السويس للأسمنت
Suez Cement
HEIDELBERGCEMENT Group

ANNUAL REPORT
2018

www.suezcement.com.eg

2018 Annual Report
Suez Cement Company

KM30 Maadi/Ein Sokhna Road
P.O. Box: 2691 - Cairo, Egypt

www.suezcement.com.eg

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AT A GLANCE

The Suez Cement Group of Companies (Suez Cement), is Egypt's leading producer of cement with a production capacity of more than 12 million tons per year. Since 1977, Suez Cement has manufactured and distributed the highest quality cement, aggregates and ready-mix concrete, and its products have been used to build some of Egypt's most recognizable landmarks. Suez Cement has a 15% market share of grey cement and 33% percent market share of white cement across Egypt as of 2018. With a web of subsidiaries spanning five cement plants and 19 concrete batching units, including Suez, Kattameya, Tourah and Helwan, Suez Cement's industrial network affords it a degree of national exposure unmatched by competitors for its comprehensiveness and longevity. In addition, the Suez Cement Group has 14 operating quarries and 8 kilns in operation. The Group's 1,800 professionals pursue continuous innovation, providing customers at home and abroad with a suite of services that differentiates the Group's offering. Suez Cement is majority owned by the Heidelberg Cement Group, the world's second largest global cement producer, making it part of a family of organizations that represents one of the world's largest building materials companies. and export markets.

OUR VISION

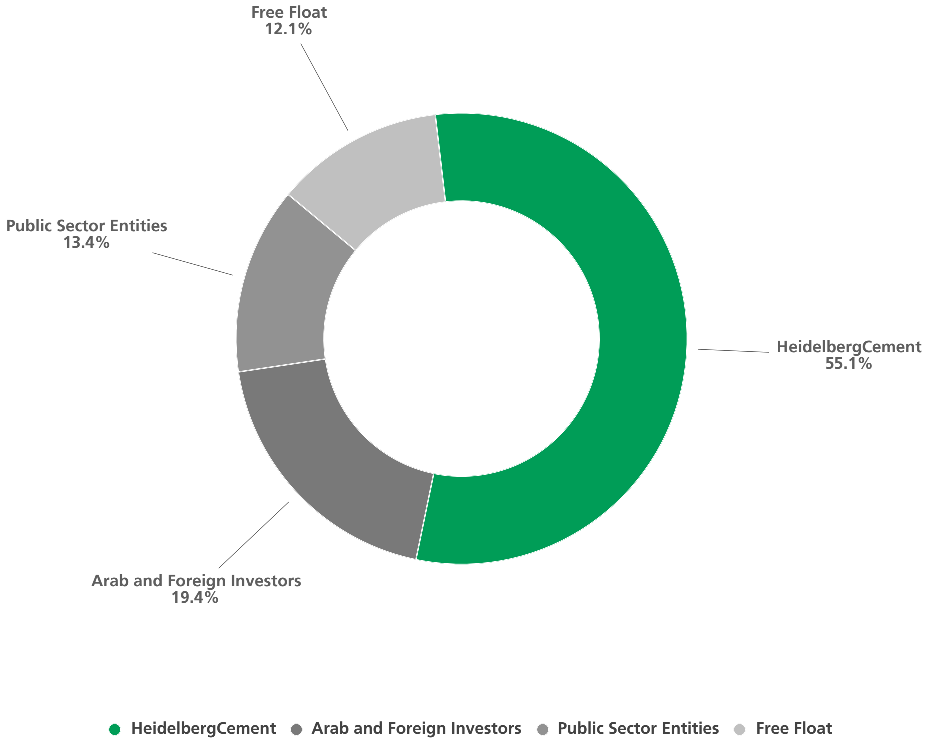
To be a world class local business building a better and sustainable future for all our stakeholders.

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.

2018
ANNUAL REPORT

SHAREHOLDER STRUCTURE



KEY FACTS:

EGP 7,428 bn
Total Revenues in 2018

7.8 mn m2
Owned Land

7.2 mn tons
Cement Sold in 2018

5
Integrated Plants

12 mn tons
Annual Cement Capacity

1800
Employees

All Plants
ISO 9001, ISO 14001
and OHSAS 18001 certified

EGP 849 bn
EBITDA in 2018

Suez Cement Company

Established in 1977, Suez Cement Company is Egypt's largest private owner producer of grey cement. With plants in Suez and Kattameya, the company has the capacity to produce cement of the highest quality using whitewash and primary heating. The company's markets include Egypt, as well as a number of Arab, African and European countries.

Plant Location	Suez and Kattameya
Products produced	CEM I 42,5 N; CEM II BL 32.5; SRC 42.5 N

Tourah Portland Cement Company

The Tourah Portland Cement Company was established in 1927. Egypt's first cement company, it was the first to use the dry cement production method in Egypt and licensed the country's oldest clay quarry. It has established a number of training centers to provide technical and administrative trainings catering to the needs of the cement industry.

Plant Location	Tourah
Products produced	CEM I 42.5 R; Techno CEM II/A-S 32.5 R

Helwan Cement Company

Established in 1929, the Helwan Cement Company was the second cement producer to enter the Egyptian market. It is located south of Cairo and has 2 dry production lines in operation.

Plant Location	Helwan
Products produced	CEMI 42.5 R; Oasis CEMII B-L 32.5N

Ready Mix Beton

Since its establishment in 1985, Ready Mix Beton has grown to become one of Egypt's leading producers of ready-mix concrete. Since 2006, Suez Cement Company has owned 52% of Ready Mix Beton. Along with Decom, the ready-mix company, Ready Mix Beton produce more than 1.2 million cubic meters of concrete, and holds a 16% market share.

OUR HISTORY

Along four decades, Suez Cement Company has been building foundations for the construction of Egypt's most vital infrastructure, making it the largest grey cement producer in the country.

2001	Italcementi Group enters the Egyptian market
2005	Suez Cement Company acquires 99% of Helwan Cement Company
2006	Suez Cement Company acquires Ready Mix Beton & DECOM
2007	Suez Cement Company acquires 51% of Hilal Cement (Kuwait)
2016	Suez Cement Company becomes part of Heidelberg Cement Group
2018	Suez Cement Company sells Suez Bags

CEO'S NOTE

2018 has been a year marked by significant shifts in both the Egyptian macro picture and the cement industry. Following Egypt's wide-ranging economic reform program, the economy has seen a pickup in stability. In 2018, GDP growth was up to 5.3% for the year from 4.1% in the previous fiscal year and the total budget deficit fell to 9.8% of GDP from 10.9%, the result being a significant increase in tax and non-tax revenues.

While the construction industry plays a central role in Egypt's economic growth, the cement sector faced significant headwinds throughout 2018. Cement demand dropped 5% y-o-y in FY2018, and orders have continued to inch down since the devaluation of the Egyptian pound. Increases in fuel and electricity prices under the government's economic reform program has pressured profit margins for cement producers even further throughout this energy-intensive industry. Oversupply continues to plague the market, with Egypt's total production capacity hitting 82 million tons in 2018, increasing total market oversupply to approximately 30 million tons, as a result of increased competition.

Given Suez Cement's leadership position in the market as one of the industry's core legacy producers, these market conditions have necessitated significant efforts to streamline operations as we cope with rising costs. In 2018, we implemented a set of far-reaching efficiency drives to ensure the group's resilience and success.

We optimized our portfolio by divesting the non-core assets, selling shares in Suez Bags Company for a profit of EGP 133 million and started the process of selling the white cement production facilities in Minya , which is set to see the Group turn a net profit of over EGP 260 million in 1Q19. We've also capitalized on our grey cement production lines to bolster cash flows required to cover debt while funneling investments into new, more margin efficient products to ensure the operations of our kilns.

Difficult decisions have been taken with an eye to safeguarding the sustainability of operations and Suez Cement's ability to create shareholder value over the long run. Progress continues to be made in reducing the Group's overheads: since 2016, employee headcount has fallen from 3,300 to 1,800.

It is these carefully calculated strategies that have seen the company weather the headwinds of previous years, with the Group turning a revenue of EGP 7,428.4 million, up 14.8% y-o-y, driven almost equally by sales in both cement, clinker and concrete ready mix. We recorded a gross profit of EGP 625.6 million, representing an 8.4% gross profit margin in 2018, compared to a gross loss of EGP 20.2 million in 2017.

As we continue to shift our strategies and streamline operations, we have put significant weight behind maintaining the caliber of our operations. We spared no effort in 2018 in terms of health and safety standards, not only maintaining operations in line with international best practice, but also ensuring the safety of each and every one of our valued employees.

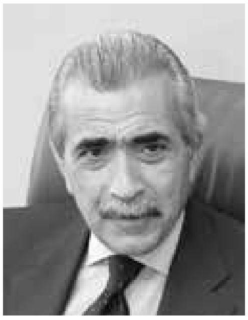
The Group seeks to go above and beyond in its adherence to local regulations when it comes to environmental preservation. As such, each plant renewed its ISO 14001 certificate and upgraded their certification to the latest ISO 14001/2015 standards. We also successfully reduced the rate of Lost Time Injury (LTI) by approximately 40%, LTI frequency rate by 60%, and increased the targeted number of safety training hours by 244%. We succeeded to reduce our lost time injuries for both employees and contractors, with El Minya marking eight years without LTI, Tourah and HQ two years, and Kattameya plant one year.

Another core focus for the Group throughout the year was minimizing the environmental impact of our operations as we seek to keep the communities in which we do business better than when we entered. Monitoring devices were installed in the Kattameya, Suez and Helwan plants and linked to the National Environmental Monitoring Network with the purpose of monitoring stack emissions. In addition, the Group began introducing biomass and refused derived fuels "RDF" as alternative energy sources, representing 9.4% of total energy sources consumed across the Group. We hope to increase our use of alternative fuels to 20% of total consumption by the end of 2019.

In light of this, Suez Cement has sought to improve its community development efforts in order to improve the quality of life and well-being of members of the communities in which it operates through a number of initiatives in the fields of health, education and livelihood sustainability. 2018 witnessed the collaboration of the company with Egypt's Ministry of Education to repair schools in the Kafr El Elw area, the extension of support to the Suez Public Hospital, and the participation in the fourth round of the 'Quarry Life Award' competition, a biennial competition where participants submit biodiversity projects for quarries and gravel pits.

As we settle into 2019, I am confident that Suez Cement is taking all measures to ensure that our business model remains as resilient as possible against persistent industry challenges. Suez Cement has taken and will continue to take all steps necessary to create a leaner organization that is ready to efficiently exploit the upswing when it arrives.

Finally, I would like to take the opportunity to recognize the efforts of our employees in serving our customers and stakeholders. Our achievements this year would not have been realized without their hard work and dedication. In addition, the guidance of our esteemed Board of Directors has been instrumental in seeing us develop and implement the strategies that have seen us go from strength to strength even in challenging conditions.



Omar Mohanna
Chairman

José Maria Magrina
CEO

OUR MARKET

Egypt's cement industry primarily serves the country's construction sector. Since the government began implementing a wide-ranging program of economic reform in 2016, the construction sector has witnessed a number of contradictory developments. The sector remains at the heart of the government's economic agenda, ensuring the continued availability of contracts over the medium- to long-term. However, the removal of fuel subsidies and the flotation of the Egyptian pound, key planks of the government's reform efforts, resulted in costs rise substantially. This has caused contractors considerable short-term pain. In parallel to weakening demand, the market for cement has faced significant problems of oversupply, a result of intensifying competition, among other factors.

Despite these trends, major construction developers have been somewhat shielded from the adverse effects of the economic reform program, having considerably grown their portfolios and accelerated their investment prior to the devaluation of the Egyptian pound. Meanwhile, increased public expenditure on infrastructure and national housing programs have spurred increased demand for Ready Mix and Asphalt.

Demand for cement and other construction materials continues to be driven by three sectors:

Infrastructure activity accounts for 40% of total cement consumption. Infrastructure's share has grown steadily over recent years due to the construction of several publicly funded megaprojects. These include urban megaprojects such as the New Administrative Capital and New Alamein City, energy facilities such as East Kantara Power Station, water and sewage stations, and extensions to the national road system. Demand for cement in the infrastructure segment is largely met by the Armed Forces Engineering Authority.

Residential real estate development consumes 45% of total cement production. Investors and developers in the segment have supported the Egyptian economy by sustaining construction on existing projects and launching several new ones in partnership with the Armed Forces. Many such developments are located in new urban areas such as the New Administrative Capital, New Alamein City, New Mansoura City and New Damietta City.

Non-residential real estate development accounts for 15% of total cement construction. Demand in this quarter has been driven by developments in the health and education sectors, as well as the extensive administrative and governmental parks being constructed at the New Administrative Capital.

Our Strategy

Egypt's cement industry has experienced significant difficulties over the last few years. Since the devaluation of the Egyptian pound in late 2016, demand for cement and related products has steadily fallen in the face of marked inflationary pressures. As the unfavorable macro environment has constricted demand among the industry's leading consumers, producers have been buffeted by rising input costs. Such increases, particularly rising energy costs, have constrained producers' market flexibility. Given the energy-intensive nature of cement production and producers' high operating leverage, rising input costs have necessarily constricted margins. Meanwhile, intensifying market competition has contributed to a substantial imbalance between supply and demand, keeping prices grounded.

Despite Suez Cement's continued leadership of the Egyptian cement industry, the Group has been exposed to the negative trends affecting the wider market. Since 2016, the Group's reliance on legacy assets has amplified the effects of rising input costs and the mismatch between supply and demand. Our position as Egypt's largest private producer of cement has entailed a proportionately large effect on the Group's operations.

In light of these developments, management at Suez Cement has adopted a proactive strategy calibrated to insulate the Group as far as possible from persistent industry headwinds. Management's overriding strategic objective has been to strengthen the Group's business model such that its operational and financial performance are robust in the face of continued market pressures, while preparing the Group to efficiently and rapidly capture the upside from a future recovery.

These strategic imperatives have first and foremost implied a sweeping reorganization of Suez Cement's operations. This has been carried out with an eye to ensuring maximum efficiency at each stage of the production and marketing processes, acknowledging that our success in this respect will be crucial in ensuring the Group's resilience and success over the coming quarters and years.

Comprehensive cost-reduction efforts have been a prominent part of Suez Cement's strategy. No aspect of the organization has been untouched by these efforts, irrespective of the difficulty of implementing the stipulated directives. At the highest level, the production mix at Suez Cement's facilities has been drastically altered since management's adoption of its new strategy. We have moved rapidly to shift fabrication of given products to the facilities where management is best able to keep a tight rein on the associated costs, with an eye to optimizing the Group's overall production mix. A growing share of the Group-level top line is now generated by the Helwan Cement Company, where management's ability to ensure cost-effective production is greatest across a variety of product categories.

The further management is able to optimize Suez Cement production mix, the better will be its ability to defray the effects of the Group's large base of fixed costs on the bottom line and take increasing advantage of its high operating leverage. We are working diligently to optimize and streamline our distribution networks and have made significant progress in this regard. Elsewhere, the Group has sought to tightly control its overhead costs. Since 2016, Suez Cement's employee headcount has declined from 3,300 to 1,800.

Management has gone about identifying areas requiring more stringent cost control in a manner that prioritizes Suez Cement's ability to grow and maintain its market leadership over the long run, safeguarding quality while ensuring that the Group is able to generate maximum value for its stakeholders. This approach has necessitated a number of difficult decisions which are nevertheless necessary to ensure long-term growth as long as market oversupply persists and authorities refrain from intervening to organize the industry in a manner that allows Suez Cement and its peers to pass rising input costs to consuming sectors.

Suez Cement's sale of its stake in Cleopatra for Building Materials demonstrates the Group's prioritization of protecting shareholders' interests and safeguarding the enterprises' value. Although a difficult decision, the sale has helped the Group book a net profit of EGP 269.9 million during the first quarter of 2019, helping construct a buffer to shield the Group from further deterioration in market conditions.

Our recent decision to suspend operations at Tourah Portland Cement was informed by these same imperatives.

On the ground, Suez Cement is taking further steps to safeguard the sustainability of its business model. Although the cement industry is an old and well-established presence in the economy, we recognize the importance and continued possibility of innovation in our sphere. Where we have reached the limits of conventional efforts to foster efficiency, the Group encourages its teams to innovate their way out of problems. For example, in a first for Egypt's cement industry, our Kattameya plant has used alternative fuel at its main burner, and we are aiming for alternative fuel to constitute 30% of our overall fuel mix in the years ahead.

We further recognize the importance of supporting a culture of inclusivity and accountability. Management strives to delegate responsibility to relevant staff wherever possible, encouraging employees on the ground to take the initiative and engage in informed risk-taking and innovation. Another area where the Group has made remarkable progress is in harnessing the power of data to optimize its operations and boost financial performance, with important investments being made across the Group in building databases and an actionable analytics capacity that helps informs decision makers and boosts response times and operational turnover.

Management Discussion & Analysis

Consolidated Operating Results

Summary Income Statement | EGP mn	31-Dec-18	31-Dec-17	YoY Change
Revenues	**7,428.4**	6,468.0	14.8%
Gross Profit	**625.6**	(20.2)	n/a
Gross Profit Margin	**8.4%**	-0.3%	pts 8.7
*EBITDA	**849.3**	386.1	119.9%
EBITDA Margin	**11.4%**	6.0%	pts 5.5
Net Profit	**121.4**	(1,138.5)	n/a
Net Profit Margin	**1.6%**	-17.6%	pts 19.2

(*) After eliminating non-cash and exceptional items

Revenues

FY18 Consolidated Revenues

EGP 7,428.4 mn

YoY Revenue Growth in FY18

14.8%

Consolidated revenues grew by 14.8% y-o-y to EGP 7,428.4 million in 2018 from EGP 6,468.0 million in 2017, driven by price and volume increases in Cement, clinker and Concrete ready mix.

Cement and clinker sales recorded EGP 5,332.7 million in 2018, up by 11.7% y-o-y from EGP 4,773.5 million in 2017, representing 71.8% of total revenues in 2018. Concrete ready mix sales grew by 23.7% y-o-y in 2018 to post EGP 2,095.6 million, and so contributing by 28.2% to total revenues.

Cost of sales

Cost of sales grew by 4.8% y-o-y in 2018 to EGP 6,802.8 million from EGP 6,488.2 million in 2017. Following the Government's structural financial reforms, the cost of fuel, electricity, raw materials and quarries' fees increased dramatically. Yet, the management succeeded in offsetting partially this increase by implementing strict saving policies in wages, salaries and lower depreciation expenses.

Cost of sales expense | EGP mn	31-Dec-18	31-Dec-17	YoY Change
Fuels	2,084.1	1,749.3	-19.1%
Raw Material and Quarries rents	2,055.0	1,894.3	-8.5%
Electricity	835.7	610.0	-37.0%
Wages and Salaries	462.5	525.9	+12.1%
Fixed Assets Depreciation	429.2	516.7	+16.9%
Maintenances	395.7	399.4	+0.9%
Other	540.7	792.5	+31.8%
Total cost of sales	6,802.8	6,488.2	-4.8%

Gross Profit

As a result of the measures undertaken by the management, the company recorded a gross profit of EGP 625.6 million, representing 8.4% gross margin in 2018, compared to a gross loss of EGP 20.2 million in 2017.

General and administrative expenses

General and administrative expenses dropped significantly by 37.6 % to EGP 441.3 million in 2018, compared to EGP 707.8 million in 2017, as a result of the company's wide streamlining efforts in reducing costs to boost operational efficiencies

General and administrative expense | EGP mn	31-Dec-18	31-Dec-17	YoY Change
Salaries	183.5	243.7	+24.7%
Technical assistance fees	68.9	119.7	+42.4%
Expenses restructuring - social costs	48.3	201.8	+76.0%
Other general and administrative expenses	140.5	142.6	+1.4%
Total general and administrative expenses	441.3	707.8	+37.6%

Net profit

FY18 Consolidated Net Profit

EGP 121.4 mn

Net Profit Margin in FY18

1.6%

Net profit recorded EGP 121.4 million in 2018, up from a net loss of EGP 1,138.5 million in 2017, mainly due to improved operational results and implementation of cost reduction policies. In the year 2017, the result was penalized mainly by the one-off restructuring provisions. In 2018, the company booked one-off gain from the sale of Suez Bags Company (EGP 133 million), and one-off loss due to impairment of goodwill for Helwan Cement Company (EGP 142 million).

