.A.E

National Bank of Egypt Loan

The company issued a medium term loan in December 2009 with the National Bank of Egypt with an amount of USD 15M or its equivalent in EGP for a grace period of thirty months

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

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

16/2. Helwan Cement S.A.E

National Bank of Egypt Loan (A)

In March 2010, a medium-term loan contract signed between Helwan Cement Company S.A.E, and National Bank of Egypt with an amount of LE 14,28 M for a grace period 1 year, The loans provide by some international donors in the framework of industrial pollution control project phase 2 EPAPII, In order to use the funding to open letters of credit without a cash cover local – external for the suppliers or in the form of direct cash transfers or copies of invoices or certified extracts from suppliers,

The loan bears an interest rate 1,5% above Mid Corridor rate with minimum 11,5%, The loan is repayable on 12 equal instalments every three months starting from June 2011and ended in March 2014, the company paid all matured instalments up to date till the last instalment, therefore the company received the grant of the loan according to the contract.

National Bank of Egypt Loan (B)

In June 2011, a medium-term loan contract signed between Helwan Cement Company S.A.E, and National Bank of Egypt with an amount of LE 12,39 M for a grace period 2 years, The loans provide by some international donors in the framework of industrial pollution control project phase 2 EPAPII, In order to use the funding to open letters of credit without a cash cover local – external for the suppliers or in the form of direct cash transfers or copies of invoices or certified extracts from suppliers,

The loan bears an interest rate 1,5% above Mid Corridor rate with minimum 10,5%, The loan is repayable on 12 equal monthly starting from June 2013 and ended in May 2014, the company paid all matured instalments up to date till the last instalment.

16/3. Hilal Cement (K.S.C.C.) – Kuwait

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

The loan outstanding balance as of 31 December 2014 amounted to EGP 32,470,674 and current portions are due in 2015.

16/4. 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 59,812,870 Sr with Interest rate equal to Euribor for a period of 1 month plus 250 bps as the margin.

- Loan from Mahleya (K.S.C.C) Subsidiary of Hilal Cement (K.S.C.C.) – Kuwait amounted to 745,670 Sr with Interest rate equal to Euribor for a period of 1 month plus 250 bps as the margin.

17. OTHER LONG TERM LIABILITIES

	2014	2013
	LE	LE
OTHER LONG TERM LIABILITIES		
Long term creditors – Land purchasing	832,667	1,174,195
Long term creditors – International City Company for Ready Mix (LLC) KSA	29,844,303	-
Long term employee benefits – International City Company for Ready Mix		
(LLC) KSA	1,350,254	-
Long term employee benefits – Hilal Cement Company (K.S.C.C.) – Kuwait	16,774,518	14,844,896
TOTAL OTHER LONG TERM LIABILITIES	**48,801,742**	**16,019,091**

18. END OF SERVICES BENEFITS LIABILITIES

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

	2014
Discount rate	14.5%
Average salary increase	9%
Annuity schedule	60

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

	2014 LE
Liability at present value	32,490,816
Liability at the balance sheet	**32,490,816**

The movement of liabilities as per the balance sheet

	2014 LE
Liability at 1 January 2014	32,272,622
Current service cost	1,968,570
Interest cost	4,586,771
End of service benefits paid	(3,150,000)
Actuarial (gain) losses on obligation	(3,187,147)
Liability at 31 December 2014	**32,490,816**

The cost as per income the statement

	2014 LE
Cost at initial recognition	-
Accrued cost of service	1,968,570
Cost of interest	4,586,771
Actuarial (gain) losses on obligation	**(3,187,147)**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	LE	LE
Technical assistance fees	105,085,275	81,673,439
Salaries	168,262,645	123,871,090
Actuarial (gain) losses on obligation (note 17)	(3,187,147)	2,049,054
End of service benefits plan (note 17)	1,968,570	29,090,960
Communication expenses	31,105,758	22,188,424
Other general and administrative expenses	132,513,536	105,692,276
	435,748,637	**364,565,243**

20. OTHER INCOME

	2014	2013
	LE	LE
Settlement of clay development contribution fees*	59,201,721	115,651,877
Salvage sold income	6,803,591	2,034,024
Amortization of loan grant **	7,159,994	-
Other income	62,000,078	36,303,330
	135,165,384	**153,989,231**

* This amount represents tax authority accruals of clay development contribution fees for the year from 1 March 2014 till 31 December 2014 these accruals have been reversed and recognized among other income in the income statement based on the meeting held at the office of the Tax Authority Chairman on 28 December 2010 with the representatives of the cement companies working in Egypt.