Working Capital

Our net working capital stood at positive EGP 664.3 million at 31 December 2018, slightly down from positive EGP 709.7 million at 31 December 2017. The increase in the inventory (mainly clinker) has been compensated by higher advances from customers and higher trade payables. Cash conversion cycle remained stable.

Working Capital | EGP mn	31-Dec-18	31-Dec-17
Inventory	1,534.2	1,067.7
(DOH (Cost of cost of sales	101.9	76.2
Accounts and notes receivable	523.9	546.4
(DOH (Revenues	25.7	30.8
Prepayments and others	845.6	539.9
(DOH (Revenues	41.5	30.5
Trade payables	1,356.0	1,014.4
(DOH (Total cost of sales	80.3	70.7
Advances from customers	883.1	429.9
(DOH (Total cost of sales	47.4	24.2
Net Working Capital	664.3	709.7
Cash Conversion Cycle	41.5	42.6

Fixed Assets additions

Fixed assets additions throughout the year amounted to EGP 437 million, while depreciation amounted to EGP 462.0 million during the same period.

Net Financial Position

Net Debt | EGP mn	31-Dec-18	31-Dec-17
Medium term loans	(93.4)	(63.6)
Bank overdraft	(427.4)	(316.0)
Total Debt	(520.8)	(379.6)
Cash on hand and at banks	798.1	726.8
Net Financial Position	277.3	347.2

The net financial position remained positive in 2018, EGP 70 million below 2017 level, as a result of the increase in the medium-term loans and the bank overdraft, necessary to strengthen the Group's business model before the continuing market pressures.

Investment Highlights

In 2018, Suez Cement continued to capitalize on the success achieved in the previous year, in line with its commitment to environmental protection and the Compliance Action Plan developed in partnership with the Egyptian Environmental Affairs Agency (EEAA).

Suez Cement has invested a total of EGP 17 million in the installation of monitoring equipment for emission levels in its Helwan, Kattameya and Suez plants, which have been operational as of November 2018. The equipment measures different emissions and is linked to the national network for emission monitoring in the EEAA.

In addition, as part of the Group's goal to increase the utilization of alternative fuels across its operations, and help the Government safely dispose the waste/garbage, Suez Cement has issued contracts for the installation of RDF/biomass feeding systems in the main burners of the 2 lines in Helwan plant, as well as the line in Kattameya plant. This has amounted to a total investment of EGP 75 million, and is expected to become operational in early 2019. The project also consists of a storage facility for alternative fuels in the Helwan plant, equipped with all protection measures, in line with civil defense requirements and international construction standards.

Outlook

As we settle into 2019, the Group is taking all measures to ensure that our business model remains as resilient as possible against persistent industry headwinds. Management at Suez Cement has had to implement a series of far-reaching efficiency drives to ensure the Group's resilience and success moving forward.

We are intensifying a comprehensive cost reduction campaign and focusing our operation, where management is better able to ensure cost-effective production. In a first move in Egypt's cement industry, our Kattameya plant started using 10% of its fuel mix as alternative fuel in the main burner of the kiln, moving closer to our objective of alternative fuel to constitute 30% of our overall fuel mix in the years ahead.

Difficult decisions have been made with an eye to safeguarding the sustainability of both operations, and Suez Cement's ability to create value for its shareholders over the long run. The progress of reducing the Group's overheads shall continue, where the employee headcount represents one of the main issues. The headcount has reached 1,800 in 2018, down from 3,300 in 2016.

As long as the market oversupply persists, and the industry remains limited in its ability to pass on rising costs, Suez Cement will continue to take all steps necessary to create a leaner organization that is ready to efficiently exploit the upswing when it arrives.

Corporate Governance

In order to preserve the interest of all stakeholders, Suez Cement Company holds itself to the highest standards of corporate governance, while leveraging a proven track record in the cement industry. The Group believes, firmly, that outlining and adhering to stringent corporate governance standards is the lynchpin in any company's success, as a transparent and sustainable organization drives value for its shareholders.

The Group's Board of Directors plays a vital role in the governance of the entire organization, leading the Group through sound strategies and clearly outlined objectives that guide its growth. In addition to monitoring the performance of executive management, the Board of Directors also works to guarantee effectiveness of the system of control and risk management, identifies ideal methods to apply governance, and sets the guidelines and policies to professional standards that are followed by employees.

OUR BOARD OF DIRECTORS

The company's Board of Directors consists of 13 members, two of which are executive members and 11 of which are non-executives.

Number	Name	In his Capacity as
1	**Mr. Omar Abd El Aziz Mohanna**	Non-executive Chairman of the Board of Directors
2	**Mr. José Maria Magrina**	Executive Managing Director
3	**Mr. Laurent Fracoisv**	Non-executive Member of the Board of Directors
4	**Mr. Mohamed Chaibi**	Non-executive Member of the Board of Directors
5	**Mr. Antonio Clausi**	Non-executive Member of the Board of Directors
6	**Mr. Hayrullah Hakan Gurdal**	Non-executive Member of the Board of Directors
7	**Mr. Ali Ihsan Kucukoglu**	Executive Member of the Board of Directors
8	**Mr. Raed Ibrahim Sulaiman El Mudaiham**	Non-executive Member of the Board of Directors
9	**Mr. Veli Pekka Ettala**	Non-executive Member of the Board of Directors
10	**Mr. Mohamed Sayed Abdel Salam**	Non-executive Member of the Board of Directors
11	**Mr. Emad El Din Mustafa Khaled**	Non-executive Member of the Board of Directors
12	**Ms. Dina Andrea George Khayat**	Non-executive Member of the Board of Directors
13	**Dr. Mounir Soliman Nemattallah**	Non-executive Member of the Board of Directors

Audit Committee

In order to assist the board in fulfilling its duties, the Group formed a standalone Audit Committee with its own individual charter and scope of governance. The Audit Committee guides the Group in terms of clearly outlined regulations, responsibilities, and capabilities in accordance with the laws and regulatory directives of the company. While analyzing the financial reporting process, the Committee also reviews internal procedures of functions, whether administrative reports or control procedures. The committee met 4 times in 2018 and is made up of the following members:

Number	Name
1	**Mr. Omar Abd El Aziz Mohanna**
2	**Ms. Dina Andrea George Khayat**
3	**Dr. Mounir Soliman Nemattallah**
4	**Mr. Mohamed El Sayed Abdul Salam**

CORPORATE SOCIAL RESPONSIBILITY

Recognizing the importance of maintaining socially conscious operations and developing the communities in which it operates, Suez Cement has sought to develop a four-pronged strategy for its corporate social responsibility department, operating in the areas of education, environment, community development, and health. With initiatives in these four areas, Suez Cement contribute to the sustainable development of its local communities, as well as minimize the environmental impact of its operations.

Education

Suez Cement believes that education is a key pillar for a country's development. In order to participate in promoting effective learning, Suez Cement, in cooperation with the Ministry of Education launched an initiative in 2018 to revamp some schools. Under this initiative 10 schools in the Kafr El Elw area benefited from maintenance and repair of desks, chairs and other equipment.

Environment

Throughout 2018, Suez Cement launched a number of initiatives with the aim of minimizing the environmental impact of its operations. In January, Helwan Cement sponsored a government initiative titled 'Be like Adam' in cooperation with the Helwan District Council. This campaign sought to raise awareness among local communities about environmentally conscious behavior, including planting trees and not littering.

Suez Cement also launched a group-wide initiative for employees and their families entitled 'Go Green'. Under the scope of this initiative, Suez Cement sought to raise awareness among its staff about the importance of environmental protection, and to promote afforestation and the propagation of more green areas across the country in line with Egypt's 2030 Vision.

In 2018, Suez Cement was a sponsor of the Conference on Biological Diversity, one of the United Nations' largest conferences on biodiversity. The conference was themed 'Investing in Biodiversity for Human Health and Well-being and Plant Protection' and sought to explore the importance of biodiversity in preserving the environment.

Health

Throughout the course of 2018, Suez Cement has provided support to the Suez Public Hospital, in the form of medical supplies, to ensure that members of the community are able to access the medical services they require with no cost limitations. This initiative comes in line with Suez Cement's strategy, and the priority it gives to the health of members of its local communities.

Community Development

Fostering community development is a central part of Suez Cement's CSR strategy. In its efforts to support its local communities, Suez Cement launched a number of initiatives to improve the lives of people living in the areas surrounding its operations.

In 2018, Suez Cement organized and sponsored a number of sporting events including football tournaments in Helwan, as well as a tournament for primary school students. These events were held as a result of the Group's commitment to the importance of sports as a mean of positively impacting youth and fostering close community ties.

In addition, Suez Cement has sponsored a number of community events with the purpose of bringing members of the community together. Suez Cement held a ceremony honoring mothers for their role in community development and recognizing their efforts. An Orphans' Day event was also organized in cooperation with NGOs and with participation from members of the community where children were provided with new clothes and tuition fees for the school year, which brought the community closer together. A ceremony was also held to recognize the top students in elementary and high schools in the community for their achievements and hard work.

Suez Cement also assisted in charity activities during the month of Ramadan and Eid by distributing aid packages consisting of food and other necessities to families in need, with the aim of promoting closer ties within the community.

In 2018, Suez Cement also participated in the fourth round of the 'Quarry Life Award' competition, a biennial competition which has been organized by HeidelbergCement since 2011. Participants in the competition submit biodiversity projects for its quarries and gravel pits. This was the first time the competition was held in Egypt. Government officials and community leaders held information sessions about the competition, which increased interest and participation from community members. A public school in the community was awarded first place in the social stream, and the competition had positive feedback among the community.

HEALTH, SAFETY & ENVIRONMENT

Fostering a robust culture of health, safety and environmental preservation is one of the Group's highest priorities as we work to set an industry benchmark for best practice. The Group prides itself on adherence to international health and safety standards as well as comprehensive environmental preservation frameworks that go beyond the requirements set forth by the Egyptian government.

Health and Safety

Suez Cement works diligently to be one of the safest cement companies in the industry by taking active steps to lower the frequency rate of workplace accidents. All our operations have safety programs that include safety inspection, training, auditing, sharing best practices, close follow up, reporting, and investigation of the cause of an accident as well as prevention of future accidents. Safety audits are also a crucial element in the integration process for any new acquisition.

In 2018, the Group's Lost Time Injury (LTI) frequency rate for employees — the number of accidents that resulted in lost time per million hours worked — was 0.4. Additionally, the severity rate of recorded injuries was 12.1, while the number of days lost was 57 days. The total case injury (TCI) rate, including fatalities, lost time injuries, and medical treatment accidents, was 2.3. 2018 was a remarkable year the El Minya plant, having successfully achieved eight consecutive years without LTI. The Tourah Cement and the Group's headquarters achieved two LTI-free years, and the Kattameya plant marked one LTI-free year.

In order to enhance our employees' safety awareness and improve safe practices at our plants, we conducted 12,016 safety training hours for 2,426 training seats, recording a 25% increase compared to the previous year. The year also saw us open an additional four safety training centres at our premises.

In 2018, Suez Cement inaugurated an initiative titled Health and Safety Week. The company organized numerous activities to raise safety awareness, like a photography competition titled Unsafe Behaviours on Roads, a daily PPE competition, risk assessment competition, and several other competitions to foster a culture of health and safety throughout the Group. During the initiative, Suez Cement recognized its op subcontractors and employees for their contribution in improving the safety of the workplace and their safe performance.

2018	Employee LTI FR	Non-Employee LTI FR	Employee LTI SR	Number Fatalities Own Employees	Number Fatalities Non-Employees	Total case Injuries TCI (Own (Employees FR
Suez	2.24	0.9	53.9	0	0	6.7
Kattameya	0	0	0	0	0	2.0
Tourah	0	0	0	0	0	1.1
Helwan	0	0.47	6.4	1	1	1.4
Minya	0	0	0	0	0	0
(Head Quarter (HQ	0	0	0	0	0	0
Egypt w/o RMC	0.4	0.35	12.1	1	1	2.3

2018	NEAR HIT	SAFETY CONVERSATION
Suez	7,368	9,377
Kattameya	7,283	6,742
Tourah	5,215	7,379
Helwan	8,450	7,860
Minya	2,864	4,053
(Overhead (HQ	218	544
Logistics and others	4	20
Cement Egypt	31,700	37,238
Egypt w/o RMC	32,772	38,419

Environmental Protection

The Group has adopted a strict environmental policy that aims to promote a sustainable use of resources, foster long-term economic growth, and improve the quality of life for generations to come.

As such, 2018 saw Suez Cement adopt even firmer policies geared at preserving and improving the environment and ecosystems of the areas surrounding the Group's facilities as recommended by Environmental Management Systems (EMS). The Group seeks to go above and beyond in its adherence to local regulations when it comes to environmental preservation. As such, each plant renewed its ISO 14001 certificate and upgraded their certification to the latest ISO 14001/2015 standards. In April 2015, the Egyptian government issued amendments to law no. 4 of 1994 outlining the requirements to integrate coal and petcoke as a primary fuel source to power cement kilns and included further restrictions on air pollutants and greenhouse gas emissions. Companies were given a five years grace period to comply, and the Group has taken active steps to meet these requirements for all plants.

Climate Protection

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

In 2015, the Suez, Kattameya, and Tourah plants received permission to use coal as their primary energy source for two years. These permits were renewed for the Kattameya and Suez plants in 2017 for two more years based on annual performance reports submitted from each plant.

The approval process to integrate coal/petcock power at the Helwan plant was approved on April 2017; the first annual performance report was submitted on April 2018 while the second will be submitted on April 2019.

Emissions

All plant emissions are carefully monitored using international standards and best practices. All our clinker production lines are equipped with CEMs to measure SO2, NOx, CO, O2, THC and dust as per HeidelbergCement guidelines. Pollutants like heavy metals, mercury, and dioxin and furan, work environment, ambient environment and wastewater are now measured as part of plant emissions monitoring. In November 2018, the Group installed new monitoring devices in the Kattameya, Suez and Helwan plants to regularly measure HCl and HF at main stacks and the physical properties in cement mills, coal mills, and coolers stacks to comply with environmental law requirements.

CO2 Cement Production* Emissions (2018)	
Absolute gross (ton/year)	**6,128,691**
Specific gross (kg/ton clinker)	**882**
Specific gross (kg/ton cem.**)	**755**

* These calculations are based on the WBCSD-CSI CO2 protocol, May 2011

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

Responsible Production and Use of Resources

Suez Cement is currently applying Cement Sustainability Initiative (CSI) guidelines to ensure sustainable development for our factories to further grow our business without compromising the safety of our surrounding environment.

Energy & Fuel

In 2018, the Group adopted the utilization of biomass and refuse-derived fuels to power cement production. Alternative fuel sources comprise 9.2% of the Group's total fuel mix for produced grey clinker, which previously consisted of fossil fuels. The majority of Suez Cement's alternative fuel consumption can be found at the Kattameya, Helwan, and Suez plants.

Additionally, the Group commissioned feasibility studies to explore using solar energy and other green sources to generate part of its electricity needs for the same three plants.

Supplier Qualification

The Supplier Qualification Program continued in 2018 as part of the Group's commitment to sustainable development. This program objectively evaluates suppliers by analyzing their performance, financial stability, and commitment to health, safety, and environmental protection as well as the Group's code of ethics including the commitment to human rights.

The Technical, Safety, Finance and Legal Departments are responsible for evaluating the suppliers. In 2018, 107 new suppliers were registered, and the pre-qualification process was completed for 85 of them.

OUR PEOPLE

Suez Cement prides itself on its commitment to recruiting some of the best talent in the market and constantly striving to establish a conducive work environment where employees can continue to grow. Accordingly, throughout 2018, we have worked to create a strategy where our employees can continue to benefit from a supportive work environment where they can develop their professional skills and thereby build a strong foundation for the Group to thrive as a direct result.

Training

Throughout the year, Suez Cement invested heavily in training for staff members to continue to build on their existing capacities and provide avenues for them to learn new skills. This ranged from comprehensive programs for newly recruited staff members to technical and skills trainings for current employees.

New Stars Program

In line with Suez Cement's commitment to hiring the best talent available in the market, the Group launched a training program called New Stars – a year-long program where fresh graduates completed trainings for technical and administrative positions. The program involved a series of training modules as well as an end-of-program project. Members were assigned coaches to mentor them throughout the program while members of the graduate program for administrative positions were required to receive 1,100 hours of training in a number of fields to allow them to better assume their roles within the company.

Skills Trainings

In 2018, the Human Resources department established a skills matrix, a tool developed to determine training needs among the Group's technical staff. Through this matrix, 137 skills were grouped into 118 trainings to supply the skill gap it identified. Based on management assessment of employees' skills, the matrix helps identify the skills they lack in order to complete certain tasks.

Throughout the year, Suez Cement employees received a number of skills trainings to further enhance their capacities, with 178 training seats by local certified Simulex trainers delivered to CCR operators over the course of 2018. These trainings included Intensive Grinding, Intensive Pyro Processing, Simulex Grinding and Simulex Pyro. This amounted to approximately 88% of the total number of planned training seats, with the remaining CCR Operators expected to complete their training in 2019.

In addition, 232 employees received compliance trainings in competition law, corruption prevention and basics of compliance for all managerial and merger and acquisition staff. In addition, through these trainings, employees were introduced to the e-ca@mpus courses.

Labor Union Development Program

In August 2018, Suez Cement established a Union Development program under the auspices of the Ministry of Manpower. Through this program, Suez Cement staff who are members of labor unions can benefit from a number of trainings under four main pillars: Labor and Union Law, Negotiation and Communication Skills, Sales and Marketing Basics, and Financial Basics.

Career Development

A key focus of the Human Resources Department for 2018 was emphasizing career development. Through this, the department launched a number of initiatives to help Suez Cement staff reach their potential within the Group.

Under this strategy, a new performance appraisal system was introduced with the aim of gauging how to capitalize on employees' skills and help them further their capacities while creating a transparent evaluation mechanism. Under this system, skills were clearly determined and various category levels were clearly explained. In addition, different safety evaluation criteria were set for technical and non-technical teams.

A new succession planning mechanism was created for all key positions through to middle management along with an assessment center for the commercial and procurement departments to identify the highest calibers and identify future mangers.

Suez Cement also launched an executive management certificate for 11 members of the finance and procurement departments with high potential. Under this certificate, qualified members of the departments received a total of 18 days of training that would equip them with the necessary skills to become future leaders in their respective divisions.

Suez Cement launched an executive coaching program for a select group from the senior commercial team. Under this program, 10 participants received tailored training over the course of 6 days, delivered by Dr. Khaled Habib, a key figure and motivational speaker using a blend of coaching and experiential learning to deliver key knowledge to the group.

Organizational Development

As part of its efforts to create a healthy and conducive work environment for its staff, Suez Cement launched a number of initiatives over the course of 2018 with the aim of improving its physical workspace and establishing a transparent working environment across the Group.

A new organizational chart was created for the Tourah, Helwan, Suez Kattameya and El Minya plants to meet the Group's standards. In addition, a new requirement was issued for each plant to produce dynamic analysis reports relating to NPOC projects stating target and actual headcounts, vacant positions, and other information.

A Group-wide initiative was launched to create official job descriptions for all roles along with the establishment of a jobs evaluation committee to clarify any issues regarding job descriptions or organizational charts. Based on the committee's findings, a new compensation and benefits structure was launched following the introduction of a Hay survey and a benchmarking exercise with multinational companies. The new structure resulted in the establishment of 13 different salary grades.

The department also undertook an initiative of creating a company-wide HR handbook along with requiring all departments to issue a department-specific handbook for their employees in order to establish transparent rules and regulations regarding their conduct within their roles and in the workplace.