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

During the current year the company has received the final reconciliation from the tax authority which mentioned that the balance due to the company is amounting to LE 223,607,449 till 31 July 2012 to be amortized using the future dues on the company production. The company has full consumption value and started to payment value of clay fees per month from March 2014 .

** This amount represents the amortization of the loan grant. 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

	2014	2013
	LE	LE
Finance interests	16,306,477	4,409,152
Interest expense on post-employment benefit plan (note 17)	4,586,771	4,057,608
Other Finance Expenses	2,121,723	4,277,514
	23,014,971	**12,744,274**

22. OTHER EXPENSES

	2014	2013
	LE	LE
Rent for unused quarries	14,107,646	12,723,517
Other Expenses	17,037,321	6,237,348
	31,144,967	**18,960,865**

23. RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2014	2013
	LE	LE
Net profits before income taxes	804,096,604	813,567,863
Add:		
Provisions	46,930,669	38,748,638
Provision for pensions	50,615,588	47,117,518
Board of directors' allowance	2,265,960	2,792,554
Donations	9,189,122	1,943,301
Depreciation	448,352,886	379,343,608
Other expenses	8,431,582	8,836,295
Less:		
Tax Depreciation	(439,143,879)	(318,327,239)
Provisions used	(67,755,068)	(50,999,919)
Dividends income	(2,118,690)	(2,855,628)
Donations	(5,254,479)	(976,253)
Other	(63,551,843)	(58,757,546)
Taxable income	**792,058,452**	**860,433,192**
Income tax using applicable tax rate (25% + 5% additional tax)	238,667,536	203,335,402
Income Tax at the effective rate % 30,5	**241,228,981**	**215,108,298**

24. DEFERRED INCOME TAXES

	2014	2013
	LE	LE
Depreciation of fixed assets	(358,906,244)	(319,678,517)
Provisions	125,120,099	132,349,607
Net deferred income tax (liability)	**(233,786,145)**	**(187,328,910)**

25. TAX SITUATION

A) CORPORATE TAXES

- PERIOD SINCE INCEPTION UP TO 2006:

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

- Year 2007:

The tax authority has assessed the Company for this period. It was agreed by the Internal Committee and the required 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 2013 :

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

B) SALES TAX

- Period since inception up to 2007:

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

- Years from 2008 to 2009:

The tax authority has assessed the company for this period. the company objected against the inspection results. As to thermal material Axim, the dispute is before the court but the rest of items have been settled.

- Years from 2010 to 2011:

The tax authority has assessed the company for this period, the company objected against the inspection results. the results us currently under discussion.

- Years from 2012 to 2013:

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

C) SALARY TAX

- Period since inception up to 1998:

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

- Years from 1999 to 2009:

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

- Years from 2010 to 2013:

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. Tax due 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 under re-inspecting the disputed items for this period.

- Years from 2011 to 2013:

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

26. CONTINGENT LIABILITIES

A) Suez Cement Group contingent liabilities amounted to LE 126,130,975 as of 31 December 2014, which represents letter of guarantees and letters of credit issued by the banks of parent's company and its subsidiaries as follows:

	CONTINGENT LIABILITIES
	LE
SUEZ CEMENT COMPANY S.A.E.	2,371,568
EGYPTIAN TOURAH PORTLAND CEMENT COMPANY S.A.E.	21,376,909
SUEZ BAGS COMPANY S.A.E.	36,212,407
HILAL CEMENT COMPANY (K.S.C.C.) KUWAIT	9,536,534
HELWAN CEMENT COMPANY S.A.E.	56,633,557
	126,130,975

B) The Company has credit facilities from several Egyptian banks with a maximum limit amounted to LE 670 million. Nothing used during the year ended at 31 December 2014.

The outstanding balance of letters of credit in favour of Suez Cement Company S.A.E as of 31 December 2014 were issued by Crédit Agricole Egypt amounted to LE 15,511,449; whereas The outstanding balance of letters of credit as of 31 December 2014 that were issued by H.S.B.C Bank – Egypt amounted to LE 4,712,942.

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 noted receivable and other receivables. The financial liabilities include bank overdraft, current and non-current portion of medium loans, non-current portion of long term liabilities, end of service benefits liability, 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

B) INTEREST RATE RISK

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

C) FOREIGN CURRENCY RISK

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The total financial assets denominated in foreign currencies amount to LE 681,969,390 whereas, the total financial liabilities denominated in foreign currencies amount to LE 284,938,320.

29. RELATED PARTY TRANSACTIONS

The transactions with related parties during the period from 1 January 2014 to 31 December 2014 are representing in transactions between group companies. Intra group balances and transactions, including income, expense and dividends, are eliminate in full, Profits and losses resulting from intra group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

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

A- CEMENT, CLINKER, BAGS SALES AND CEMENT TRANSPORT SERVICES EXCLUDING SALES TAX BETWEEN SUEZ CEMENT GROUP COMPANIES DURING FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 AS FOLLOWS:

	Sales/ service revenue	Purchases/ service cost
	LE	LE
Suez Cement Company S.A.E.	11,115,707	217,585,387
Egyptian Tourah Portland Cement Company S.A.E.	80,342,523	57,810,591
Helwan Cement Company S.A.E.	349,945,634	25,530,645
Ready Mix Concrete El - Alamya (RMCA) S.A.E	-	49,000,476
Development and Construction Material Company		
(DECOM) S.A.E.	-	76,895,468
Suez Bags Company S.A.E.	140,367,152	223,835
Suez for Transport and Trade Company S.A.E.	65,869,853	220,594,467
	647,640,869	**647,640,869**

B- THE TECHNICAL ASSISTANCE FROM SUEZ CEMENT COMPANY S.A.E. TO SUEZ CEMENT GROUP COMPANIES FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 AS FOLLOWS:

	Technical assistance –revenues	Technical assistance –expenses
	LE	LE
Suez Cement Company S.A.E.	95,768,677	-
Egyptian Tourah Portland Cement Company S.A.E.	-	24,620,132
Helwan Cement Company S.A.E.	-	65,882,346
Suez Bags Company S.A.E.	-	5,266,199
	95,768,677	**95,768,677**

C- THE MANAGEMENT FEES FROM SUEZ CEMENT COMPANY S.A.E. TO SUEZ CEMENT GROUP AND RELATED PARTIES COMPANY FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 AS FOLLOWS:

	Management Fees –revenues	Management Fees –expenses
	LE	LE
Suez Cement Company S.A.E.	7,672,922	-
Ready Mix Concrete El - Alamya (RMCA) S.A.E – (subsidiary)	-	3,777,861
Development and Construction Material Company		
(DECOM) S.A.E – (subsidiary)	-	2,946,484
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 – (Other Related Party)	-	248,577
	7,672,922	**7,672,922**

D- LOANS AND ITS INTEREST TRANSACTIONS BETWEEN SUEZ CEMENT GROUP COMPANIES DURING FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 AS FOLLOWS:

	Lender	Borrower	Debit / (Credit) Interest
	LE	LE	LE
Suez Cement Company S.A.E.	43,000,000	-	(4,594,697)
Ready Mix Concrete El - Alamya (RMCA) S.A.E	-	20,000,000	2,192,417
Development and Construction Material Company			
(DECOM) S.A.E.	-	23,000,000	2,402,280
	43,000,000	**43,000,000**	**-**

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

The value of the purchasing commission agreement and other services provided by Italcementi S.P.A as follows:

	Amount
	KEGP
Suez Cement Company S.A.E.	8,167
Egyptian Tourah Portland Cement Company S.A.E.	134
Helwan Cement Company S.A.E.	1,498
Suez Bags Company S.A.E.	1,689
	11,488

F- CEMENTS FRANCAIS (STRATEGIC PARTNERSHIP) (MAIN SHAREHOLDER):

The amount of the technical assessment fees offered by Ciments Francais the main shareholder of Suez Cement Company S.A.E. during the period from 1 January 2014 to 31 December 2014 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	21,062
Egyptian Tourah Portland Cement Company S.A.E.	1	8,896
Helwan Cement Company S.A.E.	3	60,438
		90,396

The value of the expatriate fees offered by Ciments Francais (major shareholder) for the period ended 31 December 2014 as follows:

	Amount
	KEGP
Suez Cement Company S.A.E.	22,874
Egyptian Tourah Portland Cement Company S.A.E.	6,750
Helwan Cement Company S.A.E.	975
	30,599

30. COMPARATIVE FIGURES

Certain consolidated comparatives figures for year 2013 have been reclassified to conform to the year presentation of these consolidated financial statements.