Manpower Planning and Recruitment

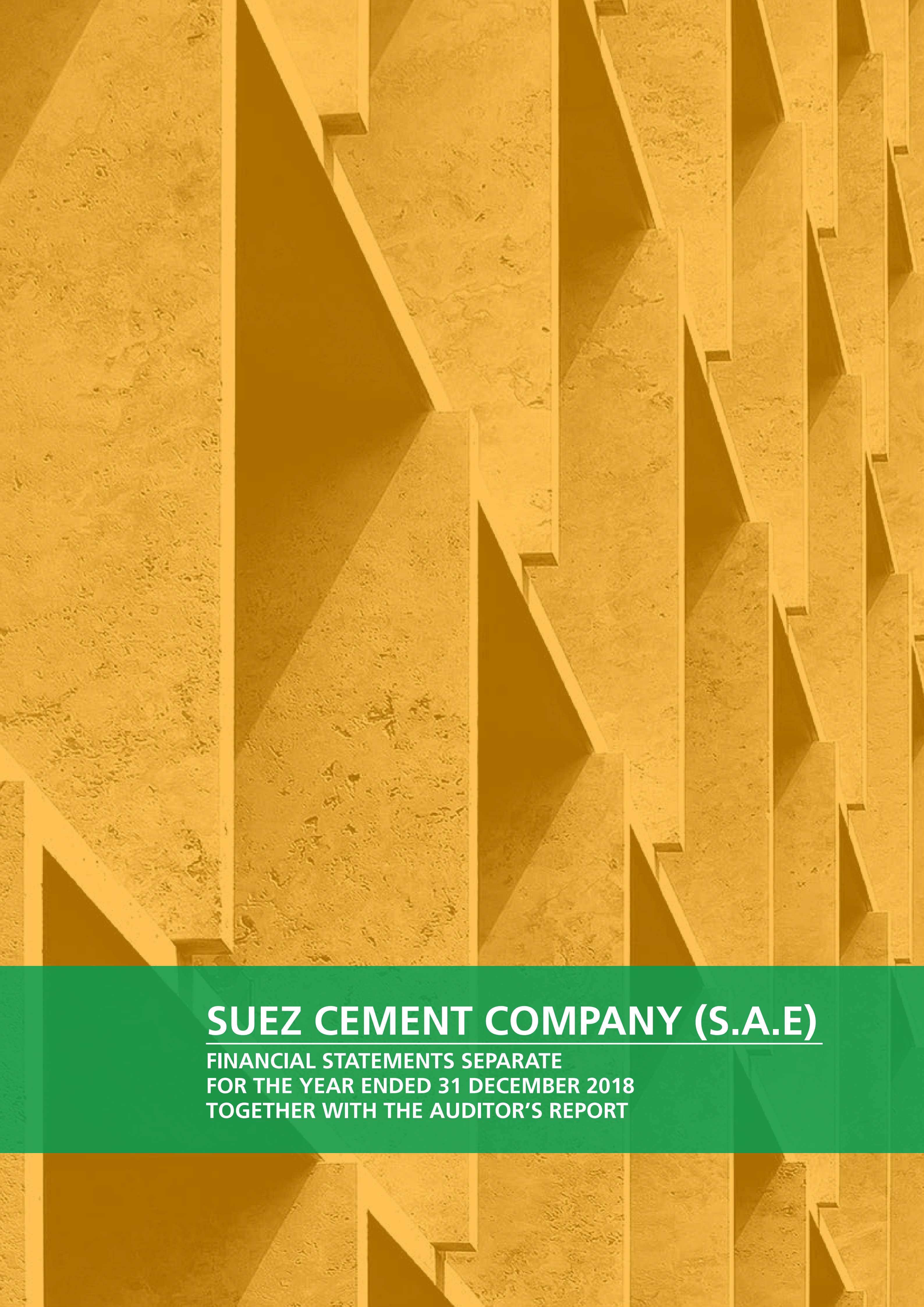
Throughout the year, the department was able to successfully recruit 73 new employees including both fresh graduates and talented candidates within the market, with a staff requisitions fulfillment rate of 92.3%.

The Group has adopted a downsizing plan in view of its available financial resources. We have decreased our employees from 3,800 to only 1,500 within the framework of a voluntary exit program.

In addition, a special initiative, 'The Suez Cement Internal Career Fair', with the objective of promoting internal career movement while capitalizing on the skills of our staff members. The initiative successfully resulted in 283 internal transfers throughout 2018.

The department also successfully forecasted its 2019 Manpower plan to continue to build on the successes it was able to achieve in this area throughout the year.

OUR PEOPLE



SUEZ CEMENT COMPANY (S.A.E)

FINANCIAL STATEMENTS SEPARATE
FOR THE YEAR ENDED 31 DECEMBER 2018
TOGETHER WITH THE AUDITOR'S REPORT

AUDITOR'S REPORT

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

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Suez Cement Company (S.A.E), represented in the separate financial position as of 31 December 2018, and the related separate statements of income (profit or loss), separate Comprehensive income, separate changes in equity and separate 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 separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of Suez Cement Company (S.A.E), as of 31 December 2018, 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 (14) of the notes to the separate financial statements, the company has investments in subsidiaries and prepared consolidated financial statements as of 31 December 2018 and for better understanding of the company's consolidated financial position as 31 December 2018 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: 5 March 2019

Auditors

Amr Mohamed El-Shaabini	Ehab M. Azer
FESAA – FEST	FESAA – FEST
(RAA. 9365)	(RAA. 6537)
(EFSAR .103)	(EFSAR .87)

SEPARATE STATEMENT OF FINANCIAL POSITION As of 31 DECEMBER 2018

	Note	**31 December 2018 EGP**	31 December 2017 EGP
Assets			
Non-current assets			
Fixed assets	(12)	**902,172,886**	884,801,879
Fixed assets under construction	(13)	**153,515,874**	170,310,574
Investments in subsidiaries	(14-a)	**4,172,958,683**	4,172,958,683
Investments in an associate and share in joint ventures	(14-b)	**30,267,255**	30,267,255
Investments available for sale	(14-c)	**1,440,001**	1,440,001
Amounts paid under investments in subsidiaries and other companies	(14-d)	**-**	1,000,000
Loan to subsidiaries	(15)	**20,000,000**	25,000,000
Total non-current assets		**5,280,354,699**	5,285,778,392
Current assets			
Inventory	(16)	**604,623,827**	369,149,843
Loans to subsidiaries	(33-c)	**400,540,151**	-
Non - Current assets held for sale	(14-E)	**-**	22,438,108
Accounts receivables	(17)	**2,478,770**	865,331
Due from related parties	(18)	**27,484,795**	499,551,171
Prepayments, other receivables and other debit balances	(19)	**239,605,872**	187,175,209
Cash at banks	(20)	**229,295,672**	233,591,020
Total current assets		**1,504,029,088**	1,312,770,682
Total assets		**6,784,383,787**	6,598,549,074
Equity and liabilities			
Equity			
Share capital	(21)	**909,282,535**	909,282,535
Legal reserve	(22)	**454,641,267**	454,641,267
Other reserves	(22)	**214,245,360,2**	2,214,245,360
Reserve of unrealized gains on available-for-sales investments		**327,001**	327,001
Other comprehensive income		**668,202**	78,427
Retained earnings		**1,300,949,006**	1,768,900,360
Profit /(Losses) for year		**199,861,052**	(441,793,098)
Total equity		**5,079,974,423**	4,905,681,852
Non-current liabilities			
Other long term liabilities	(23)	**15,464,209**	20,392,809
Deferred tax liabilities	(11)	**77,637,534**	55,823,537
Total non-current liabilities		**93,101,743**	76,216,346
Current liabilities			
Provisions	(24)	**185,051,334**	259,763,347
Bank overdraft		**3,434**	531
Trade payables, accrued expenses and other credit balances	(25)	**715,818,034**	448,254,277
Due to related parties	(26)	**429,416,484**	631,048,238
Taxes payable	(27)	**48,551,308**	77,926,325
Advances from customers	(28)	**220,013,467**	192,538,050
Retention payables	(29)	**12,453,560**	7,120,108
Total current liabilities		**1,611,307,621**	1,616,650,876
Total liabilities		**1,704,409,364**	1,692,867,222
Total equity and liabilities		**6,784,383,787**	6,598,549,074

Auditors		Accounting Manager	Chief Financial Officer	Managing Director	Chairman
Amr Mohamed El Shaabini	Ehab M, Azer	Sherif El Masry	Ali Ihsan Kucukoglu	Jose Maria Magrina	Omar A, Mohanna

.The accompanying notes from (1) to (35) are an integral part of these separate financial statements.

.Auditor's Report attached -

SEPARATE STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 EGP	31 December 2017 EGP
Sales	(4)	**2,663,020,895**	2,408,658,034
Cost of Sales	(5)	**(2,503,965,658)**	(2,409,245,347)
GROSS PROFIT / (LOSSES)		**159,055,237**	(587,313)
General and administrative expenses	(6)	**(191,351,448)**	(189,996,826)
Finance income	(7)	**98,655,521**	26,327,606
Finance cost	(8)	**(7,079,273)**	(6,883,204)
Foreign exchange differences		**(4,249,487)**	10,747,318
Gain from sale of fixed assets	(12)	**1,086,142**	54,042,763
Provisions formed	(24)	**(17,535,485)**	(113,356,053)
Provisions no longer required		**5,706,004**	35,325,349
Decline in value of other debit balances		**(540,668)**	-
Board of director's remuneration and allowance		**(183,000)**	(180,000)
Dividends income	(9)	**30,302,053**	21,139,000
Gain from sale investment		**123,466,134**	5
Impairment of Investment		**-**	(302,504,947)
Losses of Sale of Obsolete Inventory		**(2,427,259)**	(3,234,033)
Other Expenses	(10)-A	**(16,714,543)**	(41,013,875)
Other income	(10)-B	**43,313,896**	84,093,877
PROFIT / (LOSSES) FOR THE YEAR BEFORE INCOME TAX		**221,503,824**	(426,080,333)
Deferred income taxes for the year	(11)	**(21,642,772)**	(15,712,765)
Income taxes for the year	(11)	**-**	-
PROFITS / (LOSSES) FOR THE YEAR		**199,861,052**	(441,793,098)
Earnings / (Losses) Per Share - EGP	(30)	**1.10**	(2,43)

Accounting Manager	Chief financial Officer	Managing Director	Chairman
Sherif El Masry	Ali Ihsan Kucukoglu	Jose Maria Magrina	Omar A. Mohanna

- The accompanying notes from (1) to (35) are an integral part of these separate financial statements,

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED IN 31 DECEMBER 2018

	31 December 2018 EGP	31 December 2017 EGP
PROFITS/ (LOSSES) FOR THE YEAR	**199,861,052**	(441,793,098)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):	-	-
Net (loss)/gain on available-for-sales (AFS) financial assets	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		-
Remeasurement gains/(losses) on defined benefit plans	**761,000**	(2,611,000)
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods, net of tax	**761,000**	**(2,611,000)**
Deferred tax on other comprehensive income	**(171,225)**	587,475
Net other comprehensive income after of tax	**589,775**	(2,023,525)
Total comprehensive income, net of tax	**200,450,827**	(443,816,623)

Accounting Manager	Chief financial Officer	Managing Director	Chairman
Shereif El Masry	Ali Ihsan Kucukoglu	Jose Maria Magrina	Omar A, Mohanna

- The accompanying notes from (1) to (35) are an integral part of these separate financial statements,

SEPARTE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued and paid up capital	Legal reserve	Other Reserves	Reserve of unrealized gains on available-for-sales investments	Reserves Accumulated actuarial gains/(losses) on defined benefit plans	Retained earnings	Profit / (Losses) for the Year	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Restated Balance as of 1 January 2018	**909,282,535**	**454,641,267**	**2,214,245,360**	**327,001**	**78,427**	**1,768,900,360**	**(441,793,098)**	**4,905,681,852**
Transferred to retained earnings	-	-	-	-	-	(441,793,098)	441,793,098	-
Profit share in advance	-	-	-	-	-	(25,658,256)	-	(25,658,256)
Independent BOD members bonus	-	-	-	-	-	(500,000)	-	(500,000)
Other comprehensive losses, net of tax	-	-	-	-	589,775	-	-	589,775
Profit for the year	-	-	-	-	-	-	199,861,052	199,861,052
Balance as of 31 December 2018	**909,282,535**	**454,641,267**	**2,214,245,360**	**327,001**	**668,202**	**1,300,949,006**	**199,861,052**	**5,079,974,423**
Restated Balance as of 1 January 2017	**909,282,535**	**454,641,267**	**2,214,245,360**	**327,001**	**2,101,952**	**1,998,766,980**	**(215,591,988)**	**5,363,773,107**
Transferred to retained earnings	-	-	-	-	-	(215,591,988)	215,591,988	-
Adjustment profit share in advance	-	-	-	-		(18,610,357)	-	(18,610,357)
Adjustments of taxes variances						4,835,725	-	4,835,725
Independent BOD members bonus	-	-	-	-	-	(500,000)		(500,000)
Other comprehensive losses, net of tax	-	-	-	-	(2,023,525)	-	-	(2,023,525)
(Losses) for the Year	-	-	-	-	-	-	(441,793,098)	(441,793,098)
Balance as of 31 December 2017	**909,282,535**	**454,641,267**	**2,214,245,360**	**327,001**	**78,427**	**1,768,900,360**	**(441,793,098)**	**4,905,681,852**

- The accompanying notes from (1) to (35) are an integral part of these separate financial statements,

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED IN 31 DECEMBER 2018

	Note	31 December 2018 EGP	31December 2017 EGP
Cash flows from operating activities			
Profit / (losses) before income tax		**221,503,824**	(426,080,333)
Dividends income	(9)	**(30,302,053)**	(21,139,000)
Gain/ Losses from sale investment	(12)	**(123,466,134)**	(5)
Impairment in Value of Investments		**-**	302,504,947
Depreciation of fixed assets		**148,317,684**	137,472,657
Provisions	(24)	**17,535,485**	113,356,053
Provisions no longer required	(24)	**(5,706,004)**	(35,325,349)
Decline in value of obsolete inventory	(16)	**-**	14,170,427
Reversal of decline in value of obsolete inventory		**(2,705,022)**	-
Decline in value of Debit Balances		**540,668**	-
Liabilities against end of service plan	(23)	**4,160,400**	3,412,000
End of past service cost recognized		**(6,543,000)**	(5,958,000)
Taxes adjustments		**-**	4,835,725
Finance costs	(8)	**7,079,273**	6,883,204
Credit interests	(7)	**(98,655,521)**	(26,327,606)
Gain / Losses on sale of fixed assets	(12)	**(1,086,142)**	(54,042,763)
Foreign exchange differences		**4,249,487**	(10,747,318)
Cash from operations before working capital changes:		**134,922,945**	3,014,639
Changes in inventory	(16)	**(232,768,962)**	214,758,902
Changes in accounts and notes receivables	(17)	**(1,613,439)**	(24,356,852)
Changes in due from related parties	(18)	**472,066,376**	(249,017,961)
Changes in prepayments, other receivables and other debit balances	(19)	**(53,073,190)**	(2,254,984)
Changes in advances from customers	(28)	**27,475,417**	50,577,274
Changes in trade payables, accrued expenses and other credit balances	(25)	**267,563,757**	64,814,420
Changes in taxes payable	(27)	**(29,375,017)**	57,769,716
Changes in due to related parties	(26)	**(201,631,754)**	(182,329,945)
Changes in retentions payable	(29)	**5,333,452**	298,593
Finance expense paid	(8)	**(7,079,273)**	(6,883,204)
Income taxes paid		**-**	(62,045,739)
Provisions used	(24)	**(86,541,494)**	(59,296,632)
Decline in debit balances from provisions used		**-**	(343,935)
Payments in respect of End of service plan	(23)	**(1,785,000)**	(4,449,778)
Net cash from operating activities		**293,493,818**	(199,745,486)
Cash flows from investing activities			
Finance income received		**98,757,377**	33,204,969
Proceeds from sale of fixed assets	(12)	**1,100,493**	71,474,720
Payments in fixed assets		**(5,500)**	(1,629,604)
Payments in fixed assets under construction	(13)	**(148,902,842)**	(226,204,718)
Proceeds from dividends		**30,302,053**	21,139,000
Payments in respect of investments		**(5,738,504)**	-
Proceeds from sale of investments		**152,642,747**	-
Net cash from investing 421 - 698,407 activities		**128,155,823**	(102,015,633)
Cash flows from financing activities			
Proceeds from loans from subsidiaries		**5,000,000**	8,000,000
Loans Paid to subsidiaries		**(400,540,151)**	-
Adjustments profit share paid in advance		**(25,658,256)**	-
Dividends paid		**(500,000)**	(19,110,358)
NET CAH FROM FINANCING ACTIVITIES		**(421,698,407)**	(11,110,358)
Net (decrease) in cash and cash equivalent during the year		**(48,764)**	(312,871,477)
Cash and cash equivalent- beginning of the year		**233,590,489**	535,714,648
Foreign exchange differences		**(4,249,487)**	10,747,318
Cash and cash equivalent- end of the year		**229,292,238**	233,590,489

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

Cash at banks	(20)	**229,295,672**	233,591,020
less:			
Bank overdraft		**(3,434)**	(531)
Cash and cash equivalent		**229,292,238**	233,590,489

- The accompanying notes from (1) to (35) are an integral part of these separate financial statements,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

Heidelberg Cement, which acquired 100% of Italcementi's share capital, through its subsidiaries, owns 55% of Suez Cement's outstanding shares as of 31 December 2018 ,

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

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

The financial statements of the Company for the year ended 31 December 2018 were authorized for issuance in accordance with the Board of Directors' resolution on 4 March 2019.

2,1. BASIS OF PREPARATION

The separate financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS"),

The separate financial statements have been prepared in Egyptian pounds (EGP), which is the Company's functional and presentation currency,

The separate 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,

2,2. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these separate financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date, Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods,

Estimates and their underlying assumptions are reviewed on an ongoing basis, Revisions to accounting estimates are recognised in the period in which the estimates are revised,

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable, For individually significant amounts, this estimation is performed on an individual basis, Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,2. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Useful lives of fixed assets and investment properties

The Company's management determines the estimated useful lives of its fixed assets and investment properties for calculating depreciation, This estimate is determined after considering the expected usage of the asset or physical wear and tear, The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets,

Taxes

The Company is subject to income taxes in Egypt, Significant judgment is required to determine the total provision for current and deferred taxes, The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt, The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority, Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt,

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies,

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date, The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable, When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows,

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,

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably,

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty,

The specific recognition criteria described below must also be met before revenue is recognized,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss,

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,

Borrowing

Borrowings are initially recognized at the value of the consideration received, Amounts maturing within a 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 non-current 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 statement of profit or loss 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 statement of profit or loss,

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets, All other borrowing costs are expensed in the period in which they are incurred, The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds,

Income tax

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 years are measured at the amount expected to be recovered from or paid to the tax authority,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss 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,

Fixed assets

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 statement of 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 derecognizing of the asset is included in the statement of profit or loss 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 balance sheet 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, Impairment losses are recognized in the statement of profit or loss,

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 profit or loss,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets under construction

Fixed assets under construction represent the amounts that are paid 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, Fixed assets under construction are valued at cost net of impairment loss (if any) ,

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months ,

Suppliers and accrued expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not,

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,

Social insurance and Employees' End-of-services

a- Social Insurance: The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries, The Company's obligations are limited to these contributions, which are expensed when due,

b- Employees' End-of-services:

Defined benefit plan

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

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

Actuarial gains and losses on End of services benefits are recognized immediately in the statement of Profit or loss in the period in which they occur,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at 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 profit or loss,

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,

Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements, They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable,

Related party transactions

Related parties represent in parent company , 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,`

Statement of cash flows

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

Expenses

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

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, The impairment loss is recognized in the statement of profit or loss, Reversal of impairment is recognized in the statement of profit or loss in the period in which it occurs,

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 profit or loss for each investment separately, Impairment losses cannot be reversed,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss for each investment separately,

Non-current assets held for sale and discontinued operations

The company classifies non-current assets and disposal group as held for sale if their carrying amount will be recovered principally from through a sale transaction rather than through continuing use,

Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell,

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 profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of profit or loss, 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 profit or loss, Impairment losses on equity investments are not reversed through the statement of profit or loss; 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 profit or loss 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 statement of profit or loss, the impairment loss is reversed through the statement of profit or loss,

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,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability,

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest,

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use,

For assets traded in an active market, fair value is determined by reference to quoted market bid prices,

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics,

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics,

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows,

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs,

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities,
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i,e, derived from prices),
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs),

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period,

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

2,3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss 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 profit or loss in the period in which the reversal occurs,

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,

3. SEGMENT INFORMATION

Currently the Company's main business segment is to produce all types of cement and other products stemming from the cement industry, Revenues, profits and investments in other business segments are currently immaterial and are not separately disclosed in the financial statements, Accordingly, under EAS 41, All revenues of the Company in the year ended 31 December 2018 were reported under one segment in the financial statements,