Shareholder Information

COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31st, 2014

Chairman

- Mr. Omar Abd El Aziz Mohanna

Managing Director

- Mr. Bruno Carré

Board Members

- Mr. Agostino Nuzzolo
- Mr. Giovanni Ferrario
- Mr. Ali Ihsan Kucukoglu
- Mr. Khaled Abou Bakr
- Mr. Mohamed Chaibi
- Mr. Andrea Dentone
- Mr. Raed El Mudaiham
- Mr. Mohamed Iftikhar Khan
- Mr. Alaa Mohamed Ahmed
- Mr. Federico Vitaletti

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SHAREHOLDER INFORMATION

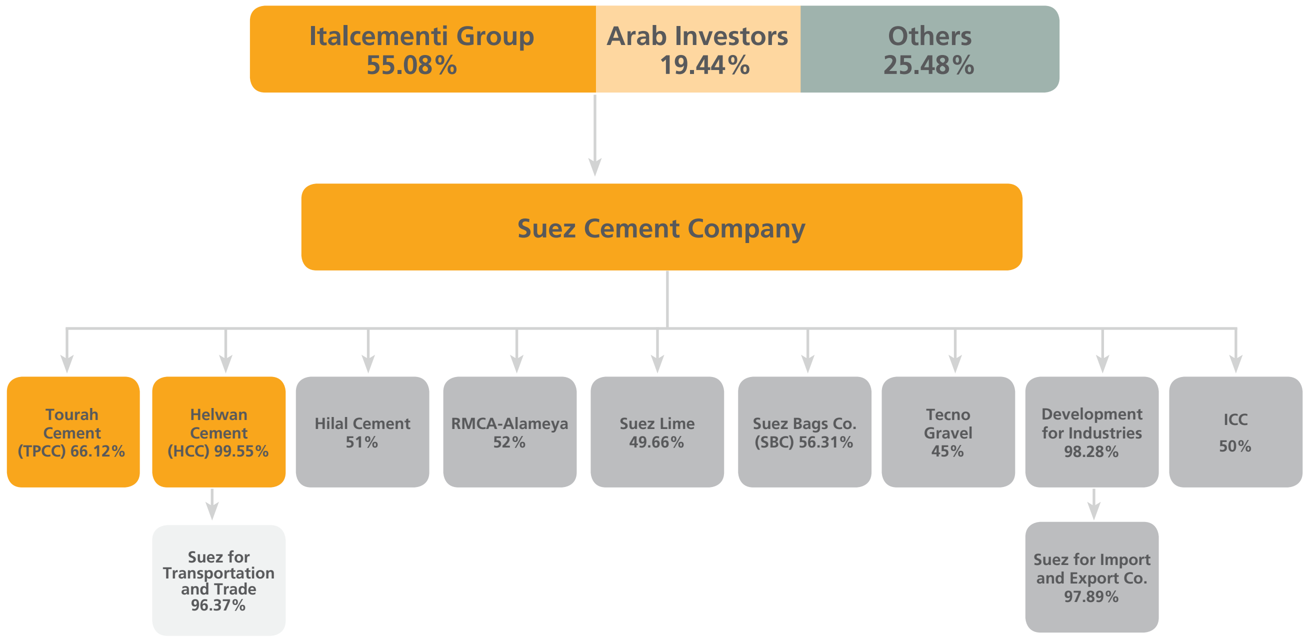
Suez Cement group of Companies (SCGC)