4. Sales

	31 December 2018	31 December 2017
	EGP	EGP
Bulk Cement Sales (Domestic)	**803,114,694**	696,226,478
Bagged Cement Sales (Domestic)	**1,797,410,084**	1,470,010,912
Discount of Bagged Cement (Domestic)	-	(9,084,480)
Bagged Cement Sales (foreign)	**14,812,014**	15,307,747
Bulk Cement Sales (foreign)	-	237,827
Clinker Sales (Domestic)	**11,258,640**	187,732,681
Clinker Sales (foreign)	**36,425,463**	48,226,869
	2,663,020,895	2,408,658,034

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Cost of Sales

	31 December 2018 EGP	31 December 2017 EGP
Clinker purchased	**5,145,423**	44,496,209
Fuels	**949,908,477**	881,115,234
Electricity	**410,264,000**	311,781,194
Raw Material	**237,371,297**	206,733,251
Clay fees	**88,837,600**	52,703,650
Maintenance	**165,652,225**	172,795,505
Sub-contractors Services	**38,399,879**	35,306,809
Freight	**125,480,321**	123,132,879
Staff expenses	**167,555,031**	164,652,556
Packages	**153,141,919**	120,633,295
Depreciation	**142,932,534**	128,674,988
Stock Variation	**(53,846,310)**	83,128,941
Decline of Inventory	**-**	14,170,427
Reverse decline of inventory	**(2,705,022)**	-
Other	**75,828,284**	69,920,409
	2,503,965,658	2,409,245,347

6. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2018 EGP	31 December 2017 EGP
Technical assistance fees	**31,359,042**	26,268,918
Salaries	**59,889,011**	63,209,634
End of service benefits plan- current and past service costs	**1,041,600**	1,033,000
Cancel – Employee Benefit Plan	**(6,543,000)**	(5,958,000)
Communication expenses	**5,991,946**	6,551,699
Tax on dividends	**738,000**	946,700
Restricting Cost	**45,379,822**	43,414,490
Other general and administrative expenses	**53,495,027**	54,530,384
	191,351,448	189,996,826

7. FINANCE INCOME

	31 December 2018 EGP	31 December 2017 EGP
Credit interest from Loan and facilities to subsidiaries *	**81,486,485**	4,779,641
Credit interest from time deposits and treasury bills	**17,169,036**	21,547,965
	98,655,521	26,327,606

* The administration decided to grant loans to subsidiaries to finance the cash deficit during the year at a rate of 1% increase on the interest rate of Egyptian treasury bonds

8. FINANCE COST

	31 December 2018 EGP	31 December 2017 EGP
Interest on benefit plan	**3,118,800**	2,379,000
Other bank charges	**3,960,473**	4,504,204
	7,079,273	6,883,204

9. DIVIDENDS INCOME

	31 December 2018 EGP	31 December 2017 EGP
Ready Mix Concrete Al alamia (RMCA)- S,A,E	**21,710,000**	17,134,000
Suez for Transport and Trade – Egypt S,A,E	**3,192,053**	2,205,000
Techno Gravel For Quarries-Egypt S,A,E	**5,400,000**	1,800,000
	30,302,053	21,139,000

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. - A OTHER Expenses

	31 December 2018 EGP	31 December 2017 EGP
Rent of quarries - unused	-	1,740,163
Other expenses	16,714,543	39,273,712
	16,714,543	41,013,875

10 - B OTHER INCOME

	31 December 2018 EGP	31 December 2017 EGP
Governmental Grants	9,126,352	-
Management fees	13,449,559	14,029,764
Rentals	1,916,300	1,771,200
Penalties	-	2,527,151
Revenue from sale of scrap and other materials	2,964,184	36,440,607
Other income	15,857,501	29,325,155
	43,313,896	84,093,877

11. INCOME TAX

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	31 December 2018 EGP	31 December 2017 EGP
Net profit (losses) as per trial balance before tax	221,503,824	(426,080,333)
ADD:		
Accounting Depreciation	148,317,684	137,472,657
Donations	630,817	1,507,141
BOD's expenses	3,614,250	3,546,809
Provision Formed	21,475,552	133,549,480
Indemnities and fines	995,028	906,025
Labor club	4,892,948	4,072,262
Tax on dividends	0	946,700
Dividends cost	1,582,401	159,841
Realized FX Gain 2017	176,050,320	204,975,239
Unrealized FX. Losses	26,577,320	195,464,512
Impairment in value of investment	-	302,504,947
Capital losses – building	-	4,507,456
Capital loss - other assets	8,458	1,444,274
Medical Insurance Contribution	3,260,920	0
Previous year expenses	2,380,533	16,295,606
Net profit (Loss) as per tax law	611,290,057	581,272,616
less:		
Tax depreciation	(169,990,858)	(199,306,727)
Capital gain	(1,094,600)	(18,771,044)
Used provision	(70,195,542)	(56,983,714)
No longer required provision	(12,249,004)	(41,283,349)
Realized FX Losses 2017	(195,464,512)	(551,297,527)
Dividends received	(30,302,053)	(21,139,000)
Gain From sale of investment	(123,480,024)	0
Unrealized FX gains	(26,095,089)	(176,050,320)
Taxable profit (Losses)	(17,581,624)	(483,559,065)
Tax due 22.5%	-	-

DEFERRED INCOME TAX LIABILITIES

	31 December 2018 EGP	31 December 2017 EGP
Depreciation of fixed assets	(102,427,216)	(97,306,370)
Provisions	20,506,980	37,137,408
Actuarial provision	(193,993)	(22,768)
Unrealized FOREX losses	4,476,695	4,368,194
Net deferred income tax (liability)	(77,637,534)	(55,823,537)

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. INCOME TAX – Cont'd

The company's tax position is as follows:

a) Corporate taxes

- **Period until Year 2007:** Due tax was paid in according with the agreement of the Internal Committee - and the due value was paid within the limits of the provision
- **Years 2008 & 2009:** The tax authority has assessed the company for this period, The Company was agreed with the internal committee on the differences of results and pending the final results of the arrest and collection management.
- **Years 2010 & 2011:** The tax authority has assessed the company for this period and the results of the examination were objected and the objection was referred to the internal committee.
- **Years from 2012 to 2014:** The tax authority sent sample 19 to the company for this period was estimated. The company objected to the form this matter offered on the internal committee.
- **Years from 2015 to 2018:** No inspections took place for such period.

  The Company has files the tax declaration within the legal grace period to tax authority.

b) Value Added Tax (VAT)

First : General Sales Tax

- **Years 2008 & 2009:** Due tax was paid after the decision of the internal committee and a dispute is currently before the court in terms of some items,
- **Years 2010 & 2013:** The tax authority has assessed the company for this period, The Company objected against the inspection results, to be referred to the Higher Grievance Committee.
- **Years 2014 & 2015:** The tax authority has assessed the company for this period, The Company objected against the inspection results, The internal committee was completed and the rest of the items were referred to the appeals committees.
- **Years 2016 & 2018:** No inspections took place for such period.

  The company prepares tax return monthly and pays due taxes during the legal period.

Second: Value Added Tax

- **From 8 Sep. 2016 till 31 Dec. 2017 :**

  Tax authority did not assess the company for such period.

  The company fill the VAT declaration up to November 2017 before the deadline identified by the Egyptian tax law.

c) Salary tax

- **Period since inception up to 1998:** The tax authority has assessed the company for this period, Due tax was settled and paid based on the internal committee decision,
- **Years from 1999 to 2014:** The company deducts the salary tax from employees and remits it to the tax authority within the Legal grace period (monthly), The tax authority is currently in the process of inspecting the company's records for this period,
- **From Year 2015 to 2018:** 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 2014:** The tax authority has assessed the company for this period, Due tax was settled and paid based on the internal committee decision,
- **Year From 2015 to 2018:** No inspections took place for such period.

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018
12. FIXED ASSETS

	Lands	Buildings, constructions, infra-structure and roads	Machinery, equip-ment and Tools	Motor Vehicles	Furniture and office equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost						
As of 1 January 2018	327,686	559,331,556	2,135,094,611	28,278,693	68,137,906	2,791,170,452
Transfer from fixed assets under con-struction	- -	31,467,601	132,445,218	-	1,784,723	165,697,542
Additions	-	-	-	-	5,500	5,500
Adjustments	-	-	(4,954,427)		-	(4,954,427)
Disposals	-	-	(323,756)	(1,129,791)	(50,454)	(1,504,001)
As of 31 December 2018	**327,686**	**590,799,157**	**2,262,261,646**	**27,148,902**	**69,877,675**	**2,950,415,066**
Accumulated depreciation						
As of 1 January 2018	-	(446,079,122)	(1,384,406,648)	(22,435,220)	(53,447,583)	(1,906,368,573)
Depreciation for the year	-	(21,866,732)	(120,749,063)	(1,186,187)	(4,515,702)	(148,317,684)
Adjustments	-	-	4,954,427	-	-	4,954,427
Disposals	-	-	323,756	1,129,791	36,103	1,489,650
As of 31 December 2018	**-**	**(467,945,854)**	**(1,499,877,528)**	**(22,491,616)**	**(57,927,182)**	**(2,048,242,180)**
Net book value as of December 2018 31	**327,686**	**122,853,303**	**762,384,118**	**4,657,286**	**11,950,493**	**902,172,886**
Net book value as of December 2017 31	327,686	113,252,434	750,687,963	5,843,473	14,690,323	884,801,879

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. FIXED ASSETS "Continued"

First:

	Total
	EGP
Proceeds from sale of fixed assets A	1,100,493
Cost of fixed assets	(1,504,001)
Accumulated depreciation of fixed assets	1,489,650
Net book value - B	**(14,351)**
Gain from sale of fixed assets A - B	**1,086,142**

Second:

Fixed Assets as of 31 December 2018 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	211,156,355
Machinery, equipment and tools	741,450,819
Motor vehicles	44,989,083
Furniture and office equipment	18,407,392
Total	**1,016,003,649**

- No imposed restrictions on the ownership of fixed assets against credit facilities offered to the company,
- No temporarily idle assets, and the fair value of assets are not materially different from its carrying amount,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. FIXED ASSETS "Continued"

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equip-ment	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost						
As of 1 January 2017	398,503	547,866,949	1,972,349,425	43,113,218	91,854,796	2,655,582,891
Additions	-	-	1,629,604	-	-	1,629,604
Transfer from fixed assets under construction ((Note 13	-	24,618,001	215,292,299	671,052	6,463,109	247,044,461
Disposals	(70,817)	(13,153,394)	(54,176,717)	(15,505,577)	(30,179,999)	(113,086,504)
As of 31 December 2017	**327,686**	**559,331,556**	**2,135,094,611**	**28,278,693**	**68,137,906**	**2,791,170,452**
Accumulated depreciation						
As of 1 January 2017	-	(429,089,710)	(1,324,775,638)	(35,577,804)	(75,107,311)	(1,864,550,463)
Depreciation for the year	-	(20,432,116)	(107,434,646)	(1,126,860)	(8,479,035)	(137,472,657)
Disposals	-	3,442,704	47,803,636	14,269,444	30,138,763	95,654,547
As of 31 December 2017	**-**	**(446,079,122)**	**(1,384,406,648)**	**(22,435,220)**	**(53,447,583)**	**(1,906,368,573)**
Net book value as of December 2017 31	**327,686**	**113,252,434**	**750,687,963**	**5,843,473**	**14,690,323**	**884,801,879**
Net book value as of December 2016 31	398,503	118,777,239	647,573,787	7,535,414	16,747,486	791,032,429

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. FIXED ASSETS UNDER CONSTRUCTION

	31 December 2018 EGP	31 December 2017 EGP
Spare parts for coal project	**2,174,536**	13,903,352
2Gear box for cement mill 1	**4,548,920**	4,548,920
2Gear box for cement mill 2	**3,186,118**	3,186,118
(Cooler Dedusting)	**-**	14,768,712
Petcock loading system	**-**	7,371,956
Preheater tower modification	**-**	8,658,316
Group IT Integration - phase 1	**11,015,733**	-
RDF Main burner Feeding System	**26,007,090**	-
Suez line 2 cooler capitalized spare parts	**6,609,225**	-
New HRIS System	**8,033,548**	6,462,185
Other	**91,940,704**	111,411,015
	153,515,874	170,310,574

The fixed assets under construction during the year ended in 31 of December 2018

	31 December 2018 EGP	31 December 2017 EGP
Balance as of beginning of the year	**170,310,574**	191,150,317
Additions during the year	**148,902,843**	226,204,718
Transferred to fixed assets during the year	**(165,697,542)**	(247,044,461)
Balance as of end of the year	**153,515,874**	170,310,574

14. INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value EGP	31 December 2018 EGP	31 December 2017 EGP
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
Impairment in value of investments (Tourah)*			**(302,504,947)**	(302,504,947)
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
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
			4,172,958,683	4,172,958,683

*The impairment in the cost of investment in Tourah Cement Company was calculated on the basis of the difference between the cost of the purchase price of the share and the market value of the share on the Egyptian Stock Exchange according to the closing price of the share in 31 December 2017

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. INVESTMENTS "Continued"

A) Investments in subsidiaries (continued)

* 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 Suez For Transport and Trade S,A,E – subsidiary company by 96,37%) in Suez for import and export (S,A,E) by 96,37 %,

B) Investments in an associate and joint ventures

	% of Ownership	Par value EGP	31 December 2018 EGP	31 December 2017 EGP
Investment in an associate				
Techno Gravel For Quarries-Egypt S,A,E	**45**	**10**	**28,334,257**	28,334,257
Total investment in an associate			**28,334,257**	28,334,257
Share in joint ventures				
Suez Lime Company S,A,E *	**49,66**	**100**	**3,621,100**	3,621,100
Impairment loss			**(1,688,102)**	(1,688,102)
Total share in joint ventures			**1,932,998**	1,932,998
Total investments in an associate and share in joint ventures			**30,267,255**	30,267,255

* Suez Cement Company S,A,E has a 49,66 % interest in Suez Lime Company S,A,E; a jointly controlled entity, The entity;p;; 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) Investments available for sale

	% of Ownership	Par value EGP	31 December 2018 EGP	31 December 2017 EGP
Lafarge Cement Company – Egypt S,A,E	**0,137**	**10**	**1,113,000**	1,113,000
Reserve of unrealized gains on available-for-sales investments			**327,001**	327,001
			1,440,001	1,440,001

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. INVESTMENTS "Continued"

D) Amounts paid under investments in subsidiaries and other companies

	% of Owner-ship	Par value EGP	31 December 2018 EGP	31 December 2017 EGP
Italgen Egypt For Energy S,A,E	1	100	-	1,000,000
			-	1,000,000

- Italgen Misr for Energy has been sold on 24 January 2018,

E) Non-Current assets held for sale

	% of Ownership	Par value EGP	31 December 2018 EGP	31 December 2017 EGP
Suez Bags Company S,A,E	53,32	10	-	22,438,108
			-	22,438,108

- Suez Bags investments has been sold on 6 August 2018 by stock exchange,

15. 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 EGP 300 Million at annual interest rate 10,54%.

The balance of the loan as of 31 December 2018 amounted to EGP 20 Million as follows:

EGP 10 Million; due from Ready Mix Concrete Al alamia (RMC)" S,A,E (subsidiary company by 52%),

EGP 10 Million; due from Development and Construction Materials Company (DECOM) S,A,E (subsidiary company by 52%),

16. INVENTORY

	31 December 2018 EGP	31 December 2017 EGP
Raw materials	42,216,767	22,293,491
Spare parts and supplies	202,879,021	213,673,581
Fuel	253,634,575	87,669,335
Packing materials	8,927,090	6,729,347
Work in progress	95,441,178	40,916,845
Finished goods	56,908,890	54,859,187
Goods in transit	237,363	1,334,135
	660,244,883	427,475,921
less:		
Decline in value of obsolete (spare parts) inventory	(55,339,968)	(58,044,990)
Decline in value of obsolete (packing -bags) inventory	(281,088)	(281,088)
	(55,621,056)	(58,326,078)
	604,623,827	369,149,843

*Decline in the value of inventory	31 December 2018 EGP	31 December 2017 EGP
Beginning balance of the year	58,326,078	44,155,651
decline in the value of inventory during the year	-	14,170,427
Reversal of decline in the value of inventory during the year	(2,705,022)	-
Ending balance	55,621,056	58,326,078

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

17. ACCOUNTS RECEIVABLES

	31 December 2018 EGP	31 December 2017 EGP
Accounts receivable	2,478,770	865,331
	2,478,770	865,331

	31 December 2018 EGP	31 December 2017 EGP
Amounts receivable within 12 months	2,478,770	865,331
	2,478,770	865,331

There are no impairment on accounts and notes receivables on 31 December 2018 and 31 December 2017,

18. DUE FROM RELATED PARTIES

	31 December 2018 EGP	31 December 2017 EGP
Tourah Portland Cement Company S,A,E	-	82,967,667
Helwan Cement Company S,A,E	-	396,025,884
Ready Mix Concrete Al alamia (RMC)" S,A,E	9,087,366	3,613,256
Inter bulk S,A,E Company (Subsidiary to parent company)	1,667,580	949,864
EL Helal Cement Company- Kuwait (Kuwaiti Joint Stock Company)	-	1,198,765
Suez For Lime S,A,E	-	52,941
Techno	405,495	15,036
Heidelberg Cement Trading Malta Limited (Subsidiary to parent company)	1,206	-
Suez for Import & Export	14,050	-
Tanzania Portland Cement Company	40,675	6,318
Cimenteries CBR Cementbedrijven N,V	42,372	42,373
Development and Construction Materials Company (DECOM) S,A,E	15,747,967	14,679,067
Cleopatra for building materials industries.	478,084	-
	27,484,795	499,551,171

19. PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	31 December 2018 EGP	31 December 2017 EGP
Prepaid expenses	35,453,666	20,508,996
Advances to suppliers	27,898,254	17,880,577
Debtors – Sale of assets	-	871,424
Deposits with others	84,867,901	63,071,197
Accrued Revenue	14,009,703	-
Tax authority	32,365,281	18,321,506
Debtors Sale of Scrap	8,071,360	29,550,818
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	37,374,820	36,763,280
	240,296,240	187,223,053
Accrued interst	4,129	105,985
Less: Impairment in value of other debit balances	(694,497)	(153,829)
	239,605,872	187,175,209

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. CASH AT BANKS

	31 December 2018 EGP	31 December 2017 EGP
a- Egyptian Pound		
Current accounts	**191,742,955**	154,380,152
Treasury bills (mature in three months)	**-**	49,889,000
b- Foreign currencies		
Current accounts	**5,244,218**	952,589
Time deposits (mature in three months)	**32,308,499**	28,369,279
	229,295,672	233,591,020

21. SHARE CAPITAL

	31 December 2018 EGP	31 December 2017 EGP
Authorised capital	**3,600,000,000**	3,600,000,000
Issued and fully paid-up	**909,282,535**	909,282,535
Number of shares	**181,856,507**	181,856,507

The company's authorized capital amounted to EGP 1,000 million, while the Company's issued and paid up capital amounted to EGP 640 million divided over 64000000 shares of par value EGP 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 EGP 5 each,

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

On 25 March 2013, the Extra ordinary General Assembly Meeting approved the increase of the Company's authorized capital to EGP 3,600 million,

22. RESERVES

	31 December 2018 EGP	31 December 2017 EGP
Legal reserve	**454,641,267**	454,641,267
Special reserve – Share premium	**2,013,865,903**	2,013,865,903
Special reserve	**185,853,347**	185,853,347
Capital reserve	**14,526,110**	14,526,110
Total other reserves	**2,214,245,360**	2,214,245,360
Total reserve	**2,668,886,627**	2,668,886,627

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 sales of salvage fixed assets in value greater than its carrying amount,

23. OTHER LONG TERM LIABILITIES

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

	31 December 2018
Discount rate	**15,80 %**
Average salary increase	**12 %**
Annuity schedule	**60**

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

	31 December 2018 EGP	31 December 2017 EGP
Present value of the defined benefit liability	**15,464,209**	20,392,809
Actuarial Present value of the defined benefit liability at the balance sheet	**15,464,209**	20,392,809

The movement of liability as per the balance sheet

	31 December 2018 EGP	31 December 2017 EGP
Liability - beginning of the year	**20,392,809**	24,777,587
Current service cost	**1,041,600**	1,033,000
Interest cost	**3,118,800**	2,379,000
Past Service Cost recognised	**(6,543,000)**	(5,958,000)
Payments from the plan	**(1,785,000)**	(4,449,778)
Actuarial losses / (gains)	**(761,000)**	2,611,000
Liability – end of the year	**15,464,209**	20,392,809

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

23 OTHER LONG TERM LIABILITIES - Cont'd

Defined benefit plan cost as per income statement

	31 December 2018 EGP	31 December 2017 EGP
Current service cost	**1,041,600**	1,033,000
Past Service cost recognised	**(6,543,000)**	(5,958,000)
Interest cost	**3,118,800**	2,379,000

The analysis of defined benefit plan cost as per income statement

	31 December 2018 EGP	31 December 2017 EGP
General and administrative expense	**(5,501,400)**	(4,925,000)
Finance expense	**3,118,800**	2,379,000
	(2,382,600)	(2,546,000)

24. PROVISIONS

	Balance as of 1 January 2018 EGP	Charged during the year EGP	Utilized during the year EGP	Provisions no longer required EGP	**Balance as of 31 December 2018 EGP**
Tax claims	182,092,110	11,000,000	(20,526,494)	-	**172,565,616**
Legal claims	11,656,237	-	-	(5,706,004)	**5,950,233**
Restructing -social costs	66,015,000	6,535,485	(66,015,000)	-	**6,535,485**
	259,763,347	17,535,485	(86,541,494)	(5,706,004)	**185,051,334**

	Balance as of 1 January 2017 EGP	Charged during the year EGP	Utilized during the year EGP	Provisions no longer required EGP	**Balance as of 31 December 2017 EGP**
Tax claims	148,857,689	40,341,053	(7,106,632)	-	**182,092,110**
Legal claims	12,816,237	7,000,000	-	(8,160,000)	**11,656,237**
Restructing -social costs	52,190,000	66,015,000	(52,190,000)	-	**66,015,000**
Training support fund	27,165,349	-	-	(27,165,349)	**-**
	241,029,275	113,356,053	(59,296,632)	(35,325,349)	**259,763,347**

No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in (note 11) related to tax position,

25. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2018 EGP	31 December 2017 EGP
Trade payables	**642,684,468**	404,841,484
Accrued expenses	**63,039,673**	28,852,921
Social and medical security	**1,537,093**	1,226,938
Other payables	**8,556,800**	13,332,934
	715,818,034	448,254,277

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

26. DUE TO RELATED PARTIES

	31 December 2018 EGP	31 December 2017 EGP
Ciments Francais (major shareholder)	59,436,941	68,145,632
Italcementi (holding for Ciments Francais)	16,059,273	62,671,392
Suez For Transport and Trade S,A,E	1,839,493	25,274,724
Heidelberg Cement Trading Malta (Subsidiary to parent company)	-	6,446,980
Heidelberg Cement AG (holding for Italcementi) (parent company)	37,916,391	17,431,678
Inter bulk Logano (Subsidiary to parent company)	299,997,283	434,516,914
Heidelberg Tecnology Center, Germany (Subsidiary to parent company)	-	12,710,908
Devnya Cement AD Bulgaria (Subsidiary to parent company)	-	21,268
Heidelberg Cement France S,A,S,	1,939,057	3,828,742
Sociedad Financiera	62,262	-
HC Green Trading	11,822,316	-
HC Trading International	343,468	-
	429,416,484	631,048,238

27. TAXES PAYABLES

	31 December 2018 EGP	31 December 2017 EGP
Tax authority – salary tax	4,964,776	2,337,627
Tax authority – withholding taxes	4,151,446	3,978,047
Tax authority- VAT	27,877,214	67,511,135
Tax authority-Clay fees	11,557,630	4,098,270
Tax authority-Stamp duties	242	1,246
	48,551,308	77,926,325

28. ADVANCES FROM CUSTOMERS

The movement of advances from customers during the year ended 31 December 2018 and 31 December 2017 is as follows:

	31 December 2018 EGP	31 December 2017 EGP
Balance at the beginning of the year	192,538,050	141,960,776
Add: amounts collected during the year	2,700,569,195	2,459,235,308
Less: delivered units during the year	(2,673,093,778)	(2,408,658,034)
Balance at the end of the year	220,013,467	192,538,050

	31 December 2018 EGP	31 December 2017 EGP
:List advances by customers		
Engineering authority of armed forces	120,888,625	20,642,695
Ministry of defence – logistics	27,285,992	102,717,500
Reliance Logistics	2,137,086	152,708
El Motahada for trade and transportation	571,456	2,562,467
El Asala for trade and commercial agencies	1,076,022	1,853,468
El Negma for Trade	-	407,580
Alexandria for constructions	-	1,353,452
Investment RMC	3,901,921	-
Other	64,152,365	62,848,180
	220,013,467	192,538,050

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

29. RETENTIONS PAYABLE (Deposits form others)

	31 December 2018 EGP	31 December 2017 EGP
Retentions payable within 12 months	**12,453,560**	7,120,108
	12,453,560	7,120,108

30. PROFIT / (LOSSES) EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net profit / (loss) for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year, The company has no dilutive shares,

The information necessary to calculate basic and diluted earnings per share is as follows:

	31 December 2018 EGP	31 December 2017 EGP
Net profits / (losses) for the year	**199,861,052**	(441,793,098)
BOD bonus independent	**(500,000)**	(500,000)
Net profit attributable to the ordinary equity holders	**199,361,052**	(442,293,098)
Weighted average number of ordinary shares for basic and diluted earnings	**181,856,507**	181,856,507
* PROFIT/(LOSSES) – "EPS" EARNING PER SHARE	**1.10**	(2.43)

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

31. CONTINGENT LIABILITIES

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

Bank name		Amount in issued currency	Equivalent in EGP	Cash margin EGP
QNB AL AHLI	EGP	10,000	**10,000**	10,000
Bank of Alexandria	EGP	10,225,454	**10,225,454**	19,763
			10,235,454	29,763

***The outstanding balance of issued letters of credit in favour of Suez Cement Company as of 31 December 2018 amounted to EGP 8,322,549**

32. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control, Related parties may be individuals or other entities,

Related party transactions
During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

32- RELATED PARTY DISCLOSURES "Continued"

31 December 2018

Company	Nature	License Fees	Group overhead cost	Consult-ant Cost	Portion from Corpo-rate redistri-bution	Sold cement / clinker	Purchase cement / clinker	Purchase Transporta-tion service	Sold Spare parts & Fuel	Purchase Raw Material &SP
		K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP
Tourah Cement	Subsidiary	-	-	-	33,719	8,738	-	-	-	4,342
Helwan Cement	Subsidiary	-	-	-	60,157	14,401	4,617	-	9,406	13,276
Ready Mix Concrete Al alamia (RMC)	Subsidiary	-	-	-	-	62,162	-	-	-	-
Decom	Subsidiary	-	-	-	-	99,372	-	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	565	-	15,705	-	-
Heidelberg Cement Trading Malta Limited	Related party	-	-	-	-	36,162	-	-	-	
Heidelberg Cement AG	Parent company	31,359	23,836	2,316	-	-	-	-	-	-
Heidelberg Cement France S,A,S,	Related party	-	-	18,367	-	-	-	-	-	-
HC Green Trading	Related party	-	-	-	-	-	-	-	-	11,819

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

32- RELATED PARTY DISCLOSURES (Continued)

31 December 2017

Company	Nature	Technical assistance fees	Group/ Area overhead	Purchase Fuels	Portion from Corporate redistribution	Sold cement / clinker	Purchase cement / clinker	Sold transportation services	Purchase transportation services	Sold Spare parts &Fuel	Purchase raw material
		K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP		K EGP	K EGP
Italcementi	Major shareholder for Ciments Francais	17,213	3,716	-	-	-	-	-		-	
Tourah Portland Cement	Subsidiary	5,800	-	12,359	26,751	15,072	-	1,095		8	1,855
Helwan Cement Company	Subsidiary	-	-	-	38,322	162,400	17,928	3,520		256,949	137
Ready Mix Concrete Al alamia (RMC)	Subsidiary	-	-	-	-	17,004	-	-		-	-
Decom	Subsidiary	-	-	-	-	42,219	-	-		-	-
Suez For Transport	Subsidiary	-	-	-	-	3,610	-		61,104		-
Ciment Calcia	Related party	-	6,594	-	-	-	-	-		-	-
Heidelberg Cement Trading Malta Limited	Related party	-	-	584,219	-	48,227	-	-		-	-
Heidelberg Cement AG	Related party		5,220	-	-	-		-		-	-
Inter bulk Trading Egy	Related party	-	-	-	-	480	-	-		-	-

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

32. RELATED PARTY DISCLOSURES (continued)

The related parties' transactions described above resulted in the following balances:

a) Related party balances

Significant related party balances are as follows:

31 December 2018

Description	Due from related parties	Due to related parties	Trade payables and accrued exp	Advance payment / debit balances	Credit balances/ advanced customers	Receivables
	EGP	EGP	EGP	EGP	EGP	EGP
Ready Mix Concrete Al alamia (RMC)" S,A,E	9,087,366	-	-	2,420,459	-	6,666,907
Inter bulk S,A,E Company (Subsidiary to parent company)	1,667,580	-	(161,034)		(727)	1,829,341
Techno	405,495	-	-	236,089	-	169,406
Heidelberg Cement Trading Malta Limited (Subsidiary to parent company)	1,206	-	-	-	-	1,206
Suez for Import & Export	14,050	-	-	-	-	14,050
Tanzania Portland Cement Company	40,675	-	-	-		40,675
Cimenteries CBR Cementbedrijven	42,372	-	-	-	-	42,372
Development and Construction Materials Company (DECOM) S,A,E	15,747,967	-	-	3,005,194	-	12,742,773
Cleopatra for building Materials industries	478,084	-	-	478,084	-	-
Ciments Francais (major shareholder)	-	(59,436,941)	(59,436,941)	-	-	-
Italcementi (holding for Ciments Francais)	-	(16,059,273)	(16,059,273)	-	-	-
Suez For Transport and Trade S,A,E	-	(1,839,493)	(873,804)	-	(965,689)	
Heidelberg Cement AG (holding for Italcementi) (parent company)	-	(37,916,391)	(38,104,763)			188,372
Inter bulk Logano (Subsidiary to parent company)	-	(299,997,283)	(299,997,283)	-	-	-
Sociedad Financiera Y Minera S,A,	-	(62,262)	(62,262)	-	-	-
Heidelberg Cement France S,A,S,	-	(1,939,057)	(1,939,057)	-	-	-
HC Green Trading	-	(11,822,316)	(11,822,316)	-	-	-
HC Trading International	-	(343,468)	(343,468)			
	27,484,795	**(429,416,484)**	**(428,800,201)**	**6,139,826**	**(966,416)**	**21,695,102**

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

32. RELATED PARTY DISCLOSURES (continued)

31 December 2017

Description	Due from related parties EGP	Due to related parties EGP	Trade payables and accrued exp EGP	Advance payment / debit balances EGP	Credit balances/ advanced customers EGP	Receivables EGP
Tourah Portland Cement Company S,A,E	82,967,667	-	-	9,714,945	-	73,252,722
Helwan Cement Company S,A,E	396,025,884	-	-	-	-	396,025,884
Ready Mix Concrete Al alamia (RMC)" S,A,E	3,613,256	-	-	-	(4,314,328)	7,927,584
Inter bulk S,A,E Company (Related Party)	949,864	-	-	-	(50,581)	1,000,445
Tanzania Portland Cement Company	6,318	-	-	-	-	6,318
EL Helal Cement Company Kuwait (Kuwaiti Joint Stock Company)	1,198,765	-	-	-	-	1,198,765
Techno	15,036	-		-	-	15,036
Cimenteries CBR Cementbedrijven N,V	42,373	-	-	-	-	42,373
Heidelberg Cement AG	-	(30,142,586)	(30,305,336)	-	-	162,750
Development and Construction Materials Company (DECOM) S,A,E	14,679,067	-	-	-	-	14,679,067
Suez For Lime S,A,E	52,941	-	-	52,941	-	-
Ciments Francais (major shareholder)	-	(68,145,632)	(68,384,650)	-	-	239,018
Italcementi (holding for Ciments Francais)	-	(62,671,392)	(62,671,392)	-	-	-
Suez For Transport and Trade S,A,E	-	(25,274,724)	(24,531,262)	-	(743,462)	-
Heidelberg Cement Trading Malta Limited (Related party)	-	(6,446,980)	(6,446,980)	-	-	-
Inter bulk Logano (Related party)	-	(434,516,914)	(434,516,914)	-	-	-
Devnya Cement AD Bulgaria (Related party)	-	(21,268)	(21,268)	-	-	-
Heidelberg Cement France S,A,S,	-	(3,828,742)	(3,828,742)	-	-	-
	499,551,171	**(631,048,238)**	**(630,706,544)**	**9,767,886**	**(5,108,371)**	**494,549,962**

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

32. RELATED PARTY DISCLOSURES (continued)

b) Related party borrowings

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 EGP 300 Million at annual interest rate 10,54%,

	31 Dec 2018 **EGP**	31 December 2017 EGP
Ready Mix Concrete Al alamia (RMC)" S,A,E	**10,000,000**	12,000,000
Development and Construction Materials Company (DECOM) S,A,E	**10,000,000**	13,000,000
	20,000,000	25,000,000

c) Loan to subsidiaries

The administration decided to grant a loan to Tourah Cement Company and Helwan Cement Company to finance the cash deficit during the year at an interest rate of 1% on the interest rate of the Egyptian treasury bonds,

	31 Dec 2018 **EGP**	31 December 2017 EGP
Tourah Portland Cement Company S,A,E	**309,648,238**	-
Helwan Cement Company S,A,E	**90,891,913**	-
	400,540,151	-

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

A Credit risk,

B Market risk, and

C Liquidity risk,

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital,

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework, The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company on their activities,

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas,

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions,

Trade and notes receivables

The Company has entered into contracts for the sale of residential and commercial units on an instalment basis, The instalments are specified in the contracts, The Company is exposed to credit risk in respect of instalments due, However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered, In addition, instalment dues are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant,

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, The

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018
33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk, The Company earns its revenues from a large number of customers,

Other financial assets and cash deposits
With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, financial assets at amortized cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets,

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company, The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute, Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations,

Due from related parties
Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances,

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income, Financial instruments affected by market risk include interest-bearing loans and borrowings, and deposits, The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return, The Company does not hold or issue derivative financial instruments,

Exposure to interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits,

Interest on financial instruments having floating rates is re-priced at intervals of less than one year,

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's losses before tax (through the impact on floating rate borrowings), There is no impact on the Company's equity other than the losses impact stated below,

	31 December 2018		31 December 2017	
	Change in rate	**Effect on losses before tax EGP**	Change in rate	Effect on losses before tax EGP
Financial asset	**+1%**	**4,528,487**	+1%	1,032,583
	- 1%	**(4,528,487)**	- 1%	(1,032,583)
Financial liability	**+1%**	**(35)**	+1%	(5)
	1% -	**35**	1% -	5

The interest rates on loans to related parties are described in Note 15 to the financial statements, Interest rates on time deposit and treasury bills are described in Note 20, Interest rates on bank overdraft from financial institutions are disclosed in Note 25 to the financial statements,

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018
33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Exposure to foreign currency risk
The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR ,GBP,CHF,KWD exchange rates, with all other variables held constant, The impact on the company's losses before tax is due to changes in the value of monetary assets and liabilities, The company's exposure to foreign currency changes for all other currencies is not material,

		31 December 2018		31 December 2017
	Change in rate	**Effect on losses before tax EGP**	Change in rate	Effect on losses before tax EGP
USD	**+10%**	**(26,629,893)**	+10%	(47,383,407)
	-10%	**26,629,893**	-10%	47,383,407
GBP	**+10%**	**-**	+10%	12,820
	-10%	**-**	-10%	(12,820)
EUR	**+10%**	**(11,933,334)**	+10%	(17,524,498)
	-10%	**11,933,334**	-10%	17,524,498
KWD	**+10%**	**101,104**	+10%	(76,325)
	-10%	**(101,104)**	-10%	76,325
CHF	**+10%**	**-**	+10%	(72,609)
	-10%	**-**	-10%	72,609

c) Liquidity risk
The cash flows, funding requirements and liquidity of the Company are monitored by local company management supported by the Parent Company, The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities,

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations,

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments,

Financial liabilities

	Less than 3 Months	**3 to 12 Months**	**Total**
As at 31 December 2018			
Advances from Customers	**220,013,467**	**-**	**220,013,467**
Bank overdraft	**3,434**	**-**	**3,434**
Retentions payable	**4,671,901**	**7,781,659**	**12,453,560**
Trade and other payables	**715,818,034**	**-**	**715,818,034**
Due to tax authority	**48,551,308**	**-**	**48,551,308**
Due to related parties	**429,416,484**	**-**	**429,416,484**
Total undiscounted financial liabilities	**1,418,474,628**	**7,781,659**	**1,426,256,287**

NOTES TO THE SEPARATE FINANCIAL STATEMNTS FOR THE YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Less than 3 Months	3 to 12 Months	Total
As at 31 December 2017			
Advances from Customers	192,538,050	-	192,538,050
Banks overdraft	531	-	531
Retentions payable	6,942,839	177,269	7,120,108
Trade and other payables	442,873,848	-	442,873,848
Due to tax authority	77,926,325	-	77,926,325
Due to related parties	631,048,238	-	631,048,238
Total undiscounted financial liabilities	**1,351,329,831**	**177,269**	**1,351,507,100**

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities,

Financial assets of the company include bank balances and cash, accounts and notes receivables, other receivables and due from related parties, financial liabilities of the company include bank over drafts, trade and other payables and due to related parties and retentions payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

35. COMPARATIVE FIGURES

Certain comparative figures for the year 2017 have been reclassified to conform to the presentation of these separate interim financial statements.