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 indirec ownership

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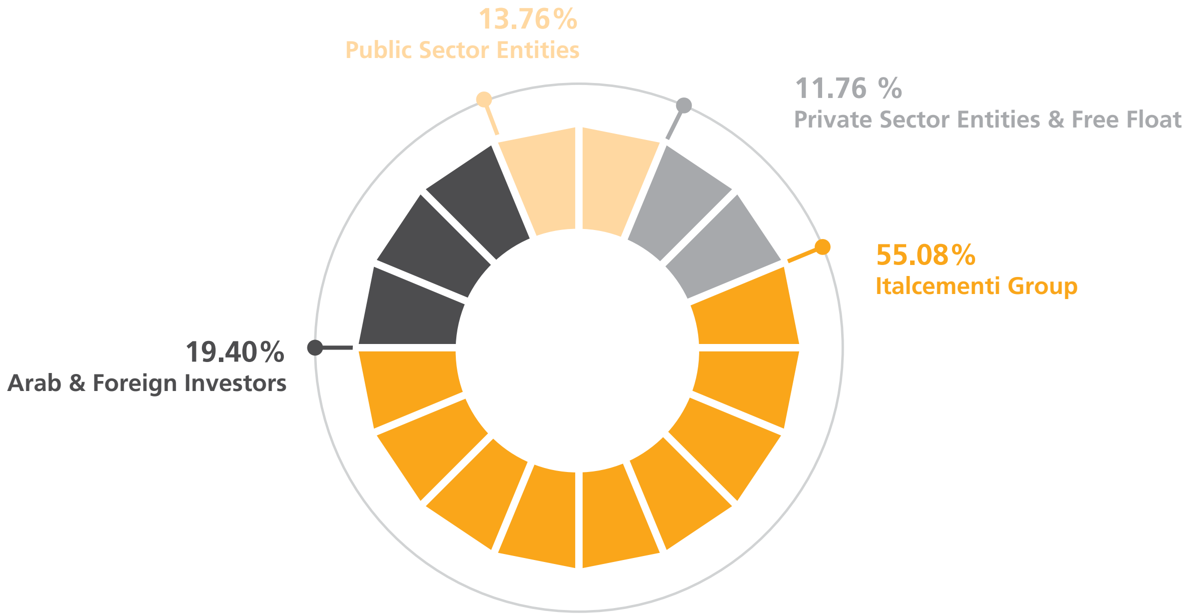
Suez Cement
Italcementi Group

SCC Shareholding structure as of December 31st, 2014



SCC Trading Volume on The Egyptian Stock Market 2014

Month	Number of Traded Shares	Average Monthly Price	Trade Value EGP
January	164,802	25.93	4,272,497
February	966,177	32.18	31,090,051
March	385,004	34.26	13,189,289
April	767,504	39.92	30,637,934
May	184,750	38.95	7,196,306
June	500,327	37.35	18,689,431
July	85,449	38.48	3,288,329
August	229,339	43.58	9,994,811
September	26,550	41.43	1,099,926
October	143,028	31.50	4,505,142
November	82,518	39.03	3,220,359
December	152,353	38.11	5,806,053
Total	**3,687,801**	**36.06**	**132,990,130**

Source: Misr Information System and Trading (MIST)

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Dividend Policy

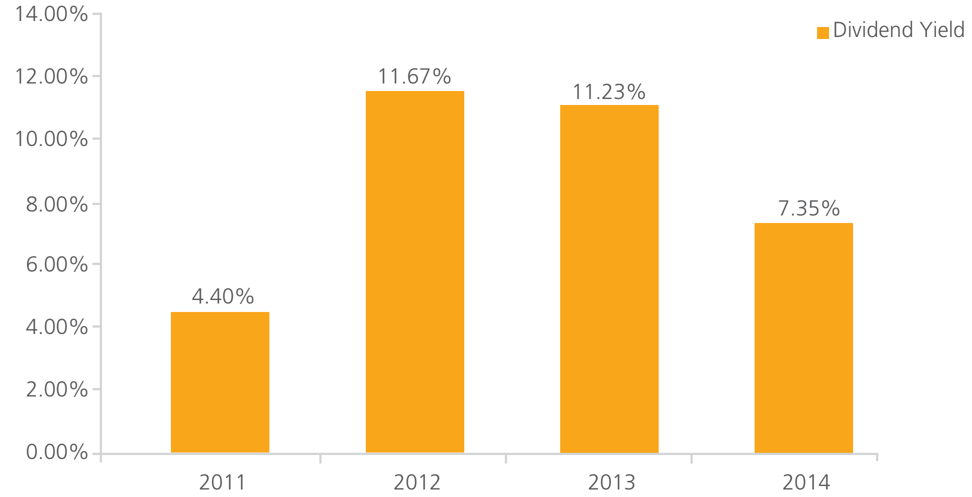
SCGC's management aims to continue implementing its high earning per share policy despite the challenging conditions over the last year. Our success in doing so proves SCGC's ability to sustain its business and even grow in the face of difficult market conditions.