SUEZ CEMENT COMPANY (S.A.E)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
TOGETHER WITH THE AUDITOR'S REPORT

AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Suez Cement Company (S.A.E), represented in the consolidated financial position as of 31 December 2017, the related consolidated statements of profit or loss, consolidated Comprehensive income, consolidated changes in equity and consolidated 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 consolidated 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 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of Matter

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

Cairo: 28 February 2017

Auditors

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

Allied for Accounting & Auditing (EY)

CONSOLIDATED STATEMENT OF FINANCIAL POSTION AS OF 31 December 2018

	Note	31 December 2018 EGP	31 December 2017 EGP
Assets			
Non-current assets			
Fixed assets	(13)	3,586,130,737	3,875,597,729
Fixed assets under construction	(14)	376,553,157	394,184,010
Goodwill		2,492,180,146	2,689,429,222
Investment in an associate and shares in joint ventures	(15-a)	40,821,719	41,610,569
Available-for-sale investments	(15-b)	1,560,562	1,460,562
Held to maturity investments	(15-c)	8,429,279	8,429,279
Amounts paid under investments in subsidiaries and other companies	(15-d)	-	2,000,000
Total non-current assets		6,505,675,600	7,012,711,371
Current assets			
Inventory	(17)	1,534,192,621	1,067,684,474
Accounts and notes receivable	(18)	523,883,580	546,405,863
Prepayment, other receivables and other debit balances	(19)	845,581,111	539,948,770
Cash on hand and at banks	(20)	798,121,644	726,756,599
Total current assets		3,701,778,956	2,880,795,706
Assets held for sale	(16)	414,231,927	186,257,654
Total assets		10,621,686,483	10,079,764,731
Equity and liabilities			
Equity			
Share capital	(21-a)	909,282,535	909,282,535
Reserves	(21-b)	2,668,886,627	2,668,886,627
Reserve of unrealized gain on available-for-sale investments		327,001	327,001
Cumulative foreign currencies translation differences		256,951,432	260,113,607
Accumulated actuarial (losses) on defined benefit plans		7,049,658	3,996,986
Retained earnings		1,220,071,225	2,358,450,532
(Losses) for the Year profit		40,332,071	(937,615,084)
Equity attributable to equity holders of the parent		5,102,900,549	5,263,442,204
Non-controlling interest	(22)	604,625,725	513,923,606
Total Equity		5,707,526,274	5,777,365,810
Non-current liabilities			
Medium term loans	(24)	93,407,880	63,578,576
Other long term liabilities	(25)	46,419,331	43,587,637
End of service benefits liabilities	(26)	40,306,207	80,565,670
Deferred tax liabilities	(12)	255,993,357	171,080,205
Total non-current liabilities		436,126,775	358,812,088
Current liabilities			
Provisions	(27)	423,249,157	964,075,282
Bank overdraft	(23)	427,416,695	316,008,855
Trade payables, accrued expenses and other credit balances	(28)	2,499,986,085	1,988,761,414
Due to tax authority	(29)	118,464,575	142,130,602
Advances from customers	(30)	883,068,862	429,927,621
Retention Payable	(31)	30,282,478	19,077,771
Income taxes for the Year	(12)	32,799,615	28,793,952
Total current liabilities		4,415,267,467	3,888,775,497
Liabilities directly associated with the assets held for sale	(16)	62,765,967	54,811,336
Total liabilities		4,914,160,209	4,302,398,921
Total Equity and liabilities		10,621,686,483	10,079,764,731

Auditors		Accounting Manager	Chief Financial Officer	Managing Director	Chairman
Amr M. El Shaabini	**Ehab M. Azer**	**Sherif El Masry**	**Ali Ihsan Kucukoglu**	**Jose Maria Magrina**	**Omar A. Mohanna**

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.
- Review report attached

CONSOLIDATED STATEMENT OF INCOME (PROFIT AND LOSS)
FOR THE YEAR ENDED 31 December 2018

	Note	31 December 2018 EGP	31 December 2017 EGP
Sales	(6)	7,428,390,738	6,468,019,971
Cost of sales	(7)	(6,802,830,808)	(6,488,206,830)
GROSS PROFIT		625,559,930	(20,186,859)
General and administrative expenses	(8)	(441,313,553)	(707,773,702)
Investment income in an associate company		5,474,646	7,839,360
Investment Dividends income		12,445,715	10,423,054
Gain on sale of investment (Suez Bags Company S.A.E)		133,008,463	5
Gain (Loss) on sale of fixed assets		106,351,648	144,214,464
Finance expenses	(9)	(53,230,165)	(78,209,749)
Finance income		32,538,316	33,818,855
Other income	(10)	70,207,952	145,194,469
Other expenses	(11)	(25,410,719)	(90,680,205)
Foreign exchange differences		(8,055,000)	1,664,057
Provisions		(71,007,821)	(633,510,280)
Provisions no longer required		65,828,515	147,945,097
Impairment of goodwill (Hilal Cement)		(55,303,049)	(50,914,863)
Impairment of goodwill (Helwan Company)		(141,946,027)	-
Impairment of accounts and notes receivable		(19,586,340)	(17,355,095)
Reversal of impairment of accounts and notes receivable		-	(28,722,066)
Other expenses-loss for the sale of obsolete inventory		(23,698,155)	(2,196,626)
Board of directors' remuneration and allowances		(1,349,372)	(1,804,331)
PROFIT (LOSSES) BEFORE INCOME TAXES		210,514,984	(1,140,254,415)
Deferred income taxes for the Year		(84,913,152)	(7,720,414)
Income taxes for the Year	(12)	(32,799,615)	(28,793,952)
Profit (Losses) for the year from continuing operations		92,802,217	(1,176,768,781)
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations		28,634,983	38,254,521
Profit (Losses) for the year		121,437,200	(1,138,514,260)
Attributable to:			
Equity holders of the parent		40,332,071	(937,615,084)
Non-controlling interests		81,105,129	(200,899,176)
Profit (losses) for the year before - Non controlling interests		121,437,200	(1,138,514,260)

Accounting Manager	Chief financial Officer	Managing Director	Chairman
Shereif El Masry	Ali Ihsan Kucukoglu	Jose Maria Magrina	Omar A. Mohanna

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2018

	31 December 2018 EGP	31 December 2017 EGP
(LOSSES)\PROFITS FOR THE YEAR	121,437,200	(1,138,514,260)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent Years (net of tax):		
Net (loss) on available-for-sale (AFS) financial assets	-	-
Exchange differences on translation of foreign operations	(6,200,343)	(103,168,419)
Net other comprehensive income to be reclassified to profit or loss in subsequent Years, net of tax	(6,200,343)	(103,168,419)
Other comprehensive income not to be reclassified to loss in subsequent years (net of tax):		
Re-measurement gains/(losses) on actuarial defined benefit plans net of tax	3,052,672	(5,535,511)
Net other comprehensive income/(loss) not being reclassified to loss in subsequent Years, net of tax	(3,147,671)	(108,703,930)
Total comprehensive income, net of tax	118,289,529	(1,247,218,190)
Attributable to:		
Equity holders of the parent	11,286,606	(994,837,968)
Non-controlling interests	107,002,923	(252,380,222)
	118,289,529	(1,247,218,190)

Accounting Manager	Chief financial Officer	Managing Director	Chairman
Shereif El Masry	Ali Ihsan Kucukoglu	Jose Maria Magrina	Omar A. Mohanna

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 2018

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale investments	Cumulative foreign currencies translation differences	Accumulated actuarial gains/(losses) on defined benefit plans	Retained earnings	(Losses) / Profits for the Year	Total	Non-controlling interest	Total Equity
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2018 as issued	**909,282,535**	**2,668,886,627**	**327,001**	**260,113,607**	**3,996,986**	**2,358,450,532**	**(937,615,084)**	**5,263,442,204**	**513,923,606**	**5,777,365,810**
Adjustments on retained earnings and NCI	-	-	-	-	-	(145,145,895)	-	(145,145,895)	34,685,504	(110,460,391)
Adjustments on non-controlling interest - share of NCI in the equity of Hilal Cement Group - Kuwait	-	-	-	-	-	-	-	-	10,321,627	10,321,627
Adjustments on RE - Majority interest in the capital of Helwan	-	-	-	-	-	(92,267)	-	(92,267)	-	(92,267)
Profits (Losses)for the Year	-	-	-	-	-	-	40,332,071	40,332,071	81,105,129	121,437,200
Other comprehensive income, net of tax	-	-	-	(3,162,175)	3,052,672	-	-	(109,503)	(3,038,168)	(3,147,671)
Total comprehensive income, net of tax	**-**	**-**	**-**	**(3,162,175)**	**3,052,672**	**-**	**40,332,071**	**40,222,568**	**78,066,961**	**118,289,529**
Transferred to retained earnings	-	-	-	-	-	(937,615,084)	937,615,084	-	-	-
Dividends and transferred to reserves	-	-	-	-	-	(55,526,061)	-	(55,526,061)	(32,371,973)	(87,898,034)
Balance as of 31 December 2018	**909,282,535**	**2,668,886,627**	**327,001**	**256,951,432**	**7,049,658**	**1,220,071,225**	**40,332,071**	**5,102,900,549**	**604,625,725**	**5,707,526,274**

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 2017

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale investments	Cumulative foreign currencies translation differences	Accumulated actuarial gains/(losses) on defined benefit plans	Retained earnings	(Losses) / Profits for the Year	Total	Non-controlling interest	Total Equity
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 31 December 2016 as issued	**909,282,535**	**2,668,886,627**	**327,001**	**311,800,980**	**9,532,497**	**2,749,397,226**	**(527,595,248)**	**6,121,631,618**	**801,112,262**	**6,922,743,880**
Adjustments on retained earnings and NCI	-	-	-	-	-	182,231,253	-	182,231,253	(7,241,510)	174,989,743
Adjustments on non-controlling interest - share of NCI in the equity of Hilal Cement Group - Kuwait	-	-	-	-	-	-	-	-	(1,340,350)	(1,340,350)
Adjusted Balance as of 1 January 2017	**909,282,535**	**2,668,886,627**	**327,001**	**311,800,980**	**9,532,497**	**2,931,628,479**	**(527,595,248)**	**6,303,862,871**	**792,530,402**	**7,096,393,273**
Losses for the Year	-	-	-	-	-	-	(937,615,084)	(937,615,084)	(200,899,176)	(1,138,514,260)
Other comprehensive income, net of tax	-	-	-	(51,687,373)	(5,535,511)	-	-	(57,222,884)	(51,481,046)	(108,703,930)
Total comprehensive income, net of tax	**-**	**-**	**-**	**(51,687,373)**	**(5,535,511)**	**-**	**(937,615,084)**	**(994,837,968)**	**(252,380,222)**	**(1,247,218,190)**
Transferred to retained earnings	-	-	-	-	-	(527,595,248)	527,595,248	-	-	-
Dividends and transferred to reserves	-	-	-	-	-	(45,582,699)	-	(45,582,699)	(26,226,574)	(71,809,273)
Balance as of 31 December 2017	**909,282,535**	**2,668,886,627**	**327,001**	**260,113,607**	**3,996,986**	**2,358,450,532**	**(937,615,084)**	**5,263,442,204**	**513,923,606**	**5,777,365,810**

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2018

	Note	31 December 2018	31 December 2017
		LE	LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Year before income taxes continuing operations		**210,514,984**	(1,140,254,415)
Profits for the Year before Tax from discontinued operations		**26,104,345**	43,305,902
		236,619,329	(1,096,948,513)
Liquidation investments (Gain) / Losses		**(27,615,250)**	(5)
Impairment in Goodwill (Hilal Cement)		**55,303,049**	50,914,863
Impairment in Goodwill (Helwan Company)		**141,946,027**	-
Impairment of fixed assets		**-**	144,371,114
Depreciation of fixed assets	**(13)**	**461,990,403**	534,913,978
Decline in value of inventory	**(17)**	**(45,302,078)**	31,504,476
Reversal of decline in value of obsolete inventory		**-**	-
Provisions	**(27)**	**71,007,821**	639,269,256
Provisions no longer required	**(27)**	**(65,828,515)**	(153,237,809)
Impairment of accounts and notes receivable	**(18)**	**19,577,185**	45,322,275
Liabilities against end of service plan	**(26)**	**15,994,800**	14,024,000
End of service past service cost recognized	**(26)**	**(37,361,000)**	(24,956,000)
Investment income in an associate company		**(5,474,646)**	(7,839,360)
Liquidation of ICC Company fixed Assets		**-**	274,493,975
Liquidation of ICC Company projects under construction		**-**	16,146,232
Losses (Gain) on disposal of fixed assets	**(13)**	**(106,351,648)**	(144,214,464)
Finance costs		**53,230,165**	81,172,595
Credit interests		**(32,538,316)**	(37,243,929)
Operating profits before changes in working capital		**735,197,326**	367,692,684
Change in inventory	**(17)**	**(421,206,069)**	138,409,651
Changes in accounts receivable, prepayments, other receivables and other debit balances	**-(18 19)**	**(302,687,243)**	(95,438,638)
Change in accounts payable, accrued expenses and other payables	**(28)**	**511,224,671**	(31,275,367)
Changes in retentions payable	**(31)**	**11,204,707**	(3,423,729)
Changes in advanced from customers	**(30)**	**453,141,241**	147,357,932
Finance costs paid		**(53,230,165)**	(81,172,595)
Income taxes paid		**(152,716,781)**	(76,004,055)
Tax adjustments		**(4,480,426)**	5,621,762
Payment in respect of end of service plan	**(26)**	**(7,398,263)**	(12,899,918)
Provisions used	**(27)**	**(541,005,431)**	(211,062,431)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**228,043,567**	147,805,296
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	**(13)**	**(110,224,850)**	(63,753,482)
Proceeds from sale of fixed assets	**(13)**	**142,149,897**	194,148,400
Payments in fixed assets under construction	**(14)**	**(326,594,385)**	(506,992,465)
Proceeds from investment in an associate company		**6,263,496**	2,192,482
Proceeds from sale of investments		**166,498,475**	-
Change in Liabilities Directly associated with the assets held for sale		**(101,466,459)**	-
Credit interests received		**32,538,316**	37,243,929
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(190,835,510)**	(337,161,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in medium term loans and other long term liabilities		**32,660,998**	(138,329,830)
Change in banks - credit balance		**111,407,840**	(96,564,792)
Dividends paid		**(55,526,061)**	(45,582,699)
Adjustments on retained earnings		**(140,757,736)**	176,609,491
Dividends paid to non-controlling interest		**(32,371,973)**	(26,226,574)
Cash from discontinued operations		**-**	(7,041,143)
Changes in non-controlling interest		**123,074,092**	(260,962,082)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**38,487,160**	(398,097,629)
Net increase /(decrease) in cash and cash equivalent during the Year		**75,695,217**	(587,453,469)
Foreign currencies translation differences related to fixed assets		**(1,167,997)**	14,812,461
Change in cumulative foreign currencies translation differences		**(3,162,175)**	(51,687,373)
Cash and cash equivalent - beginning of the Year		**726,756,599**	1,351,084,980
CASH AND CASH EQUIVALENT – END OF THE YEAR	**(20)**	**798,121,644**	726,756,599

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalent comprise of the following:		31 December 2018	31 December 2017
		LE	LE
Cash on hand and at banks	(20)	**1,225,538,339**	1,042,765,454
Less:			
Bank overdraft		**(427,416,695)**	(316,008,855)
CASH AND CASH EQUIVALENT		**798,121,644**	726,756,599

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

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.

Heidelberg Cement, which acquired 100% of Italcementi`s Share capital, through its subsidiaries, owns 55% of Suez Cement's outstanding shares as of 31 December 2016.

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 2018 were authorized for issuance in accordance with the Board of Directors' resolution on 04 March 2019.

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

	31 December 2018 %	31 December 2017 %
Egyptian Tourah Portland Cement Company S.A.E.	**66.12**	66.12
Suez Bags Company S.A.E. Subsidiary held for sale	**-**	56.31
Helwan Cement Company S.A.E.	**99.55**	99.55
Ready Mix Concrete El - Alamya (RMCA) S.A.E	**52**	52
Hilal Cement Group (K.S.C.C.) – Kuwait	**51**	51
Development and Construction Material Company (DECOM) S.A.E. – subsidiary of Universal For Ready Mix Production (RMPU) S.A.E. by 99.99%	**52**	52
Suez Transport and Trade Company S.A.E. – subsidiary of Helwan Cement Company S.A.E. by 55%	**96.37**	96.37
Suez For import and Export S.A.E	**96.37**	96.37

Egyptian Tourah Portland Cement Company S.A.E.

Egyptian Tourah Portland Cement Company S.A.E. was established on 23 September 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 4-3). The total accumulated depreciation as of 31 December 2018 amounting to LE 525,631,419 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 2018 amounting to LE 199,294,508.

Suez Bags Company S.A.E. Subsidiary Held For Sale
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%.
According to Suez cement Company Board resolution, approving the sale of all its shares in the company to Mondi Industrial Bags B.V, Suez cement company (S.A.E) classified its investments in Suez Bags Company form Investments in subsidies to Non-current assets investments available for sale.
-On 06 August 2018 Suez Bags was Sold in the Egyptian Stock Exchange.

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

Based on a decree from the Extraordinary General Assembly Meeting dated 14 September 2000, the Company's name was changed to ASEC Cement Company S.A.E. The Extraordinary General Assembly Meeting
On 29 November 2001 approved the merger with Helwan Portland Cement Company S.A.E. effective on 1 October 2001. The Extraordinary General Assembly Meeting on 17 March 2003 approved the evaluation of assets and liabilities according to the Capital Market Authority Committee decision No. 540 formed in 2002 and the Ministry decree No. 1699 which stated that ASEC Cement Company will own all assets and liabilities of Helwan Portland Cement Company S.A.E.

Effective from 1 October 2001. The management of both companies finalized all legal procedures related to the merger and registered the merger at the commercial register under No. 3142 on 30 September 2003. The Helwan Portland Cement Company S.A.E. was cancelled from the commercial register on 29 September 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 non-current asset in the consolidated financial statements and tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of profit or loss.

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 non-current asset in the consolidated financial statements and tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of profit and loss.

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

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

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

Universal For Ready Mix Production (RMPU) S.A.E. – (Previously: Ready Mix Beton – Egypt Company S.A.E.)
was established on 14 April 1996 as a Joint Stock Company under investments Guarantees and Incentives Law 8 of 1997.
The objective of the company is to manufacture cement and construction materials specially manufacture ready mix.

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

Based on a decree from the Extraordinary General Assembly Meeting dated 25 September 2008, the Company's name was changed to Universal for Ready Mix Production (RMPU) S.A.E.
The Company was merged to form Universal Ready Mix Concrete S.A.E that was established on 21 February 2012,

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

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

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

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

On 31 December 2009, the merge took place by mean of revaluing the assets and liabilities of the merged companies, taking into consideration the changes occurred on the financial position till the establishment date as of 21 February 2012,
This merge were reflect at the balance sheet as an increase in the fixed Assets by LE 129,758,310 against a decrease in the
good will by LE 68,686,548 and a decrease in Non-Controlling interest by LE 61,071,762.

The final goodwill amounted to LE 735,755.

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

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

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

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

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

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

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

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

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

The goodwill was recorded as non-current asset in the consolidated financial statements and tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of profit and loss.

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 3), the cumulative foreign currencies translation differences resulted from the translation which belong to the parent company's equity amounting to LE 256,951,432 as of 31 December 2018 have been presented separately in the shareholders' equity.
The cumulative foreign currencies translation differences resulted from the translation which belong to the non-controlling interest amounted to LE 246,874,906 as of 31 December 2018 have been presented as a part of non-controlling interests in the consolidated statement of financial position (Note 21).

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

2. Basis of consolidation
Control
An investor controls an investee if and only if the investor has all the following:
(1) Power over the investee
(2) Exposure, or rights, to variable returns from its involvement with the investee
(3) The ability to use its power over the investee to affect the amount of the investor's returns

Assessing control
An investor shall consider all facts and circumstances when assessing whether it controls an investee. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Loss of Control
If a parent loses control of a subsidiary, it shall:
1. Derecognize the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost./
2. Derecognize the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them)
3. Derecognizes the cumulative translation differences recorded in equity.
4. Recognize the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control.
5. Recognize any investment retained in the former subsidiary at its fair value at the date when control is lost.
6. Reclassify to profit or loss, or transfer directly to retained earnings, the amounts recognized in other comprehensive income in relation to the subsidiary.
7. Recognize any resulting difference as a gain or loss in profit or loss attributable to the parent.

If a parent loses control of a subsidiary, the parent shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the parent shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses control of the subsidiary. If a revaluation surplus previously recognized in other comprehensive income would be transferred directly to retained earnings on the disposal of the asset, the parent shall transfer the revaluation surplus directly to retained earnings when it loses control of the subsidiary.

Non-controlling Interests
An entity shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The entity shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Uniform accounting policies
If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Business Combination
An entity shall account for each business combination by applying the acquisition method. Applying the acquisition method requires:

(1) Identifying the acquirer;
(2) Determining the acquisition date;
(3) Recognising and measuring the identifiable assets acquired, the liabilities assumed, contingent liabilities assumed and any non-controlling interest in the acquiree; and
(4) Recognising and measuring goodwill or a gain from a bargain purchase

The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.
For each business combination, the acquirer shall measure at the acquisition date components of non-controlling interests in the acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) Fair value; or
(b) The present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Goodwill
The acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) The aggregate of:

(i) The consideration transferred measured in accordance with EAS 29 – Business combination, which generally requires acquisition-date fair value.
(ii) The amount of any non-controlling interest in the acquire measured in accordance with EAS 29 – Business combination; and
(iii) In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquire.
(b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with EAS 29 – Business combination.

3. 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 profits or losses.

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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

The consolidated financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS") issued according to Investments minister decision Num. 110 for year 2015.

The consolidated financial statements have been prepared in Egyptian pounds (EGP), which is the Company's functional and presentation currency.

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.

4.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future Years.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the Year in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

Impairment of trade and other receivables
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of fixed assets and investment properties
The Company's management determines the estimated useful lives of its fixed assets and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management Yearically reviews estimated useful lives and the depreciation method to ensure that the method and Year of depreciation are consistent with the expected pattern of economic benefits from these assets.
Taxes:
The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

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.

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.
Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.
The specific recognition criteria described below 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 profit or loss.

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.

Borrowing
Borrowings are initially recognized at the value of the consideration received. Amounts maturing within a 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 non-current 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 statement of profit or loss 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 statement of profit or loss.

Borrowing cost
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial Year of time to get ready for their intended use or sale are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the Year in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

Income tax
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 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 profit or loss 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.

Fixed assets
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 statement of 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 derecognizing of the asset is included in the statement of profit or loss 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 balance sheet 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. Impairment losses are recognized in the statement of profit or loss.

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 profit or loss.

Fixed assets under construction
Fixed assets under construction represent the amounts that are paid 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. Fixed assets under construction are valued at cost net of impairment loss (if any) .

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months.

Suppliers and accrued expenses
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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.

Social insurance and Employees' End-of-services
Social Insurance: The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.
Employees' End-of-services:

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 Year of employment.

The expected costs of these benefits are accrued over the Year 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 Years.

Actuarial gains and losses on End of services benefits are recognized immediately in the statement of Profit or loss in the Year in which they occur.

Foreign currencies
Transactions in foreign currencies are recorded at the rate prevailing at 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 profit or loss.

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.

Contingent Liabilities and Assets
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Related party transactions
Related parties represent in parent company, 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.

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

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

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. The impairment loss is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the Year in which it occurs.

Investments

Investments in subsidiaries
Investments in subsidiaries are investments in entities, which the parent controls.
The parent controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Investments in subsidiaries are accounted for in the separate financial statements 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 profit or loss for each investment separately.

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 % 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 in the separate financial statements 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 profit or loss 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 profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of profit or loss, If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

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

Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of profit or loss 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 statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

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 consolidated financial statement using cost method; and in its consolidated financial statements using equity method.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
For assets traded in an active market, fair value is determined by reference to quoted market bid prices.
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.
For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting Year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 labour 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 labour 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 profit or loss 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 profit or loss in the Year in which the reversal occurs,

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.

4.4 CHANGES IN ACCOUNTING POLICISE AND DISCLOSURES
The accounting policies adopted this year are consistent with those of the previous year except for the amendments required by the new Egyptian Accounting Standards issued during the year 2015 which is effective for the Years starting on or after January1, 2016, disclosed below the most prominent amendments which is applicable to the company and the effects of this new amendments on Financial statements, if any.

EAS (1) revised Presentation of Financial Statements:
The revised standard requires the company to disclose all items of income and expenses that were recognized during the Year in two consolidated statements, statement of profit or loss (statement of income) which disclose all items of income and expenses and statement of Comprehensive income which starts with profit or loss and presents items of other Comprehensive income (Statement of Comprehensive income).
It also requires an additional statement to The Statement of Financial position disclose balances as of the beginning of the first presented comparative Year in case of retrospective implementation or change in an accounting policy or reclassification carried out by the company.
The amended standard does not require the presentation of working capital.
The company has prepared the Statement of Comprehensive income and presentation of financial statements according to revised standard and there is no retrospective adjustments that require presenting Statement of Financial position which include beginning balances of the first presented comparative Year.

EAS (10) revised Fixed Assets and depreciation:
The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of fixed assets.

The strategic (major) spare parts and stand-by equipment can be classified as fixed assets when the entity expects to use them for more than one Year (when the definition of fixed assets applies thereto).
There is no impact for this amendment on company's financial statements.

EAS (14) revised Borrowing Costs:
The revised standard has eliminated previous benchmark treatment that recognised the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Profit or Loss. The revised standard requires capitalisation of this cost on qualifying assets.
There is no impact for this amendment on company's financial statements.

EAS (23) revised Intangible Assets:
The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of intangible assets.
There is no impact for this amendment on company's financial statements.

EAS (34) revised Investment Property:
The revised standard has eliminated the option of using the fair value model in the measurement after recognition of the Investment Property. The standard requires to disclose fair value.
There is no impact for this amendment on company's financial statements.

EAS (38) revised Employee Benefits:
Defined benefit plans
The revised standard requires immediate recognition for accumulated actuarial gains and losses in statement comprehensive income. Also, recognition of past service cost as expense at earlier of:
A) When plan amended or curtailed or,
B) When entity executes substantial restructure for its activities, hence the entity recognise related restructuring costs which comprise paying end of service benefits.

EAS (40) financial instruments: Disclosures:
A new EAS (40) Financial instruments "Disclosures" has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements.

EAS (41) Operating segments:
The EAS (33) Segment Reporting has superseded by EAS (41) Operating segment. Accordingly, segment reporting which should be disclosed and the required disclosures basically depends on the information about segment in the way that operating decision maker use. As described in note (3) the company currently has only one major operating segment.

EAS (45) Fair Value Measurement:
The new EAS (45) Fair Value measurement has been issued; this standard is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value and set the frame to measure fair value in one standard and determines the required disclosure for measurements of fair value. The company disclosed all required discourses according to standards.

5. SEGMENT INFORMATION
Currently the Company's main business segment is to produce all types of cement and other products stemming from the cement industry. Revenues, profits and investments in other business segments are currently immaterial and are not separately disclosed in the financial statements accordingly, under EAS 41. All revenues of the Company in the Year ended 31 December 2017 were reported under one segment in the financial statements.

6. SALES

	31 December 2018 EGP	31 December 2017 EGP
Cement and Clincker Sales	**5,332,743,932**	4,773,518,197
Concrete Ready Mix Sales	**2,095,646,806**	1,694,501,774
	7,428,390,738	6,468,019,971

7. COST OF SALES

	31 December 2018 EGP	31 December 2017 EGP
Fuels	**2,084,050,194**	1,749,335,248
Electricity	**835,668,372**	610,021,826
Raw Material and Quarries rents	**2,055,024,123**	1,894,259,798
Packaging Materials	**343,097,046**	277,942,401
Fixed Assets Depreciation	**429,219,330**	516,718,761
Wages and Salaries	**462,452,925**	525,933,953
Freight	**244,103,215**	128,868,137
Impairment of fixed assets	**-**	144,371,114
Maintenances	**395,670,194**	399,405,529
Stock variation	**(243,108,726)**	47,180,198
Decline of inventory	**(9,820,096)**	19,467,602
Sub-contractors Services	**64,115,447**	64,087,172
Other	**142,358,784**	110,615,091
	6,802,830,808	6,488,206,830

8. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2018 EGP	31 December 2017 EGP
Technical assistance fees	**68,922,868**	119,667,627
Salaries	**183,537,875**	243,705,100
End of service benefits plan- current and past service costs (Note 25)	**3,602,400**	3,364,000
Cancel - Employment Benefit Plan	**(37,361,000)**	(24,545,000)
Communication and public relation expenses	**7,643,059**	9,811,029
Coupons Tax	**738,000**	946,700
Expanses restructuring - social costs	**48,344,822**	201,836,390
Other general and administrative expenses	**165,885,529**	152,987,856
	441,313,553	707,773,702

9. FINANCE COST

	31 December 2018 EGP	31 December 2017 EGP
Interest on bank credit facilities and loans	**32,082,182**	57,604,822
Interest on End of service benefits plan (Note 25)	**12,392,400**	10,088,000
Other bank charges	**8,755,583**	10,516,927
	53,230,165	78,209,749

10. OTHER INCOME

	31 December 2018 EGP	31 December 2017 EGP
Gain from Salvage Sales	**19,109,036**	20,636,166
Amortization of Loan Grant*	**11,571,816**	2,445,464
Other income	**39,527,100**	122,196,839
	70,207,952	145,278,469

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

11. OTHER EXPENSES

	31 December 2018 EGP	31 December 2017 EGP
Rents against unused quarries	**2,109,930**	21,512,151
Delay interest - payments	**12,686,868**	14,105,373
Other expenses	**10,613,921**	55,062,681
	25,410,719	90,680,205

12. INCOME TAX

	31 December 2018 LE	31 December 2017 LE
(Losses) before tax from continuing operations	**210,514,984**	(1,140,254,415)
Profit before tax from discontinued operations	**26,104,345**	43,305,902
	236,619,329	(1,096,948,513)
Add:		
Provisions	**90,594,161**	656,624,351
Provisions – Defined benefits plans	**3,602,400**	3,490,000
Board of directors' allowance	**3,773,250**	3,703,809
Donations	**1,371,949**	2,310,641
Accounting depreciation	**461,990,403**	534,913,978
Other expenses	**299,584,135**	1,279,793,187
Less:		
Tax depreciation	**(352,432,621)**	(305,835,509)
Used provisions	**(7,398,263)**	(12,899,918)
Investment income	**(12,445,715)**	(10,423,054)
Approved Donations	**(289,150)**	-
Others	**(579,193,811)**	(907,267,350)
Taxable income	**145,776,067**	147,461,622
Income tax at the effective tax rate	**32,799,615**	33,178,865
Income tax expense reported in the statement of profit or loss	**25,724,309**	28,793,952
Income tax attributable to a discontinued operation	**7,075,306**	4,384,913

Deferred income tax

	31 December 2018 EGP	31 December 2017 EGP
Depreciation of fixed assets	**(326,203,654)**	(304,772,236)
Provisions and accruals	**52,285,341**	115,628,246
Unrealized FOREX losses	**17,924,956**	18,063,785
Net deferred income tax (Liability)	**(255,993,357)**	(171,080,205)

	31 December 2018 EGP	31 December 2017 EGP
Net deferred income tax (Liability) from discontinued operations	**9,605,944**	(1,438,283)

TAX POSITION

The company's tax position is as follows:

a) Corporate taxes

Period until Year 2007:
Due tax was paid in according with the agreement of the Internal Committee - and the due value was paid within the limits of the provision

Years 2008 & 2009:
The tax authority has assessed the company for this period, The Company was agreed with the internal committee on the differences of results and pending the final results of the arrest and collection management .
Years 2010 & 2011:
The tax authority has assessed the company for this period and the results of the examination were objected and the objection was referred to the internal committee..

Years from 2012 to 2014:
The tax authority sent sample 19 to the company for this period was estimated . The company objected to the form this matter offered on the internal committee..

Years from 2015 to 2018:
No inspections took place for such period.
The Company has files the tax declaration within the legal grace period to tax authority.

b) Value Added Tax (VAT)

First: General Sales Tax

Years 2008 & 2009:
Due tax was paid after the decision of the internal committee and a dispute is currently before the court in terms of some items,

Years 2010 & 2013:
The tax authority has assessed the company for this period, The Company objected against the inspection results, to be referred to the Higher Grievance Committee.

Years 2014 & 2015:
The tax authority has assessed the company for this period, The Company objected against the inspection results, The internal committee was completed and the rest of the items were referred to the appeals committees

12. INCOME TAX (continued)

Years 2016 & 2018:
No inspections took place for such period.
The company prepares tax return monthly and pays due taxes during the legal period.

Second: Value Added Tax

From 8 Sep. 2016 till 31 Dec. 2017:
Tax authority did not assess the company for such period.
The company fill the VAT declaration up to November 2017 before the deadline identified by the Egyptian tax law.

c) Salary tax

Period since inception up to 1998:
The tax authority has assessed the company for this period, Due tax was settled and paid based on the internal committee decision,

Years from 1999 to 2014:
The company deducts the salary tax from employees and remits it to the tax authority within the Legal grace period (monthly), The tax authority is currently in the process of inspecting the company's records for this period,

From Year 2015 to 2018:
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 2014:
The tax authority has assessed the company for this period, Due tax was settled and paid based on the internal committee decision,

Year From 2015 to 2018:
No inspections took place for such period.

13. FIXED ASSETS

	Lands EGP	Buildings, constructions, infrastructure and roads EGP	Machinery, equipment and Tools EGP	Motor Vehicles EGP	Furniture and office equipment EGP	Total EGP
Cost						
As of 1 January 2018	580,057,683	1,967,938,469	7,628,674,452	350,828,527	144,664,317	10,672,163,448
Foreign currencies translation differences	80,298	2,665,099	1,754,900	1,230,385	141,861	5,872,543
Adjusted balance as of 1 January 2018	580,137,981	1,970,603,568	7,630,429,352	352,058,912	144,806,178	10,678,035,991
Additions	4,580,105	3,231,375	57,584,558	44,064,264	764,549	110,224,851
Transferred from projects under construction ((note 14	-	43,286,924	238,848,360	43,116,508	1,883,619	327,135,411
Adjustments	-	167,407	(5,385,566)	-	-	(5,218,159)
Assets held for sale	(124,201,876)	(72,003,357)	(380,746,990)	(2,675,749)	(5,287,331)	(584,915,303)
Disposals	(23,709,909)	(21,097,737)	(64,810,701)	(20,709,264)	(4,363,467)	(134,691,078)
As of 31 December 2018	**436,806,301**	**1,924,188,180**	**7,475,919,013**	**415,854,671**	**137,803,548**	**10,390,571,713**
Accumulated depreciation						
As of 1 January 2018	-	(1,443,802,889)	(4,934,050,329)	(297,096,215)	(121,616,286)	(6,796,565,719)
Foreign currencies translation differences	-	(2,036,519)	(1,507,453)	(1,024,489)	(136,389)	(4,704,850)
Adjusted balance as of 1 January 2018	**-**	**(1,445,839,408)**	**(4,935,557,782)**	**(298,120,704)**	**(121,752,675)**	**(6,801,270,569)**
Depreciation for the Period	-	(78,796,436)	(349,371,106)	(26,324,129)	(7,498,732)	(461,990,403)
Adjustments	-	(145,672)	5,315,874	-	-	5,170,202
Assets held for sale	-	54,528,473	293,312,893	2,564,833	4,350,766	354,756,965
Disposals	-	10,605,388	63,285,933	20,652,393	4,349,115	98,892,829
As of 31 December 2018	-	(1,459,647,655)	(4,923,014,188)	(301,227,607)	(120,551,526)	(6,804,440,976)
Net book value as of 31 December 2018	436,806,301	464,540,525	2,552,904,825	114,627,064	17,252,022	3,586,130,737
Net book value as of 31 December 2017	580,057,683	524,135,580	2,694,624,123	53,732,312	23,048,031	3,875,597,729

FIXED ASSETS CONT'D

First:

	EGP
(A) Proceeds from sale of fixed assets	142,149,897
Cost of fixed assets sold	134,691,078
Accumulated depreciation of fixed assets sold	(98,892,829)
(Net book value (B	35,798,249
(Gain from of sale fixed assets (A) – (B	106,351,648

Second: Fixed Assets as of 31 December 2018 includes assets that are fully depreciated and still in use. The acquisition cost for these assets are as follows:

Asset	Cost EGP
Building, constructions, infrastructure and roads	343,751,942
Machinery, equipment and tools	1,468,427,255
Motor vehicles	83,164,849
Furniture and office equipment	49,485,740
Total	**1,944,829,786**

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

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

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

Sixth:** Impairment of Fixed assets (Egyptian Tourah Portland Cement Company S.A.E)

- The company has assessed at 31 December 2018 date whether there is any indications that the fixed assets has impaired where the net book value exceeds its recoverable amount.
- Impairment of Fixed assets are carried out in accordance with Egyptian accounting standards 31 (Impairment of Assets) , the recoverable amount has been determined based on a value in use calculation using (cash flow projections from financial budgets approved by senior management covering a five-year period) , it was concluded that the fair value less costs of disposal did not exceed the value in use.

- As a result of this analysis, the recoverable amount is amounted to 1,008 MEGP as at 31 December 2017, management has recognized not to impair in the current year against fixed assets with a carrying amount of 195 MEGP for Machinery and equipment as at 31 December 2018 include Kiln 8 which is in good shape.
- Key assumptions used in the calculations of the value in use :

- EBITDA were 8% on the average ,it was assumed that it was improved due to price improvements, based on average values achieved in the Five years starting from the budget period.

- The pre-tax discount rate applied to cash flow projections is 20,07% which represents the current market assessment of the risks specific, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.
- The discount rate calculation is derived from its weighted average cost of capital (WACC) which takes into account both debt and equity,The cost of equity is derived from the expected return on investment by the company's investors , The cost of debt is based on the interest-bearing borrowings the company is obliged to service.

- Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A change in the pre-tax discount rate by +-1% would result in a change in impairment value by +- 40 MEGP.
- The estimated long term growth rates are based on the long-term inflation rates for Egypt which is 7.78%.
- Market growth is assumed to increase by 1% in 2019 continuing growth by 4% in the remaining years and the company's market share is assumed to be remaining 2.8% same as 2018.
- Raw materials price inflation is assumed to be increasing by 3% yearly and aligned with price increases.
- Cement Sales prices inflation is assumed to be increasing by 1% in 2019, 15% in 2020 and 7% average in the remaining years.

Impairment of Fixed assets (Helwan Cement Company S.A.E)

- The company has assessed at 31 December 2018 , whether there is any indications that the fixed assets has impaired where the net book value exceeds its recoverable amount.
- Impairment of Fixed assets are carried out in accordance with Egyptian accounting standards 31 (Impairment of Assets) , the recoverable amount has been determined based on a value in use calculation using (cash flow projections from financial budgets approved by senior management covering a five-year period) , it was concluded that the fair value less costs of disposal did not exceed the value in use.
- As a result of this analysis, the recoverable amount is amounted to 3,064 MEGP as at 31 December 2018, management has recognized not to impair in the current year against fixed assets with a carrying amount of 1,216 MEGP as at 31 December 2018.
- Key assumptions used in the calculations of the value in use :
- EBITDA were 20 % on the average ,it was assumed that it was improved due to price improvements, based on average values achieved in the Five years starting from the budget period.
- The pre-tax discount rate applied to cash flow projections is 20.07% which represents the current market assessment of the risks specific, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.
- The discount rate calculation is derived from its weighted average cost of capital (WACC) which takes into account both debt and equity,The cost of equity is derived from the expected return on investment by the company's investors , The cost of debt is based on the interest-bearing borrowings the company is obliged to service.
- Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A change in the pre-tax discount rate by +-1% would result in a change in impairment value by +- 113 MEGP.
- The estimated long term growth rates are based on the long-term inflation rates for Egypt which is 7.78%.
- Market growth is assumed to increase by 1% in 2019 continuing growth by 4% in the remaining years and the company's market share is assumed to be 3.9% in 2019 increase by 0. 2% Vs 2018 and to be 4% in remaining years.
- Raw materials price inflation is assumed to be increasing by 3% yearly and aligned with price increases.
- Cement Sales prices inflation is assumed to be increasing by 1% in 2019, 15% in 2020 and 7% average in the remaining years.

14. FIXED ASSETS UNDER CONSTRUCTION

	31 December 2018 EGP	31 December 2017 EGP
Spare parts for Coke project	**45,550,455**	46,779,852
Mechanical work-complete revamping for cooler	**-**	14,768,712
Petcoke loading system	**-**	7,371,956
Preheater tower modification	**25,654,966**	8,658,316
Civil works project	**2,606,643**	2,606,643
Spare parts for raw and cement mills	**15,269,001**	19,573,282
Group IT Integration – Phase 1	**11,015,733**	
Improving safety and bypass filters	**3,073,517**	22,259,144
Others	**273,182,842**	272,166,105
	376,353,157	394,184,010

14. FIXED ASSETS UNDER CONSTRUCTION (continue)

The movement of fixed assets under construction during the Year ended 2018 is as follows:

	31 December 2018 EGP	31 December 2017 EGP
Beginning balance	**394,184,010**	641,414,175
Translation foreign currency differences during the Year	**304**	(512,871)
Additions during the Year	**328,486,375**	505,999,217
Transferred to fixed assets during the Year	**(327,135,411)**	(735,962,470)
Disposals	**(1,891,990)**	(16,146,232)
Assets held for sale	**(17,090,131)**	(607,809)
Ending balance	**376,553,157**	394,184,010

15. INVESTMENT

Investment in an associate and shares in joint ventures

	% of Ownership	Par Value EGP	31 December 2018 EGP	31 December 2017 EGP
Investment in an associate				
Techno Gravel For Quarries-Egypt S.A.E	**45**	**10**		
Investment cost– Beginning of the Year			**38,078,643**	32,581,833
Plus:				
The Company's share in profit for the Year			**5,285,534**	7,689,292
Less:				
Dividends			**(6,263,496)**	(2,192,482)
Investment in an associate - End of the Year			**37,100,681**	38,078,643
Shares in joint ventures				
Suez Lime Company S.A.E *	**49.66**	**100**		
Investment cost– Beginning of the Year			**3,531,926**	3,381,858
Plus / (Less):				
The Company's share in profit for the Year			**189,112**	150,068
Less:				
Shares in joint ventures - End of the Year			**3,721,038**	3,531,926
Total investment in an associate companies and share joint ventures			**40,821,719**	41,610,569

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

The ventures 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; whereas it recognizes its share in the consolidated financial statements using the equity method.