Year	2011	2012	2013	2014
Average Share Price	37.49	22.71	23.59	36.06
Dividend Per Share	1.65	2.65	2.65	*2.65
Dividend Yield	4.40%	11.67%	11.23%	7.35%

EGP

*EGP 2.65 subject to OGM approval.

SCC Dividend Yield

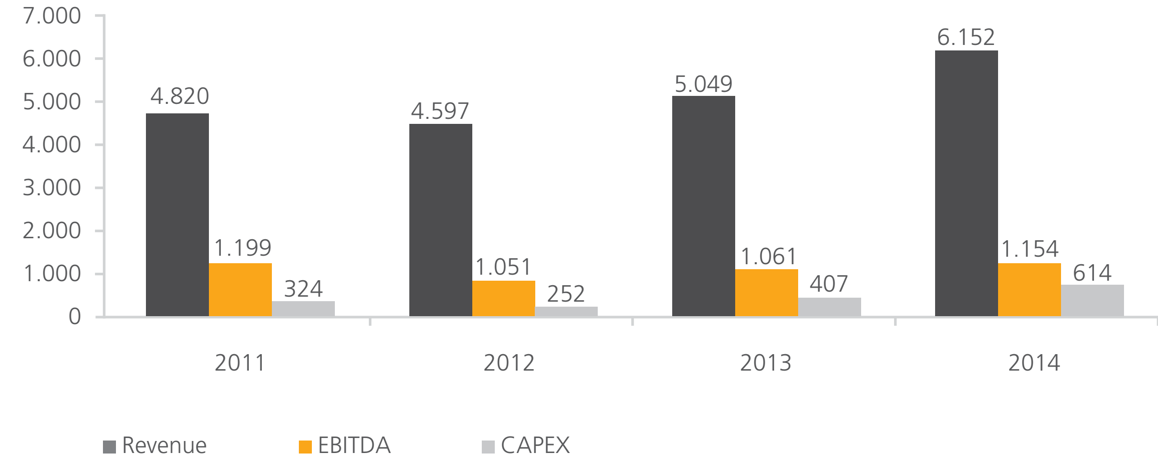


Capital Expenditure (CAPEX)

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	2011	2012	2013	2014
Revenue	4,820	4,597	5,049	6,152
EBITDA	1,199	1,051	1,061	1,154
CAPEX	324	252	407	614

MEGP



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Suez Cement
Italcementi Group

FINANCIAL HIGHLIGHTS - CONSOLIDATION FOR YEAR 2014

	Dec-14	Dec-13	Dec-12
Revenue	6,152	5,049	4,597
Gross Profit	1,086	934	852
EBITDA	1,198	1,150	1,103
Net Earnings	493	538	524
Return on Sales	8%	11%	11%
Gross Margin	18%	18%	19%
EBITDA Margin	19%	23%	24%
Fixed Assets	4,493	4,059	3,954
Total Assets	10,765	9,971	9,683
Cash & Cash Equivalents	1,559	1,811	1,622
Working Capital	1,049	1,380	1,346
Total Debt	147	110	94
Minority Interest	679	655	673
Shareholders Equity	7,186	7,273	7,083
Net Fixed Assets turnover	137%	124%	116%
ROA , Total Assets turnover	57%	51%	47%
Return on Equity	7%	7%	7%
Current Ratio	143%	179%	180%
Debt to equity ratio	20%	23%	22%
Gearing ratio	20%	23%	22%

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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		Ciments Francias 53.15% Investors association 23.36% General underwriting and contributions & GDR 16.23% Private foundations and persons 7.26%	Suez Cement 66.12% Holding company for the metal industries 20.87% Private foundations and persons 13.01%	Suez Cement 98.69%	Suez Cement 53% Swiss Limited Debko 30% Closed underwriting 12% Tourah Portland Cement 5%
Voting Powers for Decision Making		Majority	Majority	Majority	Majority
Capital	Authorized	LE 3,600 million	LE 800 million	LE 2000 million	LE 24 million
	Paid	LE 909,282,535	LE 357,621,000	LE 583,466,475	LE 20,250,000

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
NO_x	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)