A) Available-for-sale investments

	% of Ownership	Par value EGP	31 December 2018 EGP	31 December 2017 EGP
Available-for-sale Investment – Measured at fair value				
Lafarge Cement Company – Egypt S.A.E (Listed - Inactive market)	**0.137**	**1000**	**1,440,001**	1,440,001
unrealized gains on available-for-sale investments				-
			1,440,001	1,440,001
Available-for-sale investments -Measured at cost				
Iron and Steel Company (Al Hadid Wal Solb) – Listed Co.			**20,500**	20,500
Al Tour Investment Company – Unlisted Co.			**61**	61
			20,561	20,561
Available-for-sale investments –Other Companies				
Cleopatra for Consultancy			**50,000**	-
Cleopatra for Project Management			**50,000**	-
			100,000	-
			1,560,562	1,460,562

B) Held to maturity investments

	31 December 2018 LE	31 December 2017 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

C) Amounts paid under investments in subsidiaries and other companies

	% of ownership	Par Value EGP	31 December 2018 EGP	31 December 2017 EGP
Italgen Egypt for Energy Company S.A.E *	**1**	**100**	**-**	2,000,000
			-	2,000,000

16. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On the 4th on November 2018 an EGAM for Helwan Cement Company (subsidiary company) has been held , in which the report of revaluation of the company's assets and liabilities prepared by the committee structured by GAFI "General authority for investments & Free zones" regarding splitting the company into 2 Company's has been approved that has stated the following :-

1- Net assets for the standing company (Helwan Cement Company) "subsidiary company" on 31/12/2017 is amounted to 1,069,720,456 L.E excluding the company divided below :-

A- Net assets for the splitted company (wholly owned by the spiltted company on 31/12/2017 in a factory in Alminya) is amounted to 322,830,977 L.E.

Also approving the split of the company vertically by the carrying amount stated in the statement of financial position on 31/12/2017 , which has been taken as a base of valuating the 2 company's in order to keep Helwan intact/ standing.
Establishing new company as a result of the splitting under the name of Cleopatra For building materials industry and take the value of it's assets mentioned in the report from the report , which represents the value of owner's equity in the virtual FSs of the splitted company on 31/12/2017 , which represents the date that has been taken for the valuation , and this amount represents the percentage of participation of the standing company in the splitted company.
Transfer the ownership of non-current assets and current assets (rights and obligations) specified for Alminya factory and everything belongs to the factory from land ,buildings ,licenses ,equipment ,production lines ,vehicles and in general all financial and non-financial elements of Alminya factory to the splitted company in carrying amount that

makes the splitting company as a replacement of the standing company legally in the ownership of this assets with all what they have from rights & obligations.
The major classes of assets and liabilities of Menia Plant (Cleopatra For building materials industry) classified as held for sale as 31 December 2018 are, as follows:

31 December 2018

	EGP
Assets	
Property, plant and equipment	**205,422,089**
Fixed assets under construction	**22,404,504**
Deferred tax assets	**10,023,994**
Inventory	**153,987,977**
Accounts and notes receivable	**3,168,950**
Prepayment, other receivables and other debit balances	**18,008,819**
Cash on hand and at banks	**1,215,594**
Assets held for sale	**414,231,927**
Liabilities	
Other long term liabilities	**8,178,844**
Trade payables, accrued expenses and other credit balances	**31,768,327**
Due to related parties	**5,403,184**
Taxes payable	**758,717**
Income tax payable	**7,075,306**
Advances from customers	**8,939,287**
Retention Payable	**642,302**
Liabilities directly associated with the assets held for sale	**62,765,967**
Net assets directly associated with disposal group	**351,465,960**

The results of Menia Plant (Cleopatra For building materials industry) (for the Year ended 31 December 2018 as discontinued operations are presented below:

	31 December 2018 EGP
Sales	**323,498,285**
Cost of sales	**(252,777,460)**
Gross profit	**70,720,825**
General and administrative expenses	**(24,055,665)**
Other income	**367,129**
Other Expenses	**(20,927,944)**
Profit/(loss) for the Year from discontinued operations	**26,104,345**
Income taxes for the Year from the ordinary activities	**(7,075,306)**
Deferred income taxes for the Year from the ordinary activities	**9,605,944**
Profit/(loss) for the year from discontinued operations	**28,634,983**

The net cash flows incurred by Menia Plant (Cleopatra For building materials industry), as follows:

	31 December 2018 EGP
NET CASH FLOWS FROM OPERATING ACTIVITIES	**7,088,500**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(5,876,710)**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**3,804**
Net cash (outflow)/inflow	**1,215,594**

17. INVENTORY

	31 December 2018 EGP	31 December 2017 EGP
Raw materials	**108,958,645**	85,766,097
Spare parts and Consumables	**642,936,613**	646,380,253
Fuel	**325,593,474**	117,513,153
Rolling and packing Material	**23,446,272**	24,222,601
Work in progress	**393,909,873**	180,855,045
Finished goods	**180,306,364**	192,231,223
Goods in transit	**445,623**	1,396,541
Letters of credit	**3,476,076**	9,501,958
	1,679,072,940	1,257,866,871
Less:		
Decline in value of obsolete spare part inventory	**(144,880,319)**	(190,182,397)
	1,534,192,621	1,067,684,474

18. ACCOUNTS RECEIVABLE

	31 December 2018 EGP	31 December 2017 EGP
Amounts receivable within 12 months	**762,786,758**	766,487,204
Amounts receivable after 12 months	**-**	-
	762,786,758	766,487,204
Decline in the value of Accounts and notes receivable	**(238,903,178)**	(220,081,341)
	523,883,580	546,405,863

19. PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	31 December 2018 EGP	31 December 2017 EGP
Tax Authority	**90,325,334**	56,402,334
Deposits held by others	**293,968,687**	271,406,492
Prepayments	**119,396,121**	43,586,023
Accrued Income	**32,374,740**	353,499
Cheques under collection	**62,851,855**	21,892,706
Advances to suppliers	**62,224,152**	54,807,066
Letters of guarantee margin	**431,678**	1,005,651
Blocked current account in favour of Tax, and Social security authorities	**804,262**	804,262
Debtors – Sale of assets	**52,281,289**	871,424
Other receivables	**160,566,330**	117,541,379
	875,224,448	568,670,836
Less:		
Impairment in value of other debit balances her receivables	**(29,643,337)**	(28,887,989)
	845,581,111	539,948,770

20. CASH ON HAND AND AT BANKS

	31 December 2018 EGP	31 December 2017 EGP
a- Egyptian Pound		
Cash on hand	**1,711,715**	3,899,964
Current accounts*	**316,144,252**	274,435,471
Treasury bills (mature in 3 months)	**75,729,898**	91,291,502
b, Foreign currencies		
Cash on hand	**707,242**	490,005
Current accounts*	**92,909,411**	96,825,344
Time deposits (mature in 3 months)	**310,919,126**	259,814,313
	798,121,644	726,756,599

21. CAPITAL AND RESERVES

21/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 September 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,

21/b – RESERVES

	31 December 2018 LE	31 December 2017 LE
Legal reserve	**454,641,267**	454,641,267
Special reserve – Share premium	**2,013,865,903**	2,013,865,903
Special reserve	**185,853,347**	185,853,347
Capital reserve	**14,526,110**	14,526,110
Total other reserves	**2,214,245,360**	2,214,245,360
Legal reserve	**2,668,886,627**	2,668,886,627

Legal reserve

According to the Company's articles of association, 5% of the net profit 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

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

22. NON-CONTROLLING INTEREST

Changes in non-controlling interest

	31 December 2018 EGP	31 December 2017 EGP
Beginning balance for the Year	**513,923,606**	801,112,262
Non-controlling interest share in net profits / (losses) for the Year	**81,105,129**	(200,899,176)
Change in non-controlling interest share in the equity of Hilal Cement Group Kuwait	**10,321,627**	(1,340,350)
Non-controlling interest share in foreign currencies translation differences	**(3,038,168)**	(51,481,046)
Adjustments on retained earnings	**34,685,504**	(7,241,510)
Dividends paid	**(32,371,973)**	(26,226,574)
Ending balance for the Year	**604,625,725**	513,923,606

The balance of non-controlling interest in subsidiaries

	Ownership %	31 December 2018 EGP	31 December 2017 EGP
Egyptian Tourah Portland Cement Company S,A,E,	**33,88**	**(66,303,332)**	(75,246,430)
Suez Bags Company S,A,E,	**43,69**	**-**	57,428,896
Helwan Cement Company S,A,E,	**0,45**	**4,855,825**	5,269,559
Ready Mix Concrete El - Alamya (RMCA) S,A,E	**48**	**177,592,621**	156,867,417
Hilal Cement Group (K,S,C,C,) – Kuwait	**49**	**138,917,106**	129,512,215
Cumulative foreign currencies translation differences		**246,874,906**	249,913,074
Development and Construction Material Company– (DECOM) –S,A,E,	**48**	**102,225,949**	56,291,402
Suez for Transport and Trade Company S,A,E,	**3,63**	**461,488**	768,909
Suez For import and Export Company S,A,E	**3,63**	**1,162**	2,857
Company for Concrete International City	**50**	**-**	(66,884,293)
		604,625,725	513,923,606

23. BANK OVERDRAFT

A) Suez Cement Company S.A.E obtained a line of credit from Several Banks capped at LE 635 million in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements and imported goods.

Total usage of this line of credit as of 31 December 2018 amounted to LE 3,434.

B) Egyptian Tourah Portland Cement Company S,A,E (subsidiary) obtained lines of credit capped at LE 370 million

Total usage of these lines of credit as of 31 December 2018 amounted to LE 157,663,068,

C) Helwan Cement Company S,A,E obtained lines of credit from different banks capped at LE 519 million in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements, Total usage of this line of credit as of 31 December 2018 amounted to EGP 269,750,193.

24. MEDIUM TERM LOANS

	31 December 2018 EGP	31 December 2017 EGP
Hilal Cement Company (K,S,C,C,) – Kuwait		
Unsecured borrowings from local banks and Kuwaiti shareholder	**93,407,880**	63,578,576
TOTAL MEDIUM TERM LOANS	**93,407,880**	63,578,576

24/1 Hilal Cement (K,S,C,C,) – Kuwait

Term loans represent unsecured borrowings from local banks and Kuwaitis Shareholder availed in Kuwaiti Dinar, Term loans carry interest rate in the range of 4,5% to 5% per annum,

25. OTHER LONG TERM LIABILITIES

	31 December 2018 EGP	31 December 2017 EGP
Long term employee benefits – Hilal Cement Company (K,S,C,C,) – Kuwait	**46,419,331**	43,587,637
TOTAL OTHER LONG TERM LIABILITIES	**46,419,331**	43,587,637

26. END OF SERVICES BENEFITS LIABILITIES

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

	31 December 2018
Discount rate	**15.80 %**
Average salary increase	**12%**
Annuity schedule	**60**

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

	31 December 2018 EGP	31 December 2017 EGP
Present value of the defined benefit liability	**40,306,207**	80,565,670
Actuarial Present value of the defined benefit liability at the balance sheet	**40,306,207**	80,565,670

The movement of liabilities as per the balance sheet

	31 December 2018 EGP	31 December 2017 EGP
Liability at the beginning of the Year	**80,565,670**	99,600,463
Past service cost *	**-**	-
Current service cost	**3,602,400**	3,490,000
Interest cost	**12,392,400**	10,534,000
Past Service Cost recognised	**(37,361,000)**	(24,956,000)
Payments from plans	**(7,398,263)**	(12,899,918)
Actuarial losses / (gain)	**(3,665,000)**	7,951,000
End of services benefits liabilities directly associated with the Assets held for sale	**(7,830,000)**	(3,153,875)
Liability at the end of the Year	**40,306,207**	80,565,670

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

The cost as per income statement

	31 December 2018 EGP	31 December 2017 EGP
Past and current service costs (Note 8)	**3,602,400**	3,490,000
Past Service Cost recognised (Note 8)	**(37,361,000)**	(24,956,000)
Interest cost (Note 9)	**12,932,400**	10,534,000
Actuarial Losses\ (gain) (Note 9)	**(3,665,000)**	7,951,000

27. PROVISIONS

	Balance as of 1 January 2018 EGP	Charged during the Year EGP	Utilized during the Year EGP	No longer required EGP	Provision directly associated with the assets held for sale EGP	Balance as of 31 December 2018 EGP
Tax claims	316,276,677	11,905,000	(39,199,340)	-	-	**288,982,337**
Judicial disputes	21,553,605	18,856,150	(1,683,602)	(5,706,004)	-	**33,020,149**
Restructure Social Cost	565,245,000	40,246,671	(500,122,489)	(60,122,511)	(5,000,000)	**40,246,671**
Other claims	10,000,000	-	-	-	-	**10,000,000**
Gas claims for Tourah Portland cement company	51,000,000	-	-	-	-	**51,000,000**
	964,075,282	71,007,821	(541,005,431)	(65,828,515)	(5,000,000)	**423,249,157**

28. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2018 EGP	31 December 2017 EGP
Shareholder – credit balance	**173,559,588**	262,873,333
Trade payables	**1,356,299,894**	1,014,438,695
Advances from sale fixed assets	**232,700,000**	-
Accrued Salaries	**2,454,534**	2,449,430
Accrued expenses	**252,284,315**	144,815,327
Social insurance authority	**4,520,281**	3,737,161
Other payables	**478,167,473**	560,447,468
	2,499,986,085	1,988,761,414

29. TAXES PAYABLES

	31 December 2018 EGP	31 December 2017 EGP
Tax authority- withholding tax	**11,069,269**	13,852,000
Tax authority- salary tax	**7,581,756**	4,645,289
Tax authority- value added tax	**74,763,619**	116,520,420
Tax authority- other tax	**25,049,931**	7,112,893
	118,464,575	142,130,602

30. ADVANCES FROM CUSTOMERS

The movement of advances from customers during The Year Ended 31 December 2018 and 31 December 2017 as follows:

	31 December 2018 EGP	31 December 2017 EGP
Balance at the beginning of the Year	**429,927,621**	282,569,689
Add: amounts collected during the Year	**7,438,463,621**	5,383,719,101
Less: Realized revenue	**(6,985,322,380)**	(5,236,361,169)
Balance at the end of the Year	**883,068,862**	429,927,621

31. RETENTIONS PAYABLE (DEPOSITS FROM OTHERS)

	31 December 2018 EGP	31 December 2017 EGP
Retentions payable within 12 months	**30,282,478**	19,077,771
Retentions payable after 12 months	**-**	-
	30,282,478	19,077,771

32. CONTINGENT LIABILITIES

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

	Contingent Liabilities EGP
Suez Cement Company S,A,E,	**10,235,454**
Egyptian Tourah Portland Cement Company S,A,E,	**18,465,705**
Hilal Cement Company (K,S,C,C) Kuwait	**18,057,244**
Helwan Cement Company SA,E,	**66,779,779**
	113,538,182

The outstanding balance of issued letters of credit in favor of Suez Cement Company as of 31 December 2018 amounted to EGP 8,322,549.

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

The Globe's case against Helwan before the Court of Cairo claims payment of about US $ 17 million, plus interest as per the alleged contract since the year 2002, The Court has not yet examined the case on the merits and the proceeding remains suspended while awaiting the Court of Cassation's decision on the preliminary matter of jurisdiction, given that the alleged contract provided for applicable law and dispute resolution in California (USA),

Tahya Misr Investment Inc, (formerly known as The Globe) has also filed a lawsuit against Helwan Cement SAE (HCC), Suez Cement SAE and Italcementi S,P,A (The parent company of Ciments Francais) (major shareholder of Suez Cement Company SAE) in California –USA; the case against both italcementi and suez cement was rejected, and after a number of hearings Tahya Misr investment withdraw from the litigation before the US court,
Currently, Helwan initiated legal action against Tahya Misr before the US courts,

33. RELATED PARTY TRANSACTIONS

The transactions with related parties for the year ended 31 December 2018 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, sales and cement transport services excluding sales tax between Suez Cement Group Companies for the Year ended 31 December 2018 as follows:

	Sales/ service revenue	Purchases/ service cost
	EGP	EGP
Suez Cement Company S,A,E,	185,193,294	36,949,697
Egyptian Tourah Portland Cement Company S,A,E,	41,132,945	100,204,767
Helwan Cement Company S,A,E,	224,881,903	23,732,844
Ready Mix Concrete El - Alamya (RMCA) S,A,E	-	146,632,901
Development and Construction Material Company (DECOM) S,A,E,	-	152,340,058
Suez for Transport and Trade Company S,A,E,	28,724,555	20,072,430
	479,932,697	479,932,697

B) The technical assistance from Suez Cement Company S,A,E, to Suez Cement Group Companies For The Year Ended 31 December 2018 as follows:

	Technical assistance – revenues EGP	Technical assistance – expenses EGP
Suez Cement Company S,A,E,	93,876,000	-
Egyptian Tourah Portland Cement Company S,A,E,	-	33,719,000
Helwan Cement Company S,A,E,	-	60,157,000
	93,876,000	93,876,000

C) The Management Fees from Suez Cement Company S,A,E, to Suez Cement Group and Related Parties Company for The Year Ended 31 December 2018 as follows:

	Management Fees –revenues EGP	Management Fees –expenses EGP
Suez Cement Company S,A,E	11,114,759	-
Ready Mix Concrete El - Alamya (RMCA) S,A,E – (subsidiary)	-	6,271,207
Development and Construction Material Company (DECOM) S,A,E – (subsidiary)	-	4,843,552
	11,114,759	11,114,759

D) Loans and its interest transactions between Suez Cement Group Companies for The Year Ended 31 December 2018 as follows:

	Lender	Borrower	Debit / (Credit) Interest
	EGP	EGP	EGP
Suez Cement Company S,A,E,	420,540,151	-	(81,486,484)
Ready Mix Concrete El - Alamya (RMCA) S,A,E	-	10,000,000	1,613,221
Development and Construction Material Company (DECOM) S,A,E,	-	10,000,000	1,632,902
Suez Transport and Trade Company S,A,E	8,000,000	-	(2,155,067)
Helwan Cement Company S,A,E	-	98,891,913	31,642,997
Tourah Cement Company S,A,E	-	309,648,238	48,752,431
	428,540,151	428,540,151	-

E- Heidelberg Cement AG (holding for Italcementi) (The parent company of Ciments Francais (major shareholder of Suez Cement Company (S,A,E):

The amount of the technical assessment fees offered by Heidelberg Cement AG (holding for Italcementi) (The parent company of Ciments Francais (major shareholder of Suez Cement Company (S,A,E) for THE YEAR ENDED 31 DECEMBER 2018 which represents a percentage of sales revenues of the group of cement products exclude intra – Suez Cement Group transactions as follows:

	%	Amount EGP
Suez Cement Company S,A,E,	1.2	57,511,000
Egyptian Tourah Portland Cement Company S,A,E,	1.2	11,143,000
Helwan Cement Company S,A,E,	1.2	25,918,000
		94,572,000

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk,

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital,

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework, The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company on their activities,

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas,

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions,

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, financial assets at amortised cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets,

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company, The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute, Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations,

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances,

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income, Financial instruments affected by market risk include interest-bearing loans and borrowings, and deposits, The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return, The Company does not hold or issue derivative financial instruments,

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.

Exposure to 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 763,412,087 whereas; the financial liabilities denominated in foreign currencies amounted to LE 302,926,788.

C) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local company management supported by the Parent Company, The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, The Company manages liquidity

risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities,

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations,

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments,

Financial liabilities

	Less than 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
As at 31 December 2018					
Advances From Customers	883,068,862	-	-	-	883,068,862
Bank Over Draft	427,416,695	-	-	-	427,416,695
Retentions payable	11,318,314	18,964,164	-	-	30,282,478
Trade and other payables	2,499,986,085	-	-	-	2,499,986,085
Due to tax authority	118,464,575	-	-	-	118,464,575
Total undiscounted financial liabilities	3,940,254,531	18,964,164	-	-	3,959,218,695

	Less than 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
As at 31 December 2017					
Advances From Customers	429,927,621	-	-	-	429,927,621
Bank Over Draft	316,008,855	-	-	-	316,008,855
Retentions payable	13,418,037	5,659,734	-	-	19,077,771
Trade and other payables	1,988,761,414	-	-	-	1,988,761,414
Total undiscounted financial liabilities	2,748,115,927	5,659,734	-	-	2,753,775,661

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities,

Financial assets of the company include bank balances and cash, accounts and notes receivables, other receivables and due from related parties, Financial liabilities of the company include interest-bearing loans and borrowings, trade and other payables, due to related parties and retentions payable,

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise,

36. COMPARATIVE FIGURES

Certain comparative figures for the year 2017 have been reclassified to conform to the presentation of these consolidated financial statements.

NOTES: