السويس للأسمنت
Suez Cement
HEIDELBERGCEMENT Group

2017 Annual Report

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Suez Cement Company

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

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Contents

WHO WE ARE

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

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

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

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.

Message from the Chairman and the CEO

Egypt's investment climate witnessed major economic transformations in 2017. The government took constructive initiatives to ensure stability and showed determination to unleash the country's potentials, making it a major commercial and industrial hub in the Eastern Mediterranean and Africa region. The construction sector is one of the most important contributors to these economic changes and the economic growth anticipated over the coming years amid the growing demand for energy and infrastructure projects, as well as real estate developments.

The cement sector in Egypt has faced major challenges, including a 7% drop in consumption rates as compared to 2016, with several new production lines entering the operating and production stage, a matter that increased the production capacity to 76 million tons, against a consumption of 53.9 million tons. The result was a surplus of 22.1 million tons, which negatively affected prices amid expectations that production will increase in 2018 to 88 million tons while demand will remain unchanged.

SCGC consequently incurred losses for several reasons, including reduced government energy subsidies and more than doubled fuel prices, a matter that was reflected on the group's financial position and forced it to take exceptional measures to mobilize necessary resources to cover its expenses and sustain its production.

These difficulties, however, have not affected the group's determination and commitment towards safety. SCGC was keen to promote safe work practices in its facilities to maintain its position as one of the safest companies in the sector. We focused our efforts on reducing accidents in the workplace, and have managed to reduce Lost Time Injury (LTI) among workers and contractors by 67%, and reduce LTI frequency rate by 60%, and increase the number of trainees on safety standards by 220% and the number of targeted safety training hours by 244%.

In 2017, the group organized a Safety and Occupational Health Week Initiative, which saw several activities in various plants, including courses to raise awareness about the dangers of drugs, plants risk assessment, firefighting and first aid training, and held safety daily talk. Motivated by our firm belief in the role played by our contractors, the group awarded the best subcontractors' safe performance award during the safety week. The year was remarkable for El Minya plant, which achieved seven years without LTI and for Tourah plant, Suez bags and Headquarter which achieved one LTI-free year.

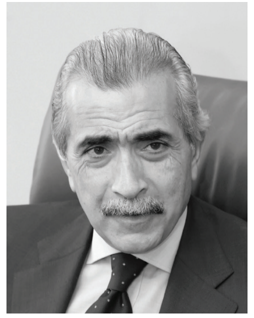
The group realized considerable environmental strides by starting to use alternative raw materials such as slag instead of clinker in cement products. Slag currently represents 7% of raw materials used in the cement industry as compared to conventional quarry raw materials. The group was also keen to enrich its energy mix by adding biomass and refuse derived fuels. An alternative energy source representing 7.4% of the total fuel used by the group. The group's target is to increase its use of alternative fuel to 20% in 2018, with the majority of alternative energy being used in Kattameya and Helwan plants.

In 2017, SCGC joined the Life in Quarry Award, which was launched by HeidelbergCement Group in 2011. The 4th edition of Life in Quarry Award was organized in 2017, involving academics, scientists, experts, non-governmental organizations and individuals wishing to implement projects addressing the issue of biodiversity with HeidelbergCement Group's quarries. Competition is recognized by stakeholders as an excellent practice that allows our stakeholders to learn and talk positively about our quarrying operation with the outside world.

Driven by its continued commitment to the community, and SCGC further strengthened its social responsibility initiatives, focusing on the basic needs of the local communities in which it operates, considering education and health as a top priority for 2017. We worked on improving relationships with stakeholders through dialogue and cooperation. SCGC seeks, through these initiatives to promote the principle of giving back to the community, and urge its workers to adopt this approach. The group was thus keen to promote voluntary work by its employees in community activities as a means to achieving sustainable development goals.

SCGC is looking forward, in 2018, to further build on its achievements with regard to fixed cost reduction with a special focus on community development, employee safety initiatives, LTI reduction and increasing alternative fuel consumption at its plants to 20% by the end of the year.

Sincerely,



Omar Mohanna
Chairman

José Maria Magrina
CEO

MARKET EVOLUTION

Egypt cement industry is facing difficult challenges due to the addition of new cement production lines. In 2017, Egypt cement production capacity was 76 million tons while the consumption was 53.9 million tons, showing a surplus of 22.1 million tons, which had a negative impact on prices.

In 2018, production capacity is expected to increase to 88 million tons, while the demand is expected to remain unchanged.

As a result, the investment climate is being transformed; stability is now firmly established, with a government determined to unlock the country's underlying potential to become a major business centre, and a manufacturing and industrial hub in the region. Construction is one of the most important sectors in terms of its contribution to economic growth in the coming years, with strong demand for energy and infrastructure projects, as well as real estate development.

The major construction developers, such as Palm Hills Developments, Hassan Allam, Orascom Construction, Sodic, etc. are enticed to invest more in Egypt due to the devaluation of the Egyptian currency. Therefore, they increased their investments.

In addition, the government increased public expenditure on infrastructure construction and national housing programs, which lead to an increase in ready mix and asphalt consumption as well.

- **Infrastructure** activities account for 43% of total cement consumption, thanks to the several mega projects under construction and in finishing phase such as (Suez Canal development projects, Suez Canal tunnels, ports, New Capital, Dabaa nuclear power station, national roads projects…etc). The Armed Forces Engineering Department is the main contributor.

- **The Residential** sector accounts for 43% of total cement consumption. Investors and developers are responding to Egypt's resilience by continuing with existing projects and launching several new ones (New Capital, New Alamein City, New Mansoura City, etc.) under the Army 's supervision.

- **The Non-residential** segment accounts for 14% of total cement consumption in which the new administration & governmental buildings in the new capital are key contributors.

INVESTMENT

Following our commitment to environment improvement and compliance with the Egyptian Environmental Affairs Agency (EEAA) standards, SCGC continued in 2017 to invest in pollution abatement and emissions control. The replacement of electrostatic precipitators with bag houses in Suez plant line 1 was completed in August 2017, at a total cost of EGP119 million. In addition, December 2017, saw the group fully converting its Kattameya plant cooler gravel filter into a bag house filter at a total cost of EGP46 million.

With production cost reduction in view, particularly in the wake of the dramatic increase in natural gas prices, SCGC successfully started in May 2017 the operation of its coal grinding mill in Helwan plant at a cost of EGP425 million, saving EGP10 million from the approved budget of EGP435 million.

HUMAN RESOURCES MANAGEMENT

Talent Management

In collaboration with the safety team and other departments, the Talent Management Function is keen and dedicated to fostering a learning environment, along with numerous long-term programs and activities in particular, programs that support the United Nations Global Compact principles in the areas of Health and Safety, Environment and Social Responsibility. We were able to achieve 12,629 safety training hours in 2017, which represents a 345% increase as compared to last year's achieved target.

Quality & Environment Integrated Management System based on the ISO updates:

Following a decision to establish a quality and environment integrated management system complying with the new ISO updates (ISO 9001:2015 & 14001:2015), the Talent Management Function designed a training track comprising three phases as follows:

- Step 1: Awareness sessions for the relevant ISO updates

- Step 2: Workshops on ISO recently introduced requirements

- Step 3: Coaching sessions for team members in charge of drafting SCGC's Integrated Management System

The training track accommodated 24 multi-functional trainees from technical, quality, environment, HR, commercial, and procurement departments as well as from Suez Bags..

Literacy Program

Benefits of adult literacy programs are not only about reading and writing literacy, but also about enhancing the employees' basic skills, self-confidence, self-esteem, inter-personal skills and workplace communication, attitude towards continuing education, job performance and community engagement. Employers and businesses benefit better from more motivated and confident workers.

Fully aware of this fact, SCGC always considered illiteracy eradication as a top priority and much effort was put in a nine-month course where 19 employees were certified.

ISO 50001 Energy Management System

The Talent Management Function provided an awareness session in 2016-2017 to 30 employees on Energy Management Systems with regard to the standard requirements and necessary documentation, with a plan to train directly involved persons on Energy Management Systems in 2018 for ISO 50001 Lead Auditor certification.

SUSTAINABLE DISCLOSURE

SAFETY

In our industrial setting, employee perceptions of their organization's commitment to safety have proved to be important with regard to both the adoption and maintenance of safe work practices and to workplace injury rates.

We can never allow ourselves to be truly proud of our industry when there are people still risking their lives and suffer injuries as they work on our sites.

To become one of the safest companies in our industry, SCGC sought to reduce the frequency rate of workplace accidents. In 2017, SCGC’s Lost Time Injury (LTI) frequency rate for employees — the number of accidents that resulted in lost time per million hours worked — came to 0.89. Additionally, the severity rate of recorded injuries was 25.7, while the number of days lost was 145 days. The total case injury (TCI) rate was 2.8 including fatalities, lost time injuries, and medical treatment.

One fatal accident in our cement division regrettably occurred in 2017 involving one of our contractors in the Suez plant.

With the aim of increasing safety awareness of our employees and to improve safe practices in our plants, we conducted 12,629 training hours in 2017, accounting for a 345% increase compared to the previous year.

In 2017, SCGC organized a health and safety week initiative, which was inaugurated with a kickoff meeting in Helwan Cement Club for all management levels. Several activities took place throughout our premises (Drug awareness-raising sessions, risk assessment competition at plants, firefighting training, first aid training and daily safety talk). Motivated by our firm belief in the role played by our contractors, the group awarded its best subcontractors award during the safety week for their safe performance.

2017 was a remarkable year for El Minya plant, which achieved seven years without LTI, and for Tourah plant, Suez bags and Headquarter which achieved one LTI-free year.

Safety audits are always a critical element of the integration process for all acquisitions. All of our operations have safety programs that include training, auditing, sharing best practices, close follow up, reporting and investigation of the cause of an accident as well as prevention of future accidents.

The ambition of SCGC is to put in place a partner relationship based on trust which will contribute to creating safety improvement dynamics, and to consider the safety of its subcontractors as important as that of its own employees. Building on this approach, the group started in mid-2017 a new project for contractor management.

17-Dec	Employee LTI FR	Non-Employee LTI FR	Employee LTI SR	Number Fatalities Own Employees	Number Fatalities Non-Employees	Total case Injuries TC I (Own Employees)
Egypt	2017 YTD	2017 YTD	2017 YTD	2017 YTD	2017 YTD	2017 YTD
Suez	1.04	0.86	61.6	0	1	4.2
Kattameya	1.82	0	107.2	0	0	5.5
Tourah	0	0	0	0	0	2.3
Helwan	1.82	0	16.4	0	0	3
Minya	0	0	0	0	0	0
Head Quarter (HQ)	0	0	0	0	0	0

Based on evaluating their competencies; via pre-qualification and evaluation and the efficiency of their occupational health and safety management system, the Group's 85 contractors from different categories over the year achieved the following results, and the process is still going on.

17-Dec	Employee LTI FR	Non-Employee LTI FR	Employee LTI SR	Number Fatalities Own Employees	Number Fatalities Non-Employees	Total case Injuries TC I (Own Employees)
Egypt	2017 YTD	2017 YTD	2017 YTD	2017 YTD	2017 YTD	2017 YTD
Suez	1.04	0.86	61.6	0	1	4.2
Kattameya	1.82	0	107.2	0	0	5.5
Tourah	0	0	0	0	0	2.3
Helwan	1.82	0	16.4	0	0	3
Minya	0	0	0	0	0	0
HQ	0	0	0	0	0	0
Logistics & others	0	0	0	0	0	0
Cement	0.92	0.16	26.7	0	1	2.8
Other business	0	0	0	0	0	4.5
Egypt W/o RMC	0.89	0.16	25.7	0	1	2.8

17-Dec	Near hit	Safety talk
	2017 YTD	2017 YTD
Suez	3,243	5,730
Kattameya	4,478	4,197
Tourah	4,556	4,979
Helwan	5,570	5,675
El Menya	1,361	2,430
Overhead (HQ)	144	475
Logistics & others	2	5
Cement Egypt	19,354	23,491

HEALTH AND PRODUCT RESPONSIBILITY

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

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

Exposure Risk								
		Tourah	Helwan	Kattameya	Suez	Minya	Suez Bags	HQ
% of workers exposed	Dust	79%	64%	60%	78%	55%	0%	0%
	Silica	64%	46%	35%	45%	47%	0%	0%
	Noise	30%	60%	60%	72%	46%	62%	0%
	Whole-body vibration	3%	4%	5%	4%	5%	6%	0%
Monitoring								
% of workers monitored	Dust	98%	100%	100%	100%	100%	4%	0%
	Silica	100%	100%	100%	100%	99%	2%	0%
	Noise	65%	100%	100%	99%	100%	3%	0%
	Whole-body vibration	100%	100%	100%	100%	100%	75%	0%

ENVIRONMENTAL PROTECTION

All of SCGC's plants have renewed their ISO 14001 certificates and applied the new version of ISO 14001/2015 standards. Each plant has its own certification.

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

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

Climate Protection

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

In 2015, the Suez, Kattameya and Tourah Plants received permission to utilize coal power for two years. These Permits were renewed in 2017 based on 2 annual performance reports submitted from each plant for 2 years until 2019.

The approval process to integrate coal/petcock power at the Helwan plant was approved on April 2017 and the first annual performance report will be submit on April 2018, followed by the 2nd annual performance report on April 2019.

In 2018 SCGC's will go on the process to have an approval of using ground coal/petcoke as a fuel for El Menya Plant.

SCGC's 2016 CO_2 Cement Production* Emissions

Absolute gross (tonne/year)	5,369,966
Specific gross (kg/tonne clinker)	888
Specific gross (kg/tonne cem.**)	748

* 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..

Air Emissions

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

Regular monitoring: 100% of SCGC's clinker production lines are equipped with CEMs to measure SO2, NOx, CO, O2, THC and dust as per HeidelbergCement Guidelines.

Spot monitoring: All pollutants, other pollutants (Heavy metals, mercury and dioxin & Furan), work environment, ambient environment and waste water are now measured as part of plant emissions monitoring.

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

During 2018 SCGC will install new monitoring devices in Kattameya, Suez and Helwan plants for measuring the HCl & HF in the main stacks to comply with environmental law requirements.

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

Alternative Raw Materials (ARM): The Company is using non-quarried materials slag as a substitute for clinker in cement products. Slag as ARM represents 1.3% versus quarried raw materials.

Alternative Fuel: SCGC utilizes biomass and refuse-derived fuels to power cement production. Alternative fuel sources comprise 7.4% of the firm's total fuel mix, which mainly consists of fossil fuels. The vast majority of SCGC's alternative fuel consumption is Kattameya and Helwan Plants.t

Quarry Rehabilitation

In 2017, Suez Cement Company joined for its first time the **"Quarry Life Award"** program, lunched by Heidlebergcement Group since 2011. The competition runs every 2 years simultaneously at national and international levels, now QLA enters its fourth Edition. It is open to academics, scientists, experts, NGO's and individuals to carry out biodiversity related projects in Heidlebergcement `s quarries. The QLA is a fantastic tool to have our stakeholders learn and talk positively about our quarrying operation with the outside world.

The competition includes two streams, a maximum of 3 participating projects per each stream;

The Research stream is dedicated for scientific projects that increase knowledge of quarrying ecology and/or lead to improved biodiversity/landscape/water management at the quarries of Heidlebergcement `s subsidiaries as Suez Cement Co. in Egypt.

The Community stream is an engagement and outreach projects which help the quarry/Group to connect with external stakeholders and/or raise awareness/ educate about biodiversity in quarries.

Suez Cement Company offered four quarry sites in Egypt for the participants:

- Helwan limestone quarry no. 11623.
- Helwan clay quarry no. 10349 (exhausted quarry).

- Tourah clay quarry no. 11450.
- Kattamia clay quarry no. 11585.

For the National level of the competition, Suez Cement Co. selected three external jury members and two internal members for the contest of Egypt.

In Nov. 2017, the National jury selected six projects from thirteen proposals submitted for the competition:

- Monitoring the fauna and flora Biodiversity in "Helwan Limestone Quarry". (Research stream).
- Impact of Quarrying activities on Biodiversity of "Tourah Portland Clay Quarry Habitats" (Research stream).
- Environmental assessment of clay quarry and its effect on biodiversity in the area (Research stream).
- Producing a Short Documentary film about biodiversity of "Helwan Limestone Quarry" (Community stream).
- Plants, animals and wild birds in "Helwan Limestone Quarry" (Community stream).
- Raising the level of environmental awareness for primary school students through an illustrated caricature story, Community stream).

The total award value at national level is 15,000 euro and/or 90.000 euro at international level.

RESPONSIBLE PRODUCTION

Energy & Fuel

In 2017, SCGC continued to substitute fossil fuel with other types of energy sources, mainly coal and alternative fuels (AFs). Coal and AFs comprised about 81% of the cement plant's fuel mix (compared to 54% in 2016).

Consignment stock approach is in place since August 2017, which improved the working capital.

Spare Parts and Consumables

In spite of the aggressive impact of the local currency devaluation on the prices of all commodities in 2017, the Procurement Department managed to control price increase and stability of supply by several means such as quantity bundling, sourcing from low cost countries and local sources, and teamwork with the Technical Department. As a result, a cost saving of 28 million EGP was achieved.

Subcontracting

During 2017, the Procurement Department, with support from the Technical and HR Departments, reduced the need for 500 subcontractors' workers in the outsourced industrial services and general service categories, with no impact on the level of service.

Raw Material Sourcing & Quarry Operation

Although more challenges were encountered during 2017 in the area of raw material sourcing and quarry operation, the procurement department managed to introduce new suppliers and sources which resulted in a total cost savings of 12.4 million EGP while maintaining the same level of quality and suppliers' performance.

Supplier Qualification

The Supplier Qualification Program continued in 2017 as part of SCGC's commitment to Sustainable Development.

The aim of the initiative is to objectively evaluate suppliers by analyzing their performance, financial stability, and commitment to health, safety and environmental protection as well as the Group's Code of Ethics. The program is supported by the Technical, Safety, Finance and Legal Departments as each are responsible for the evaluation of suppliers in their areas of concern. In 2017, 169 new suppliers were registered and the pre-qualification process was initiated for another 87 suppliers.

SOCIAL INITIATIVES

Driven by the company's ongoing commitment to CSR, SCGC has continued to promote initiatives that focus on the key needs of local community members. In 2017, SCGC made education and health as first priority. These initiatives also aim to improve stakeholder relations through dialogue and co-operation. Only projects that contribute to the quality of life for community members as well as comply with local government policies were implemented. The group hopes to build a better future for generations to come, in cooperation with local non-governmental organizations, schools, hospitals and universities.

As part of the group's interest in education, Tourah and Helwan companies, in cooperation with the Association for Development and Enhancement of Women, renovated two schools in the Tourah and Kafr El Elw. The programme helped to improve educational conditions through upgrading school infrastructure to create a healthy environment for young people.

In the same vein, the group paid school fees to the students at the Kafr El Elw Cement School, and donated desks for a number of schools.

In a quick response from the group, El Minya Cement plant in cooperation with Beni Khaled Society for Community Development, provided buses to safely transport 965 students to and from Beni Khaled new schools and built a wall around the school complex to keep the students safe.

At the health level, The Suez Cement Company donated a ventilator to the intensive care unit at Suez Pubic Hospital as part of the effort to improve the efficiency of services provided to citizens.

Helwan Cement also supported and provided medical equipment for Kafr El Elw Medical Centre to ensure citizens' right to a healthy and safe life.

The group has organized and sponsored many sports and cultural events throughout 2017, which included:

- Sponsoring Ramadan tournament at Kafr El Elw Club.
- Sponsoring a ceremony awarding outstanding students in Helwan
- Sponsoring Egypt's Men of Letters Conference in El Minya Governorate
- Sponsoring a local science and engineering exhibition in Suez Governorate

The group was always at the forefront of charitable activities during the holy month of Ramadan and Eid al-Adha feast, distributing food and meat to needy families in the areas of Maasara, Kafr El-Elw, El Minya and Suez.

GLOSSARY OF TERMS

Acronyms and abbreviations

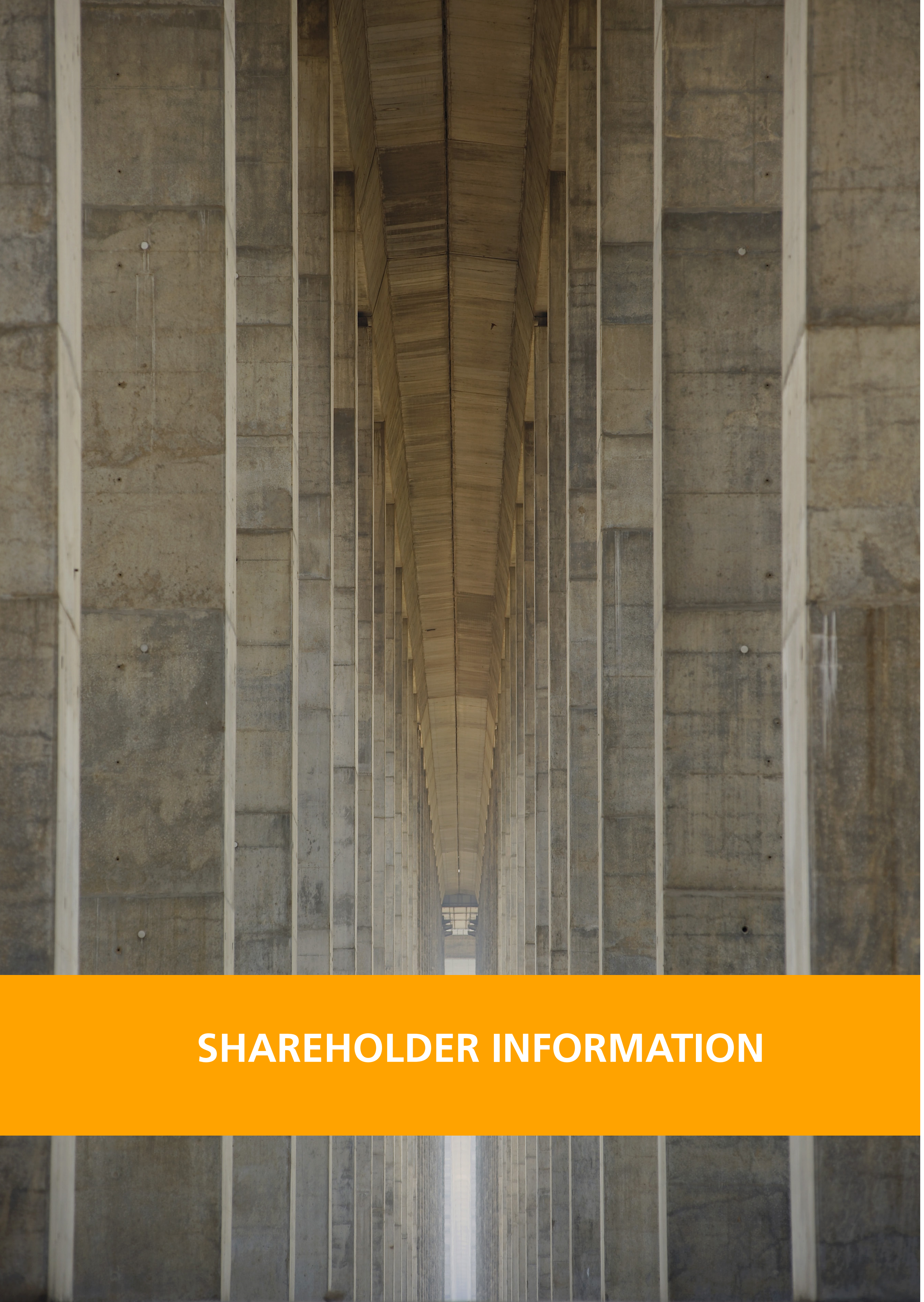
AFs	Alternative Fuels
ARMs	Alternative Raw Materials
AFRs	Alternative Fuels and Raw Materials
BWI	Building and Wood Workers' International
CEMs	Continuous Emissions Monitoring system
CSI	Cement Sustainability Initiative
GRI	Global Reporting Initiative
ILO	International Labour Organisation
ISO 14001	The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

Chemicals and units

CO_2	Carbon dioxide
SO_2	Sulphur dioxide
NOx	Nitrogen oxides
CO	Carbon monoxide
VOC	Volatile Organic Compounds

Chemicals and units

ng	nanogram (0.000000001 g)
mg	milligram (0.001 g)
g	gram
kg	kilogram (1,000 g)
t	tonne (1,000 kg)
kt	kilotonne (1,000 tonnes)
toe	tonnes of oil equivalent
ktoe	kilotonnes (1,000 tonnes) of oil equivalent
tpd	tonnes per day
m^3	cubic metre
MJ	mega joule (1 million joules)
MW	mega watt (1 million watt)
kWh	kilowatt-hour (1,000 watt-hour)
GWh	gigawatt-hour (1 billion watt-hour)



SHAREHOLDER INFORMATION

COMPOSITION OF THE BOARD AS OF DECEMBER 31ST, 2017

number	Name	In his Capacity as
1	Mr. Omar Abd El Aziz Mohanna	Chairman
2	Mr. José Maria Magrina	CEO
3	Mr. David Robert Paul Flory	Board Member
4	Mr. Hayrullah Hakan Gürdal	Board Member
5	Mr. Ali Ihsan Kucukoglu	Board Member
6	Mr. Mohamed Chaibi	Board Member
7	Mr. Akhilesh Gupta	Board Member
8	Mr. Raed Ibrahim Soliman El Mudaiham	Board Member
9	Mr. Veli Pekka Ettala	Board Member
10	Mr. Nahed Mahmoud Badry	Board Member
11	Mr. Mahmoud Hamed ElLithy	Board Member
12	Ms. Dina Andrea George Khayat	Board Member
13	Dr. Mounir Soliman Neamattalah	Board Member

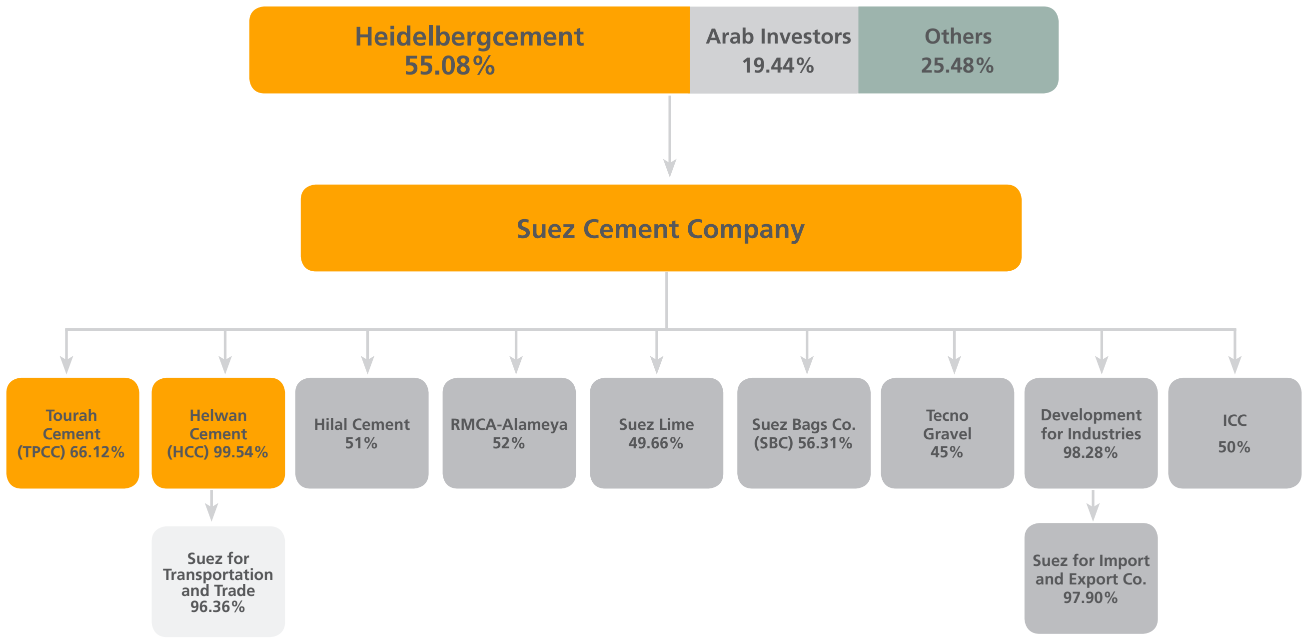
SHAREHOLDER INFORMATION

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

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

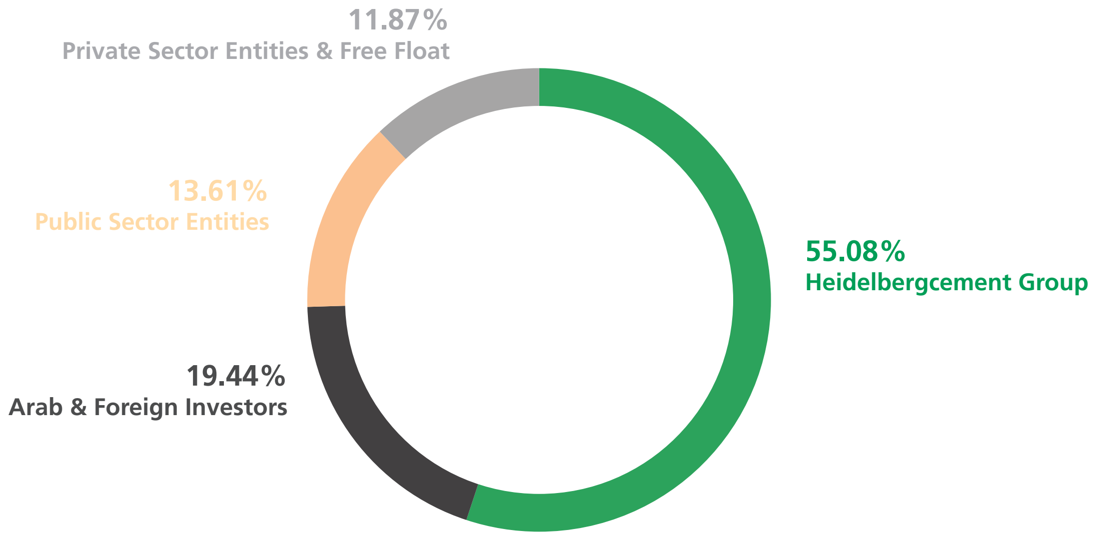
The group is mainly composed of Suez Cement Company (SCC), Tourah Portland Cement Company (TPCC), Helwan Cement Company (HCC), Suez Bags Company (SBC), Ready Mix Concrete Al-Alameya (RMCA) and Hilal Cement in Kuwait.

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



The afoementioned structure includes SCC direct and indirect ownershipht

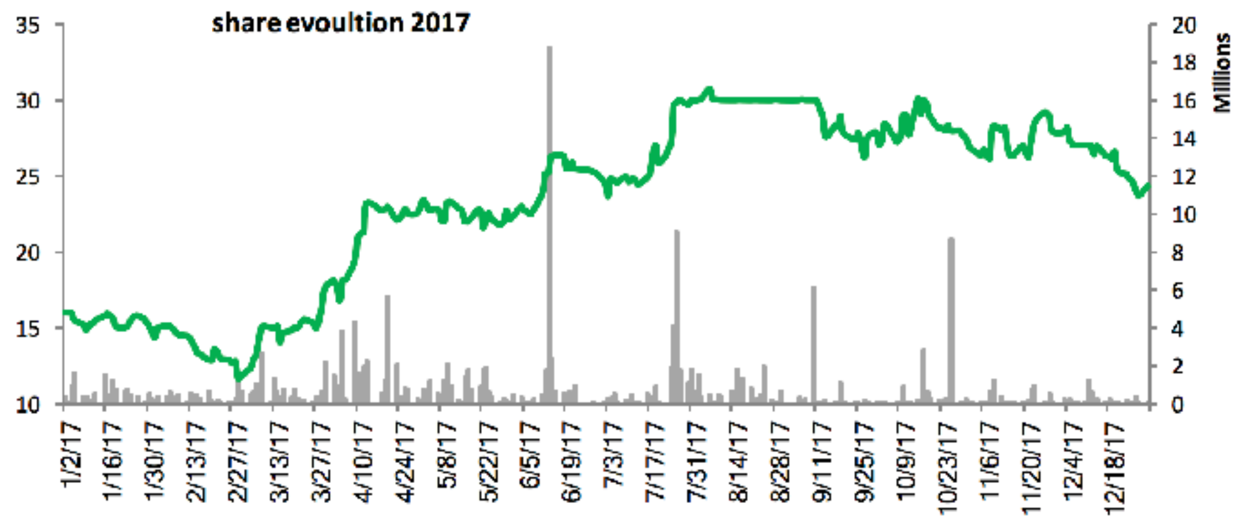
SCC Shareholding structure as of December 31st, 2017



SCC Trading Volume on The Egyptian Stock Market 2017

Month	Number of Traded Shares	Average Monthly Price	Trade Value EGP
January	800,524	15.49	12,401,166
February	413,065	13.95	5,763,568
March	1,119,598	14.45	16,178,109
April	1,466,130	20.76	30,442,075
May	803,073	22.42	18,006,551
June	1,113,297	25.22	28,082,335
July	842,385	28.67	24,151,120
August	444,782	30.03	13,355,837
September	291,372	29.65	8,639,603
October	528,725	28.53	15,082,266
November	199,977	27.75	5,548,612
December	155,122	26.44	4,101,742
Total	**8,178,050**	**22.22**	**181,752,984**

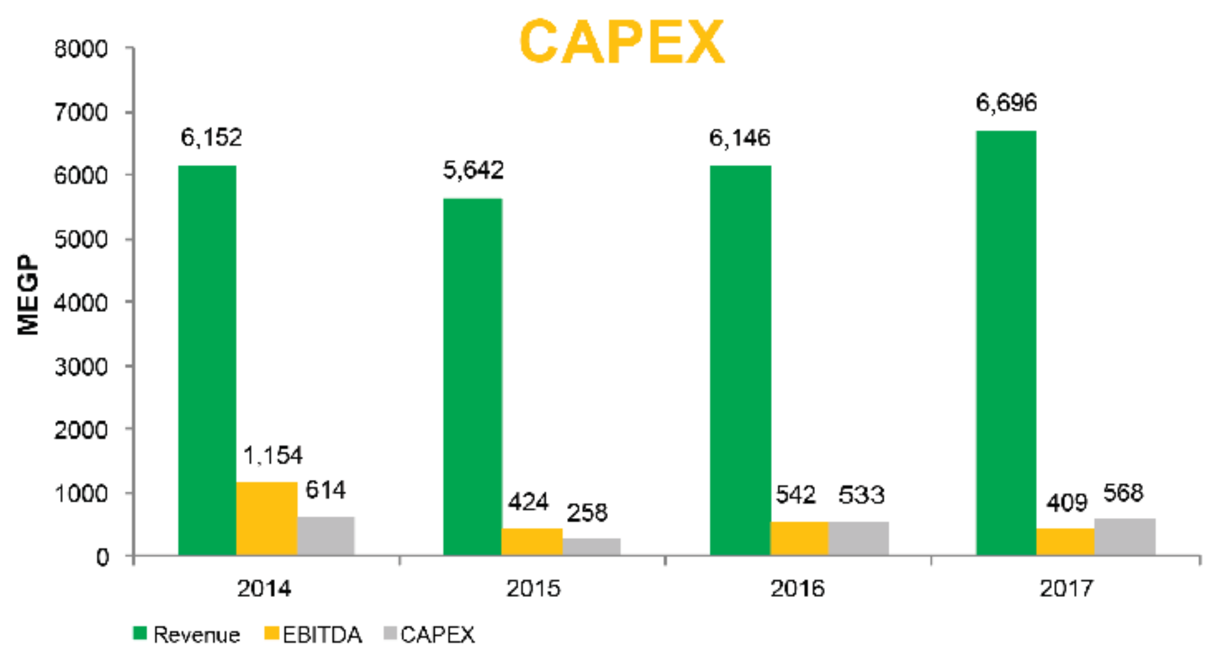
Source: Misr Information System and Trading (MIST)



Capital Expenditure (CAPEX)

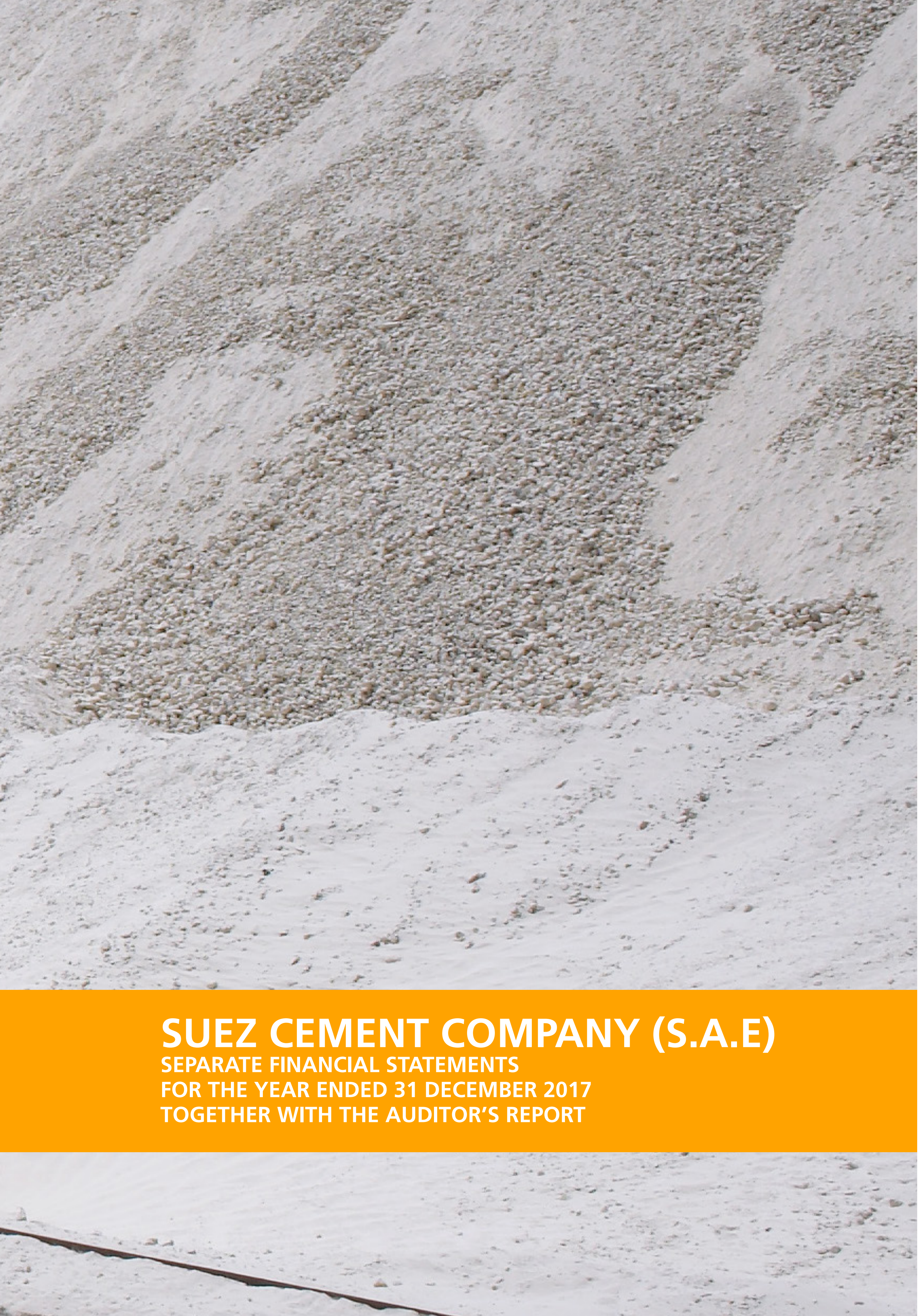
The SCC Capital Expenditure Programme is focused on reconstruction and modernization of our existing production facilities in order to reduce costs, improve process, and increase utilization capacities.

Year	2014	2015	2016	2017
Revenue	6,152	5,642	6,146	6,696
EBITDA	1,154	424	542	409
CAPEX	614	258	533	568



LEGAL INFORMATION ABOUT THE SUEZ CEMENT GROUP OF COMPANIES

Company/Docket		SCC	TPCC	HCC	SBC
Company Name		**Suez Cement**	**Tourah Portland Cement**	**Helwan Cement**	**Suez Bags**
Form		Joint stock company, governed by the Egyptian Law no. 8/1997	Egyptian stock company, governed by the Egyptian Law no. 159/1981	Egyptian stock company, governed by the Egyptian Law no. 159/1981	Joint stock company, governed by the Egyptian Law no. 8/1997
Registered Office		Nile City Towers, South Tower, 10th floor, Corniche El Nil, Cairo, Egypt	Tourah Portland Cement, Corniche El Nil, Tourah	Kafr El Elw, Helwan	Kattameya, K 30 Maadi/Ein Sokhna Road
Registration Number		181134 investments Cairo	1587 Giza	4451 investments Cairo	254876 investments Cairo
Date of Incorporation		06/03/1977	1927	February 1929	14/12/1988
Term		50 years from date of incorporation	Amended for 50 years starting 12/05/2001	Amended for 25 years starting 03/10/2000 to 02/10/2025	25 years from the incorporation date. Expired on 04/12/2038
Purpose		Producing all kinds of cement. Expired on 05/03/2027	Producing all kinds of cement and lime; owing terrestrial and river transportation; manufacturing spare parts and bags; land possession; selling and exploitation of quarries.	Producing all kinds of cement and lime; owing terrestrial and river transportation; manufacturing spare parts and bags; land possession; selling and exploitation of quarries.	Producing all kinds of paper bags.
Legal Information		By-laws, minutes of general meetings, statutory audit reports	By-laws, minutes of general meetings, statutory audit reports	By-laws, minutes of general meetings, statutory audit reports	By-laws, minutes of general meetings, statutory audit reports
Financial Year		January 1st to December 31st	January 1st to December 31st	January 1st to December 31st	January 1st to December 31st
Shares		HeidelbergCement Group 55.08% Arab Investors Association 19.46% Public sector and GDR 15.34% Private sector and persons 10.12%	Suez Cement 66.12% Metallurgical Industries Co. 18.64% Private sector and persons 15.24%	Suez Cement 99.54%	Suez Cement 53% Swiss Limited Dipeco 30% Closed underwriting 12% Tourah Portland Cement 5%
Voting Powers for Decision Making		Majority	Majority	Majority	Majority
Capital	Authorized	LE 3,600 million	LE 800 million	LE 2000 million	LE 24 million
	Paid up	LE 909,282,535	LE 357,621,000	LE 583,368,820	LE 21,870,000



SUEZ CEMENT COMPANY (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
TOGETHER WITH THE AUDITOR'S REPORT

Translation of Auditors' report
Originally issued in Arabic

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 2017, 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 2017, 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 2017 and for better understanding of the company's consolidated financial position as 31 December 2017 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: 6 March 2018

Auditors

Mohamed Ahmed Abu Elkassim	**Ehab M. Azer**
FESAA – FEST	FESAA – FEST
(RAA. 17553)	(RAA. 6537)
(EFSAR .359)	(EFSAR .87)

Allied for Accounting & Auditing (EY)

SEPARATE STATEMENT OF FINANCIAL POSITION As of 31 DECEMBER 2017

	Note	**31 December 2017 EGP**	31 December 2016 EGP
Assets			
Non-current assets			
Fixed assets	(12)	**884,801,879**	791,032,429
Fixed assets under construction	(13)	**170,310,574**	191,150,317
Investments in subsidiaries	(14-a)	**4,172,958,683**	4,497,901,738
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**	1,000,000
Non-current assets held for sale	(14-E)	**22,438,108**	-
Loan to subsidiaries	(15)	**25,000,000**	33,000,000
Total non-current assets		**5,308,216,500**	5,545,791,740
Current assets			
Inventory	(16)	**369,149,843**	598,079,172
Accounts and notes receivables	(17)	**30,416,149**	6,059,297
Due from related parties	(18)	**499,551,171**	250,533,210
Prepayments, other receivables and other debit balances	(19)	**157,624,391**	161,902,828
Cash at banks	(20)	**233,591,020**	572,331,494
Total current assets		**1,290,332,574**	1,588,906,001
Total assets		**6,598,549,074**	7,134,697,741
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)	**2,214,245,360**	2,214,245,360
Reserve of unrealized gains on available-for-sales investments		**327,001**	327,001
Other comprehensive income		**78,427**	2,101,952
Retained earnings		**1,768,900,360**	1,998,766,980
Losses for the year		**(441,793,098)**	(215,591,988)
Total equity		**4,905,681,852**	5,363,773,107
Non-current liabilities			
Other long term liabilities	(23)	**20,392,809**	24,777,587
Deferred tax liabilities	(11)	**55,823,537**	40,698,247
Total non-current liabilities		**76,216,346**	65,475,834
Current liabilities			
Provisions	(24)	**259,763,347**	241,029,275
Bank overdraft	(25)	**531**	36,616,846
Trade payables, accrued expenses and other credit balances	(26)	**442,873,848**	378,059,428
Due to related parties	(27)	**636,428,667**	818,758,612
Taxes payable	(28)	**77,926,325**	20,156,609
Advances from customers	(29)	**192,538,050**	141,960,776
Retention payables	(30)	**7,120,108**	6,821,515
Accrued Income tax		**-**	62,045,739
Total current liabilities		**1,616,650,876**	1,705,448,800
Total liabilities		**1,692,867,222**	1,770,924,634
Total equity and liabilities		**6,598,549,074**	7,134,697,741

Auditors		Accounting Manager	Chief Financial Officer	Managing Director	Chairman
Ehab M. Azer	Mohamed Ahmed Abu Elkassim	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 separate financial statements.

FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION
SUSTAINABLE DISCLOSURE
ANNUAL REPORT
CONTENTS

SEPARATE STATEMENT OF INCOME (PROFIT OR LOSS) FOR THE YEAR ENDED IN 31 DECEMBER 2017

	Note	31 December 2017 EGP	31 December 2016 EGP
Sales	(4)	2,408,658,034	2,117,257,834
Cost of Sales	(5)	(2,409,245,347)	(1,730,764,119)
GROSS (LOSSES) / PROFIT		(587,313)	386,493,715
General and administrative expenses	(6)	(189,996,826)	(143,640,224)
Finance income	(7)	26,327,606	56,562,168
Finance cost	(8)	(6,883,204)	(7,964,618)
Foreign exchange differences		10,747,318	(392,514,722)
Gain from sale of fixed assets	(12)	54,042,763	305,456
Provisions	(24)	(113,356,053)	(88,000,768)
Provisions no longer required		35,325,349	3,010,656
Board of directors' remuneration and allowance		(180,000)	(165,000)
Dividends income	(9)	21,139,000	29,418,619
(losses) / Liquidation investments gain		5	(13,091)
Impairment of investments		(302,504,947)	(47,701,250)
Losses of sale of obsolete inventory		(3,234,033)	(5,758,420)
Other Expenses	(10 -a)	(41,013,875)	-
Other income	(10- b)	84,093,877	50,281,439
PROFIT FOR THE YEAR BEFORE INCOME TAX		(426,080,333)	(159,686,040)
Deferred income taxes for the Year	(11)	(15,712,765)	6,139,791
Income taxes for the Year	(11)	-	(62,045,739)
LOSSES FOR THE Year		(441,793,098)	(215,591,988)
(LE) Earnings Per Share - basic and diluted	(31)	(2.43)	(1.19)

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 separate financial statements

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED IN 31 DECEMBER 2017

	Note	31 December 2017 EGP	31 December 2016 EGP
(LOSSES) FOR THE YEAR		(441,793,098)	(215,591,988)
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		-	(993,858)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		-	(993,858)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gains/(losses) on defined benefit plans		(2,611,000)	3,367,424
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods, net of tax		587,475	(757,670)
Other comprehensive income/(loss), net of tax		(2,023,525)	2,609,754
Total comprehensive income, net of tax		(443,816,623)	(213,976,092)

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 separate financial statements

SEPARTE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED IN 31 DECEMBER 2017

	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	Losses for the year	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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)
Profit 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**
Balance as of 1 January 2016 as issued	909,282,535	454,641,267	2,214,173,360	1,320,859	-	1,842,361,036	361,032,928	5,782,811,985
Effects of change in accounting policies	-	-	-	-	(507,802)	(352,362)	860,164	-
Restated Balance	**909,282,535**	**454,641,267**	**2,214,173,360**	**1,320,859**	**(507,802)**	**1,842,008,674**	**361,893,092**	**5,782,811,985**
Losses for the year	-	-	-	-	-	-	(215,591,988)	(215,591,988)
Reserve of unrealized gains on available-for-sales investments	-	-	-	(993,858)				(993,858)
Other comprehensive income, net of tax	-	-	-	-	2,609,754	-	-	2,609,754
Total comprehensive income, net of tax	**-**	**-**	**-**	**(993,858)**	**2,609,754**	**-**	**(215,591,988)**	**(213,976,092)**
Transferred to retained earnings	-	-	-	-	-	361,893,092	(361,893,092)	-
Dividends and transferred to other reserves	-	-	72,000	-	-	(205,134,786)	-	(205,062,786)
Balance as of 31 December 2016	**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**

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

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED IN 31 DECEMBER 2017

	Note	31 December 2017 EGP	31 December 2016 EGP
Cash flows from operating activities			
Losses before income tax		**(426,080,333)**	(159,686,040)
Dividends income	(9)	**(21,139,000)**	(29,418,619)
Liquidation investments (gain) / Losses		**(5)**	13,091
Impairment in value of Investments		**302,504,947**	47,701,250
Depreciation of fixed assets	(12)	**137,472,657**	135,774,179
Provisions	(24)	**113,356,053**	88,000,768
Provisions no longer required		**(35,325,349)**	(3,010,656)
Decline in value of obsolete inventory	(24)	**14,170,427**	-
Reversal of decline in value of obsolete inventory		**-**	(5,024,965)
Liabilities against end of service plan	(23)	**3,412,000**	5,416,268
End of service past service cost recognized		**(5,958,000)**	-
Taxes adjustments		**4,835,725**	-
Finance costs		**6,883,204**	7,964,618
Credit interests		**(26,327,606)**	(56,562,168)
Losses / (Gain) on disposal of fixed assets		**(54,042,763)**	(305,456)
Losses for disposal spare parts capitalized		**-**	1,407,715
Foreign exchange differences		**(10,747,318)**	392,514,722
Cash from operations before working capital changes:		**3,014,639**	**424,784,707**
Changes in inventory	(16)	**214,758,902**	(167,099,782)
Changes in accounts and notes receivables	(17)	**(24,356,852)**	(5,724,393)
Changes in due from related parties	(18)	**(249,017,961)**	(244,687,202)
Changes in prepayments, other receivables and other debit balances	(19)	**(2,254,984)**	(48,089,797)
Changes in advances from customers		**50,577,274**	57,376,896
Changes in trade payables, accrued expenses and other credit balances	(29)	**64,814,420**	91,937,360
Changes in taxes payable	(26)	**57,769,716**	505,807
Changes in due to related parties	(28)	**(182,329,945)**	663,963,220
Changes in retentions payable	(27)	**298,593**	1,701,360
Finance expense paid	(8)	**(6,883,204)**	(7,964,618)
Income taxes paid	(7)	**(62,045,739)**	(22,882,160)
Provisions used	(24)	**(59,296,632)**	(11,824,625)
Decline in debit balances from provisions used		**(343,935)**	(325,418)
Payments in respect of End of service plan		**(4,449,778)**	(7,137,267)
Net cash from operating activities		**(199,745,486)**	**724,534,088**
Cash flows from investing activities			
Finance income received		**33,204,969**	55,045,831
Payment from purchase of fixed assets		**(1,629,604)**	(3,002)
Proceeds from sale of fixed assets	(12)	**71,474,720**	305,456
Payments in fixed assets under construction	(13)	**(226,204,718)**	(132,163,089)
Dividends paid		**21,139,000**	29,418,619
Proceeds from liquidation of investments		**-**	623,700
Net cash from investing activities		**(102,015,633)**	**(46,772,485)**
Cash flows from financing activities			
Proceeds from loans from subsidiaries		**8,000,000**	-
Dividends paid		**(19,110,358)**	(205,062,786)
NET CAH FROM FINANCING ACTIVITIES		**(11,110,358)**	**(205,062,786)**
Net increase (decrease) in cash and cash equivalent during the year		**(312,871,477)**	472,698,817
Cash and cash equivalent- beginning of the year		**535,714,648**	455,530,553
Foreign exchange differences		**10,747,318**	(392,514,722)
Cash and cash equivalent- end of the year		**233,590,489**	**535,714,648**
For the purpose of preparing the statement of cash flows; cash and cash equivalent comprise of the following:			
Cash at banks	(20)	**233,591,020**	572,331,494
less:			
Bank overdraft	(25)	**(531)**	(36,616,846
Cash and cash equivalen		**233,590,489**	**535,714,648**

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

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

HeidelbergCement, which acquired 100% of Italcementi's share capital, through its subsidiaries, owns 55% of Suez Cement's outstanding shares as of 31 December 2017 .

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 2017 were authorized for issuance in accordance with the Board of Directors' resolution on 6 March 2018.

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.

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.

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.

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.

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) .

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.1 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 2017 were reported under one segment in the financial statements.

FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION
SUSTAINABLE DISCLOSURE
ANNUAL REPORT
CONTENTS

4 Sales

	31 December 2017	31 December 2016
	EGP	EGP
Bulk Cement Sales (Domestic)	696,226,478	384,397,040
Bagged Cement Sales (Domestic)	1,470,010,912	1,499,830,935
Discount of Bagged Cement (Domestic)	(9,084,480)	(15,158,283)
Bagged Cement Sales (foreign)	15,307,747	5,146,779
Bulk Cement Sales (foreign)	237,827	-
Clinker Sales (Domestic)	187,732,681	243,041,363
Clinker Sales (foreign)	48,226,869	-
	2,408,658,034	2,117,257,834

5 Cost of Sales

	31 December 2017	31 December 2016
	EGP	EGP
Clinker purchase	44,496,209	62,430,689
Fuels	881,115,234	557,029,746
Electricity	311,781,194	252,302,824
Raw Material	206,733,251	202,283,383
Clay fees	52,703,650	51,039,386
Maintenance	165,806,866	155,105,719
Freight	123,132,879	71,878,469
Salaries	164,652,556	156,125,242
Packages	120,633,295	88,207,987
Depreciation	128,674,988	128,469,721
Stock Variation	83,128,091	(85,088,313)
Decline of Inventory	14,170,427	-
Reverse in decline of Inventory	-	(5,024,965)
Other	112,216,707	96,004,231
	2,409,245,347	1,730,764,119

6 GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2017	31 December 2016
	EGP	EGP
Technical assistance fees	26,268,918	22,857,569
Salaries	63,209,634	51,303,167
End of service benefits plan- current and past service costs	1,033,000	1,356,913
Cancel - Employment Benefit Plan	(5,958,000)	-
Communication expenses	6,551,699	20,392,034
Other general and administrative expenses	97,944,875	46,255,375
Tax on dividends	946,700	1,475,166
	189,996,826	143,640,224

7 FINANCE INCOME

	31 December 2017	31 December 2016
	EGP	EGP
Credit interest from Loan to subsidiaries	4,779,641	4,428,020
Credit interest from time deposits and treasury bills	21,547,965	52,134,148
	26,327,606	56,562,168

8 FINANCE COST

	31 December 2017	31 December 2016
	EGP	EGP
Interest on benefit plan	2,379,000	4,059,355
Other bank charges	4,504,204	3,905,263
	6,883,204	7,964,618

9 DIVIDENDS INCOME

	31 December 2017	31 December 2016
	EGP	EGP
E.A.Ready Mix Concrete Al alamia (RMCA)- S	17,134,000	15,210,000
E.A.Suez Bags Company S	-	11,661,410
E.A.Suez for Transport and Trade – Egypt S	2,205,000	1,225,000
E.A.Lafarge Cement Company – Egypt S	-	84,709
E.A.Techno Gravel For Quarries-Egypt S	1,800,000	1,237,500
	21,139,000	29,418,619

10 – a OTHER EXPENSES

	31 December 2017	31 December 2016
	EGP	EGP
Rent of quarries – unused	1,740,163	-
Previous years expenses	16,295,606	-
Indemnities and penalties expenses	1,230,450	-
expenses Consultant services	7,221,572	-
Delay interest - payments	14,105,373	
Other expenses	420,711	-
	41,013,875	-

10 -b OTHER INCOME

	31 December 2017	31 December 2016
	EGP	EGP
Management fees	14,029,764	12,659,449
Rentals	1,771,200	330,875
Penalties	2,527,151	3,657,118
Revenue from sale of scrap and other materials	36,440,607	4,955,601
income related to the previous year	28,020,715	27,723,453
Other income	1,304,440	954,943
	84,093,877	50,281,439

11 INCOME TAX
RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	31 December 2017 EGP	31 December 2016 EGP
Net (Losses) before income taxes	**(426,080,333)**	**(159,686,040)**
Add:		
Accounting depreciation	137,472,657	135,774,179
Donations	1,507,141	2,764,172
Board of directors' allowance	3,546,809	2,014,551
Provisions	133,549,480	93,417,036
Indemnities and fines	906,025	2,325,980
Previous year expenses- un-supported documents	16,295606	6,473,743
Tax on dividends	946,700	1,475,166
Labors Club	4,072,262	620,691
Dividend costs	159,841	110,666
Losses from liquidation of investments	-	13,091
Impairment in value of investments	302,504,947	47,701,250
Capital losses – building	4,507,456	-
Capital losses – other assets	1,444,274	-
Unrealized foreign exchange Gain 2016	204,975,239	-
Unrealized foreign exchange losses	195,464,512	551,297,527
Net profit as per tax law	**581,272,616**	**684,302,012**
less:		
Tax depreciation	199,306,727	(151,879,701)
Suez Cement Company's share in the Board of directors' bonuses of Suez Bag Company and Tourah Cement Company	-	(450,000)
Donations	-	(272,000)
Capital Gains	18,771,044	(305,456)
Used provisions	56,983,714	(9,839,114)
Provisions no longer required	41,283,349	(11,403,045)
Realized foreign exchange Losses 2016	551,297,527	-
Unrealized foreign exchange gains	176,050,320	(204,975,239)
Dividends received	21,139,000	(29,418,619)
Taxable income	**(483,559,065)**	**275,758,838**
Income tax at the effective tax rate 22,50%	**-**	**62,045,739**

DEFERRED INCOME TAX LIABILITIES

	31 December 2017 EGP	31 December 2016 EGP
Depreciation of fixed assets	(97,306,370)	(78,720,573)
Provisions	37,137,408	38,632,569
Actuarial provision	(22,769)	(610,243)
Unrealized FOREX losses	4,368,194	-
Net deferred income tax (liability)	**(55,823,537)**	**(40,698,247)**

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 .

11 INCOME TAX (continued)

- **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 2015 & 2016 & 2017 :**

  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 :**

  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 2017:**

  The company deducts the salary tax from employees and remits it to tax authority within the Legal grace period (monthly), The Company has not been assessed for this period till now,

d) Stamp duty tax

- **Period since inception up to 2005:**

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

- **Years from 2006 to 2010 :**
  The company paid the items that have been agreed upon with the internal committee

- **Years from 2011 to 2014:**

Currently inspection of this period until now the company not receive the result of inspection.

- **Years 2015 & 2017 :**

  No inspections took place for such period.

12 FIXED ASSETS

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	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

First

	Total
	EGP
(Proceeds from sale of fixed assets (A	71,474,720
Cost of fixed assets	113,086,504
Accumulated depreciation of fixed assets	(95,654,547)
(Net book value (B	17,431,957
(Losses from sale of fixed assets (A) - (B	54,042,763

Second

Fixed Assets as of 31 December 2017 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	183,430,479
Machinery, equipment and tools	711,705,189
Motor vehicles	18,979,183
Furniture and office equipment	29,438,680
Total	943,553,531

.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

12 FIXED ASSETS "Continued"

	Lands	Buildings, constructions, infra-structure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost						
As of 1 January 2016	398,503	535,131,298	1,889,801,695	43,837,947	86,910,658	2,556,080,101
Additions	-	-	-	-	3,002	3,002
Transfer from fixed assets under (construction (Note 13	-	12,735,651	82,562,437	818,071	4,941,136	101,057,295
Disposals	-	-	(14,707)	(1,542,800)	-	(1,557,507)
As of 31 December 2016	398,503	547,866,949	1,972,349,425	43,113,218	91,854,796	2,655,582,891
Accumulated depreciation						
As of 1 January 2016	-	(409,243,739)	(1,217,191,774)	(35,586,576)	(68,311,702)	(1,730,333,791)
Depreciation for the year	-	(19,845,971)	(107,598,571)	(1,534,028)	(6,795,609)	(135,774,179)
Disposals	-	-	14,707	1,542,800	-	1,557,507
As of 31 December 2016	-	(429,089,710)	(1,324,775,638)	(35,577,804)	(75,107,311)	(1,864,550,463)
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
Net book value as of December 2015 31	398,503	125,887,559	672,609,921	8,251,371	18,598,956	825,746,310

13 FIXED ASSETS UNDER CONSTRUCTION

	December 2017 31	31 December 2016
	EGP	EGP
Raw mill filter kilns	-	41,026,579
Spare parts for coal project	13,903,352	10,565,232
Environmental measuring stations to dust	-	5,880,934
2Gear box for cement mill 1	4,548,920	4,548,920
2Gear box for cement mill 2	3,186,118	3,186,118
Renew filter Bypass for kiln 2	-	3,452,696
KATTEMEYA (Cooler Dedusting)	14,768,712	3,949,678
Petcoke loading system	7,371,956	-
Preheater tower modification	8,658,316	-
Other	117,873,200	118,540,160
	170,310,574	**191,150,317**

The fixed assets under construction during the year ended in 31 of December 2017

	31 December 2017	31 December 2016
	EGP	EGP
Balance as of beginning of the year	191,150,317	161,452,238
Additions during the year	226,204,718	132,163,089
Transferred to fixed assets during the year	(247,044,461)	(101,057,295)
Disposals	-	(1,407,715)
Balance as of end of the year	**170,310,574**	**191,150,317**

14 INVESTMENTS

A) Investment Investments in subsidiaries

	% of Ownership	Par value	31 December 2017	31 December 2016
		EGP	EGP	EGP
Subsidiary companies				
E.A.Helwan Cement Company S	99,55	5	2,832,496,952	2,832,496,952
E.A.Tourah Portland Cement Company S	66,12	5	1,287,617,992	1,287,617,992
Impairment in value of investments* (Tourah)			(302,504,947)	-
E.A.Suez Bags Company S	53,32	10	-	22,438,108
EL Helal Cement Company-Kuwait (Kuwaiti Joint Stock Company)	51	15,29	270,415,816	270,415,816
Ready Mix Concrete Al alamia (RMC)" E.A.S	52	100	81,432,859	81,432,859
Company for Ready **International City Mix - KSA	50		-	47,701,250
Impairment in value of investments			-	(47,701,250)
Subsidiary companies through indirect investments *				
E.A.Suez For Transport and Trade S	96,37	100	3,500,000	3,500,000
Development and Construction Materials E.A.Company (DECOM) S	52	10	11	11
			4,172,958,683	**4,497,901,738**

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

The International City Company for Ready mix has been sold according to the approval from the ministry ** of trade and investment in Saudi Arabia on the amended contract for the Establishment contract of The International City Company for Ready mix

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

Investments in an associate and joint ventures

	% of Ownership	Par value	31 December 2017	31 December 2016
		EGP	EGP	EGP
Investment in an associate				
E.A.Techno Gravel For Quarries-Egypt S	45	10	28,334,257	28,334,257
Total investment in an associate			**28,334,257**	28,334,257
Share in joint ventures				
E *.A.Suez Lime Company S	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,

a) Investments available for sale

	% of Ownership	Par value	31 December 2017	31 December 2016
		EGP	EGP	EGP
E.A.Lafarge Cement Company – Egypt S	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**

14 INVESTMENTS "Continued"

a) Amounts paid under investments in subsidiaries and other companies

	% of Ownership	Par value	31 December 2017	31 December 2016
		EGP	EGP	EGP
E.A.*Italgen Egypt For Energy S	1	100	1,000,000	650,000
E.A.Italgen Gulf el Zeit for energy S	1	100	-	350,000
			1,000,000	1,000,000

*Italgen Gulf el Zeit for Energy Company merged in Italgen Egypt For Energy Company according to the approval of the extra ordinary general assembly meeting.

b) Non-current assets held for sale

	% of Ownership	Par value	31 December 2017	31 December 2016
		EGP	EGP	EGP
E.A.Suez Bags Company S	53,32	10	22,438,108	-
			22,438,108	-

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 2017 amounted to EGP 25 Million as follows:

EGP 12 Million; due from Ready Mix Concrete Al alamia (RMC)" S.A.E (subsidiary company by 52%).

EGP 13 Million; due from Development and Construction Materials Company (DECOM) S.A.E (subsidiary company by 52%).

16 INVENTORY

	31 December 2017	31 December 2016
	EGP	EGP
Raw materials	22,293,491	12,232,048
Spare parts and supplies	213,673,581	170,287,364
Fuel	87,669,335	103,930,495
Packing materials	6,729,347	3,068,621
Work in progress	40,916,845	134,868,813
Finished goods	54,859,187	42,887,399
Goods in transit	1,334,135	174,960,083
	427,475,921	642,234,823
less:		
Decline in value of obsolete (spare parts) inventory	(58,044,990)	(43,874,563)
Decline in value of obsolete (packing -bags) inventory	(281,088)	(281,088)
	(58,326,078)	) 44,155,651 (
	369,149,843	598,079,172

***Decline in the value of inventory**		
	31 December 2017	31 December 2016
	EGP	EGP
Beginning balance of the year	44,155,651	49,180,616
decline in the value of inventory during the year	14,170,427	-
Reverse the decline in the value of inventory during the year	-	(5,024,965)
Ending balance	58,326,078	44,155,651

17 Accounts and notes receivables

	31 December 2017	31 December 2016
	EGP	EGP
Accounts receivable	30,416,149	6,059,297
	30,416,149	6,059,297

	31 December 2017	31 December 2016
	EGP	EGP
Amounts receivable within 12 months	30,416,149	6,059,297
	30,416,149	6,059,297

There are no impairment on accounts and notes receivables on 31 December 2017 and 31 December 2016.

18 DUE FROM RELATED PARTIES

	31 December 2017	31 December 2016
	EGP	EGP
Tourah Portland Cement Company S.A.E	82,967,667	57,001,601
Helwan Cement Company S.A.E	396,025,884	187,458,983
Suez For Bags S.A.E	-	367,921
Ready Mix Concrete Al alamia (RMC)" S.A.E	3,613,256	1,953,937
Inter bulk S.A.E Company (Subsidiary to parent company)	949,864	389,131
Asia Cement (Subsidiary to parent company)	-	915,151
EL Helal Cement Company- Kuwait (Kuwaiti Joint Stock Company)	1,198,765	1,185,119
Suez For Lime S.A.E	52,941	10,900
Heidelberg Cement AG (holding for cement francias) (parent company)	-	-
Techno	15,036	-
Tanzania Portland Cement Company	6,318	-
Cimenteries CBR Cementbedrijven N.V	42,373	-
Development and Construction Materials Company (DECOM) S.A.E	14,679,067	1,250,467
	499,551,171	250,533,210

19 PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	31 December 2017	31 December 2016
	EGP	EGP
Prepaid expenses	20,508,996	10,222,231
Advances to suppliers	17,880,577	39,332,159
Debtors – Sale of assets	871,424	-
Deposits with others	63,071,197	51,989,833
Tax authority	5,803,083	6,588,945
Refunded tax	12,518,423	13,813,030
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	36,763,280	33.215.798
	157,672,235	155,417,251
Accrued income	105,985	6,983,341
Less: Impairment in value of other debit balances	(153,829)	(497,764)
	157,624,391	161,902,828

FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION
SUSTAINABLE DISCLOSURE
ANNUAL REPORT
CONTENTS

20 CASH AT BANKS

	31 December 2017 EGP	31 December 2016 EGP
a- Egyptian Pound		
Current accounts	**154,380,152**	74,515,550
Treasury bills (mature in three months)	**49,889,000**	495,934,974
b- Foreign currencies		
Current accounts	**952,589**	1,316,361
Time deposits (mature in three months)	**28,369,279**	564,609
	233,591,020	**572,331,494**

21 SHARE CAPITAL

	31 December 2017 EGP	31 December 2016 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	**181856507**	181856507

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 2017 EGP	December 2016 31 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**

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 2017
Discount rate	**17,50 %**
Average salary increase	**12 %**
Annuity schedule	**60**

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

	31 December 2017 EGP	31 December 2016 EGP
Present value of the defined benefit liability	**20,392,809**	24,777,587
Actuarial Present value of the defined benefit liability at the balance sheet	**20,392,809**	24,777,587

The movement of liability as per the balance sheet

	31 December 2017 EGP	31 December 2016 EGP
Liability - beginning of the year	**24,777,587**	29,866,010
Current service cost	**1,033,000**	1,356,913
Interest cost	**2,379,000**	4,059,355
Past Service Cost recognised	**(5,958,000)**	-
Payments from the plan	**(4,449,778)**	(7,137,267)
Actuarial losses / (gains)	**2,611,000**	(3,367,424)
Liability – end of the year	**20,392,809**	24,777,587

Defined benefit plan cost as per income statement

	31 December 2017 EGP	31 December 2016 EGP
Current service cost	**1,033,000**	1,356,913
Past Service Cost recognised	**(5,958,000)**	-
Interest cost	**2,379,000**	4,059,355

The analysis of defined benefit plan cost as per income statement

	31 December 2017 EGP	31 December 2016 EGP
General and administrative expense	**(4,925,000)**	1,356,913
Finance expense	**2,379,000**	4,059,355
	(2,546,000)	**268,5,416**

24 PROVISIONS

	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**
Judicial disputes	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**

	Balance as of 1 January 2016 EGP	Charged during the year EGP	Utilized during the year EGP	Provisions no longer required EGP	**Balance as of 31 December 2016 EGP**
Tax claims	126,639,910	35,760,768	(10,832,333)	(2,710,656)	**148,857,689**
Judicial disputes	13,066,237	50,000	-	(300,000)	**12,816,237**
Restructing -social costs		52,190,000		-	**52,190,000**
Training support fund	27,165,349		-		27,165,349
Other claims	992,292	-	(992,292)	-	
	167,863,788	88,000,768	(11,824,625)	(3,010,656)	**241,029,275**

No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in note 11 in respect of tax position.

25 Bank Overdraft

Suez Cement Company S.A.E obtained lines of credit from banks capped at EGP 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 these lines of credit as of 31 December 2017 amounted to EGP 531.

26 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2017 EGP	31 December 2016 EGP
Trade payables	**399,461,055**	290,863,275
Accrued expenses	**28,852,921**	44,708,980
Social and medical security	**1,226,938**	1,250,597
Other payables	**13,332,934**	41,236,576
	442,873,848	**378,059,428**

27 DUE TO RELATED PARTIES

	31 December 2017 EGP	31 December 2016 EGP
Ciments Francais (major shareholder)	68,145,632	60,339,987
Italcementi (holding for Ciments Francais)	62,671,392	38,138,202
Suez For Bags S.A.E	5,380,429	-
Suez For Transport and Trade S.A.E	25,274,724	14,176,598
Ciments Calcia (Subsidiary to parent company)	-	3,636,988
Heidelberg Cement Trading Malta Limited (Subsidiary to parent company)	6,446,980	130,666,430
Heidelberg Cement AG (holding for Italcementi) (parent company)	17,431,678	81,603
Inter bulk Logano (Subsidiary to parent company)	434,516,914	571,718,804
Heidelberg Technology Center Leimen , Germany (Subsidiary to parent company)	12,710,908	-
Devnya Cement AD Bulgaria (Subsidiary to parent company)	21,268	-
Heidelberg Cement France S.A.S.	3,828,742	-
	636,428,667	**818,758,612**

28 TAXES PAYABLES

	31 December 2017 EGP	31 December 2016 EGP
Tax authority – salary tax	**2,337,627**	1,953,512
Tax authority – withholding taxes	**3,978,047**	2,214,891
Tax authority-sales tax	**67,511,135**	12,230,895
Tax authority-Clay fees	**4,098,270**	3,757,311
Tax authority-Stamp duties	**1,246**	-
	77,926,325	20,156,609

29 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the year ended 31 December 2017 and 2016 is as follows:

	31 December 2017 EGP	31 December 2016 EGP
Balance at the beginning of the year	**141,960,776**	84,583,880
Add: amounts collected during the year	**2,459,235,308**	2,174,634,730
Less: delivered units during the year	**(2,408,658,034)**	(2,117,257,834)
Balance at the end of the year	**192,538,050**	**141,960,776**

	31 December 2017 EGP	31 December 2016 EGP
List advances by customers:		
Engineering authority of armed forces	**20,642,695**	-
Ministry of defence – logistics	**102,717,500**	-
Reliance Logistics	**152,708**	4,646,337
El Motahada for trade and transportation	**2,562,467**	3,129,844
El Asala for trade and commercial agencies	**1,853,468**	1,630,315
El Negma for Trade	**407,580**	658,621
Other	**64,201,632**	131,895,659
	192,538,050	**141,960,776**

30 RETENTIONS PAYABLE (Deposits form others)

	31 December 2017 EGP	31 December 2016 EGP
Retentions payable within 12 months	7,120,108	6,821,515
	7,120,108	**6,821,515**

31 PROFIT EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net (loss) profit 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 2017	31 December 2016
	EGP	EGP
Net (losses) for the year	(441,793,098)	(215,591,988)
Independent BOD members bonus	(500,000)	(500,000)
Net profit attributable to the ordinary equity holders	(442,293,098)	(216,091,988)
Weighted average number of ordinary shares for basic and diluted earnings	181856507	181856507
LOSS)/ EPS – basic and diluted)	(2.43)	(19 .1)

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

32 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	10,000	10,000	10,000
Bank of Alexandria	9,098,868	9,098,868	19,763
	9,108,868	**9,108,868**	**29,763**

The outstanding balance of issued letters of credit in favor of Suez Cement Company as of 31 December 2017 amounted to EGP 7,615,895

33 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:

31 December 2017

Company	Nature	Technical assistances fees	Expatriates fees	Purchases commission	Purchase Fuels	Purchase bags	Portion from Corporate redistribution	Sold cement / clinker	Purchase cement / clinker	Sold Transportation service	Purchase Transportation 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	K EGP	K EGP	K EGP
Suez Bags	Subsidiary	-	-	-	-	116,821	7,047	-	-	-	-	38	-
Italcementi	Major shareholder for Ciments Francais	26,269	4,560	-	-	-	-	-	-	-	-	-	-
Tourah Cement	Subsidiary	5,800	-	-	12,359	-	30,625	24,809	-	1,159	-	8	2,886
Helwan Cement	Subsidiary	-	-	-	-	-	54,624	162,400	40,874	3,520	-	384,240	397
Ready Mix Concrete Al alamia (RMC)	Subsidiary	-	-	-	-	-	-	28,119	-	-	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	63,977	-	-	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	-	-	3,390	-	-	75,828	-	-
Heidelberg Cement Trading Malta Limited	Related party	-	-	-	584,238	-	-	23,168	-	-	-	-	-
Heidelberg Cement AG	Parent company	-	17,432	-	-	-	-	-	-	-	-	-	-
Inter bulk Trading Egy	Related party	-	-	-	-	-	-	480	-	-	-	-	-
Heidelberg Cement France S.A.S.	Related party		3,829										

33- RELATED PARTY DISCLOSURES "Continued"

31 December 2016

Company	Nature	Technical assistances fees	Expatriates fees	Purchases commission	Purchase Fuels	Purchase bags	Portion from Corporate redistribution	Purchase cement / clinker	Sold cement / clinker	Sold transportation services	Purchase transportation services	Purchase raw material
		K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP
Ciments Francais	Major shareholder	10,285	22,858	-	-	-	-	-	-	-	-	-
Suez Bags Company	Subsidiary	-	-		-	78,762	5,432	-	-		-	-
Italcementi	Major shareholder for Ciments Francais	12,573	-	10,522	-	-	-	-	-	-	-	-
Tourah Portland Cement	Subsidiary	6,874	-	-	-	-	31,281	-	54,552	11,422	-	249
Helwan Cement Company	Subsidiary	-	-	-	-	-	55,981	188	87,664	21,129	-	197
Ready Mix Concrete Al alamia (RMC)	Subsidiary	-	-	-	-	-	-	-	12,792	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	-	34,314	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	-	-	-	33,722	-	80,668	-
Inter bulk Trading Logano	Related party	-	-	-	193,935	-	-	-	-	-	-	-
Ciment Calcia	Related party	-	3,659	-	-	-	-	-	-	-	-	-
Interbulk Egypt	Related party	-	-	-	-	-	-	-	14,040	-	-	-
Heidelberg Cement Trading Malta Limited	Related party	-	-	-	129,917	-	-	-	5,147	-	-	-
Heidelberg Cement AG	Related party	-	82	-	-	-	-	-	-	-	-	-

33 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 2017

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
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
Suez For Bags S.A.E	-	(5,380,429)	(4,823,173)	-	(727,670)	170,414
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
Suez For Lime S.A.E	52,941	-	-	52,941	-	-
Heidelberg Cement AG	-	(17,431,678)	(17,594,428)	-	-	162,750
Development and Construction Materials Company (DECOM) S.A.E	14,679,067	-	-	-	-	14,679,067
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)	-	-	-
Heidelberg Technology Center Leimen , Germany (Related party)	-	(12,710,908)	(12,710,908)	-	-	-
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	(636,428,667)	(635,529,717)	9,767,886	(5,836,041)	494,720,376

33 RELATED PARTY DISCLOSURES (continued)

31 December 2016

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
Tourah Portland Cement Company S.A.E	57,001,601	-	-	22,901,997	(3,882,861)	37,982,465
Helwan Cement Company S.A.E	187,458,983	-	-	41,189,352	-	146,269,631
Ready Mix Concrete Al alamia (RMC)" S.A.E	1,953,937	-	-	-	(773,214)	2,727,151
EL Helal Cement Company Kuwait (Kuwaiti Joint Stock Company)	1,185,119	-	-	-	-	1,185,119
Development and Construction Materials Company (DECOM) S.A.E	1,250,467	-	-	-	(2,533,437)	3,783,904
Suez For Lime S.A.E	10,900	-	-	10,900	-	-
Inter bulk (Related party)	389,131	-	-	-	(700)	389,831
Asia Cement (Related party)	915,151	-	-	-	-	915,151
Ciments Francais (major shareholder)	-	(60,339,987)	(60,339,987)	-	-	-
Suez Bags Company S.A.E,	367,921	-	-	367,921	-	-
Italcementi (holding for Ciments Francais)	-	(38,138,202)	(38,138,202)	-	-	-
Suez For Transport and Trade S.A.E	-	(14,176,598)	(14,600,108)	423,510	-	-
Heidelberg Cement Trading Malta Limited (Related party)	-	(130,666,430)	(130,666,430)	-	-	-
Heidelberg Cement AG (holding for Italcementi)	-	(81,603)	(81,603)			-
Inter bulk (Related party)	-	(571,718,804)	(571,718,804)	-	-	-
Ciments Calcia (Related party)	-	(3,636,988)	(3,636,988)	-	-	-
	250,533,210	(818,758,612)	(819,182,122)	64,893,680	(7,190,212)	193,253,252

33 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 December 2017	31 December 2016
	EGP	EGP
Loan to Ready Mix Concrete Al alamia (RMC)" S,A,E	**12,000,000**	15,000,000
Development and Construction Materials Company (DECOM) S,A,E	**13,000,000**	18,000,000
	25,000,000	33,000,000

34 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 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.

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT "continued"

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 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 2017		31 December 2016
	Change in rate	**Effect on losses before tax**	Change in rate	Effect on losses before tax
		EGP		EGP
Financial asset	+1%	**1,032,583**	+1%	5,294,996
	- 1%	**(1,032,583)**	- 1%	(5,294,996)
Financial liability	+1%	**(5)**	+1%	(371,254)
	- 1%	**5**	- 1%	371,254

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.

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 2017		31 December 2016
	Change in rate	**Effect on losses before tax**	Change in rate	Effect on losses before tax
		EGP		EGP
USD	+10%	**(47,383,407)**	+10%	(69,835,025)
	-10%	**47,383,407**	-10%	69,835,025
GBP	+10%	**12,820**	+10%	4,006
	-10%	**(12,820)**	-10%	(4,006)
EUR	+10%	**(17,524,498)**	+10%	(13,563,835)
	-10%	**17,524,498**	-10%	13,563,835
KWD	+10%	**(76,325)**	+10%	724,329
	-10%	**76,325**	-10%	(724,329)
CHF	**+10%**	**(72,609)**	+10%	791,559
	-10%	**72,609**	-10%	(791,559)

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 2017			
Advances from Customers	192,538,050	-	192,538,050
Banks overdraft	531	-	531
Retentions payable	6,942,911	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	636,428,667	-	636,428,667
Total undiscounted financial liabilities	1,356,710,332	177,269	1,356,887,529

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT “continued”

	Less than 3 Months	3 to 12 Months	Total
As at 31 December 2016			
Advances from Customers	141,960,776	-	141,960,776
Banks overdraft	36,616,846	-	36,616,846
Retentions payable	2,325,990	4,495,525	6,821,515
Trade and other payables	378,059,428	-	378,059,428
Due to tax authority	20,156,609	-	20,156,609
Income tax payable	-	62,045,739	62,045,739
Due to related parties	818,758,612	-	818,758,612
Total undiscounted financial liabilities	1,397,878,261	66,541,264	1,464,419,525

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

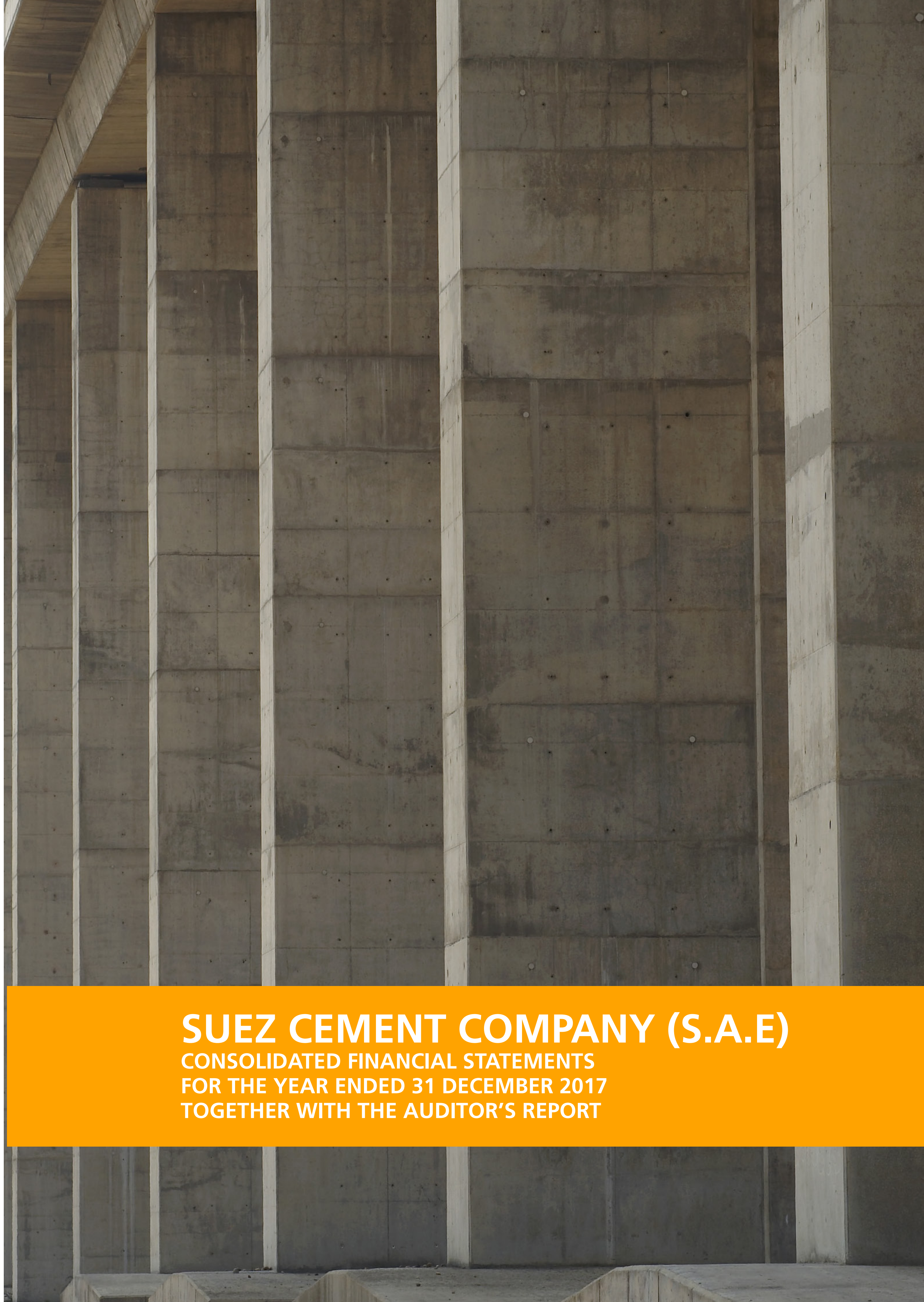
,Financial instruments comprise financial assets and financial liabilities

Financial assets of the company include bank balances and cash, accounts and notes receivables, other receivables, held to maturity investments and due from related parties, financial liabilities of the company include interest-bearing loans and borrowings, trade and other payables, land purchase liabilities, 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 2016 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 2017
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 2017, 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 (15) 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: 15 March 2018

Auditors

Ehab M. Azer	Mohamed Ahmed Abu Elkassim
FESAA – FEST	FESAA – FEST
(RAA. 6537)	(RAA. 17553)
(EFSAR .87)	EFSAR .359))

	Note	31 December 2017	31 December 2016
		EGP	EGP
Assets			Restated
Non-current assets			
Fixed assets	(13)	**3,875,597,729**	4,058,308,170
Fixed assets under construction	(14)	**394,184,010**	641,414,175
Goodwill		**2,689,429,222**	2,740,344,085
Investment in an associate and shares in joint ventures	(15-a)	**41,610,569**	35,963,691
Available-for-sale investments	(15-b)	**1,460,562**	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**	2,000,000
Total non-current assets		**7,012,711,371**	**7,487,919,962**
Current assets			
Inventory	(17)	**1,067,684,474**	1,341,974,560
Accounts and notes receivable	(18)	**546,405,863**	428,321,116
Prepayment, other receivables and other debit balances	(19)	**539,948,770**	638,273,989
Cash on hand and at banks	(20)	**726,756,599**	1,351,084,980
Total current assets		**2,880,795,706**	**3,759,654,645**
Assets held for sale	(16)	**186,257,654**	-
Total assets		**10,079,764,731**	**11,247,574,607**
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		**260,113,607**	311,800,980
Accumulated actuarial (losses) on defined benefit plans		**3,996,986**	9,532,497
Retained earnings		**2,358,450,532**	2,749,397,226
(Losses) for the Year		**(937,615,084)**	(527,595,248)
Equity attributable to equity holders of the parent		**5,263,442,204**	6,121,631,618
Non-controlling interest	(22)	**513,923,606**	801,112,262
Total Equity		**5,777,365,810**	**6,922,743,880**
Non-current liabilities			
Medium term loans	(24)	**63,578,576**	314,034,175
Other long term liabilities	(25)	**43,587,637**	124,307,944
End of service benefits liabilities	(26)	**80,565,670**	99,600,463
Deferred tax End of services benefits			2,767,499
Deferred tax liabilities	(12)	**171,080,205**	161,364,107
Total non-current liabilities		**358,812,088**	**702,074,188**
Current liabilities			
Provisions	(27)	**964,075,282**	709,836,940
Bank overdraft	(23)	**316,008,855**	412,573,647
Trade payables, accrued expenses and other credit balances	(28)	**1,988,761,414**	2,042,237,266
Due to tax authority	(29)	**142,130,602**	61,692,002
Advances from customers	(30)	**429,927,621**	282,569,689
Retention Payable	(31)	**19,077,771**	22,799,229
Income taxes for the Year	(12)	**28,793,952**	91,047,766
Total current liabilities		**3,888,775,497**	**3,622,756,539**
Liabilities directly associated with the assets held for sale	(16)	**54,811,336**	-
Total liabilities		**4,302,398,921**	**4,324,830,727**
Total Equity and liabilities		**10,079,764,731**	**11,247,574,607**

Auditors		Accounting Manager	Chief Financial Officer	Managing Director	Chairman
Ehab M. Azer	**Mohamed Ahmed Abu Elkassim**	**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 interim financial statements.- Auditor's Report attached.

CONSOLIDATED STATEMENT OF INCOME (PROFIT AND LOSS) FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017	31 December 2016
		EGP	EGP
Sales	(6)	**6,468,019,971**	6,145,751,113
Cost of sales	(7)	**(6,488,206,830)**	(5,484,175,307)
GROSS PROFIT		**(20,186,859)**	661,575,806
General and administrative expenses	(8)	**(707,773,702)**	(562,078,273)
Investment income in an associate company		**7,839,360**	4,802,859
Investment income		**10,423,054**	5,313,177
Gain on sale of investment		**5**	6,205
Impairment in value of investment		**-**	(47,701,250)
Finance expenses	(9)	**(78,209,749)**	(73,538,509)
Finance income		**33,818,855**	62,559,473
Other income	(10)	**289,408,933**	104,665,880
Other expenses	(11)	**(90,680,205)**	(26,824,176)
Foreign exchange differences		**1,664,057**	(271,646,506)
Provisions		**(633,510,280)**	(272,482,463)
Provisions no longer required		**147,945,097**	11,571,675
Impairment of the value of fixed assets under construction		**-**	(6,000,000)
Impairment of goodwill		**(50,914,863)**	-
Impairment of accounts and notes receivable		**(17,355,095)**	(142,530,279)
Reversal of impairment of accounts and notes receivable		**(28,722,066)**	-
Other expenses-loss for the sale of obsolete inventory		**(2,196,626)**	(31,214,226)
Board of directors' remuneration and allowances		**(1,804,331)**	(645,375)
PROFIT BEFORE INCOME TAXES		**(1,140,254,415)**	(584,165,982)
Deferred income taxes for the Year		**(7,720,414)**	45,910,543
Income taxes for the Year	(12)	**(28,793,952)**	(91,047,766)
Losses for the year from continuing operations		**(1,176,768,781)**	**(629,303,205)**
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations		**38,254,521**	-
Losses for the year		**(1,138,514,260)**	**(629,303,205)**
Attributable to:			
Equity holders of the parent		**(937,615,084)**	(527,595,248)
Non-controlling interests		**(200,899,176)**	(101,707,957)
		(1,138,514,260)	(629,303,205)

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.

Financial Statements
Shareholder Information
Sustainable Disclosure
Annual Report
Contents

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	31 December 2017 EGP	31 December 2016 EGP
(LOSSES)\PROFITS FOR THE YEAR	(1,138,514,260)	(629,303,205)
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	-	(993,858)
Exchange differences on translation of foreign operations	(103,168,419)	531,859,625
Net other comprehensive income to be reclassified to profit or loss in subsequent Years, net of tax	(103,168,419)	530,865,767
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	(5,535,511)	11,244,070
Net other comprehensive income/(loss) not being reclassified to loss in subsequent Years, net of tax	(108,703,930)	542,109,837
Other comprehensive income/(loss), net of tax		
Total comprehensive income, net of tax	(1,247,218,190)	(87,193,368)
Attributable to:		
Equity holders of the parent	(994,837,968)	(246,994,991)
Non-controlling interests	(252,380,222)	159,801,623
	(1,247,218,190)	(87,193,368)

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.

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale	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.

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale investments	Cumulative foreign currencies translation differences		Retained earnings	(Losses) / Profits for the Year	Total	Non-controlling interest	Total Equity
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 31 December 2015 as issued	909,282,535	2,668,814,627	1,320,859	41,450,934	-	3,019,933,380	(60,143,884)	6,580,658,451	641,034,121	7,221,692,572
Income tax adjustment	-	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-
Effects of change in accounting policies	-	-	-	-	(1,711,573)	(1,138,093)	2,849,666	-	-	-
Restated Balance	909,282,535	2,668,814,627	1,320,859	41,450,934	(1,711,573)	3,018,795,287	(57,294,218)	6,580,658,451	641,034,121	7,221,692,572
Adjustments on retained earnings and NCI	-	-	-	-	-	(2,891,646)	-	(2,891,646)	(6,893,542)	(9,785,188)
Adjustments on non-controlling interest - share of NCI in the equity of Hilal Cement Group - Kuwait	-	-	-	-	-	-	-	-	35,571,495	35,571,495
Restated Balance as of 31 December 2015	909,282,535	2,668,814,627	1,320,859	41,450,934	(1,711,573)	3,015,903,641	(57,294,218)	6,577,766,805	669,712,074	7,247,478,879
(Losses)\Profit for the Year	-	-	-	-	-	-	(527,595,248)	(527,595,248)	(101,707,957)	(629,303,205)
Other comprehensive income, net of tax	-	-	(993,858)	270,350,046	11,244,070	-		280,600,258	261,509,579	542,109,837
Total comprehensive income, net of tax	-	-	(993,858)	270,350,046	11,244,070	-	(527,595,248)	(246,994,990)	159,801,622	(87,193,368)
Transferred to retained earnings	-	-	-	-	-	(57,294,218)	57,294,218	-	-	-
Dividends and transferred to reserves	-	72,000	-	-	-	(209,212,197)		(209,140,197)	(28,401,434)	(237,541,631)
Balance as of 31 December 2016	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

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

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 Dec 2017	31 Dec 2016
		EGP	EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
(Losses) before tax from continuing operations		**(1,140,254,415)**	(584,165,982)
Profit before tax from discontinued operations		**43,305,902**	-
(Losses) before tax		**(1,096,948,513)**	**(584,165,982)**
Liquidation investments (gain) / Losses		**(5)**	(6,205)
Impairment in value of investments		**-**	47,701,250
Impairment in GoodWill		**50,914,863**	-
Impairment of fixed assets		**144,371,114**	-
Depreciation of fixed assets	(13)	**534,913,978**	562,927,841
Decline in value of inventory	(17)	**31,504,476**	29,860
Reversal of decline in value of obsolete inventory	(17)	**-**	(9,925,694)
Provisions	(27)	**639,269,256**	272,482,463
Provisions no longer required	(27)	**(153,237,809)**	(11,571,675)
Impairment of accounts, notes receivable and other debit balances		**45,322,275**	142,530,279
Liabilities against end of service plan	(26)	**14,024,000**	28,962,404
End of service past service cost recognized	(26)	**(24,956,000)**	-
Investment income in an associate company		**(7,839,360)**	(4,802,859)
Impairment in the value of projects under construction	(14)	**-**	6,000,000
Liquidation of ICC Company fixed Assets		**274,493,975**	-
Liquidation of ICC Company projects under construction		**16,146,232**	-
Disposal of projects under construction		**-**	3,691,691
(Gain) from sale of fixed assets	(13)	**(144,214,464)**	(1,279,052)
Finance costs		**81,172,595**	73,538,509
Credit interests		**(37,243,929)**	(62,559,473)
Operating profits before changes in working capital		**367,692,684**	463,553,357
Change in inventory	(17)	**138,409,651**	(81,566,321)
Changes in accounts receivable, prepayments, other receivables and other debit balances	(18-19)	**(95,438,638)**	(550,408,486)
Change in accounts payable, advances from customers, accrued expenses and other payables	(28-29-31)	**116,082,565**	877,437,318
Changes in retentions payable		**(3,423,729)**	6,692,934
Finance costs paid		**(81,172,595)**	(73,538,509)
Income taxes paid		**(76,004,055)**	(225,325,808)
Taxes adjustments		**5,621,762**	(2,891,646)
Payment in respect of end of service plan	(26)	**(12,899,918)**	(12,903,314)
Provisions used	(27)	**(211,062,431)**	(38,603,081)
Decline in accounts and notes receivables from provisions used		**-**	(10,243,681)
Decline in debit balances from provisions used		**-**	(325,418)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**147,805,296**	351,877,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(13)	**(63,753,482)**	(63,301,004)
Proceeds from sale of fixed assets	(13)	**194,148,400**	1,279,052
Payments in fixed assets under construction	(14)	**(506,992,465)**	(495,152,365)
Proceeds from investment in an associate company		**2,192,482**	1,360,950
Credit interests received		**37,243,929**	62,559,473
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(337,161,136)**	(493,253,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in medium term loans and other long term liabilities		**(234,894,622)**	237,642,140
Dividends paid		**(45,582,699)**	(209,212,197)
Adjustments on retained earnings		**176,609,491**	
Dividends paid to non-controlling interest		**(26,226,574)**	(28,401,434)
Cash from discontinued operations		**(7,041,743)**	-
Changes in non-controlling interest		**(260,962,082)**	188,479,575
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(398,097,629)**	188,508,084
Net increase /(decrease) in cash and cash equivalent during the PERIOD		**(587,453,469)**	47,131,535
Foreign currencies translation differences related to fixed assets		**14,812,461**	(439,285,828)
Change in cumulative foreign currencies translation differences		**(51,687,373)**	270,350,046
Cash and cash equivalent - beginning of the Year		**1,351,084,980**	1,060,315,580
CASH AND CASH EQUIVALENT – END OF THE PERIOD	(20)	**726,756,599**	938,511,333

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalent comprise of the following:	31 December 2017	31 December 2016
	EGP	EGP
Cash on hand and at banks (20)	1,042,765,454	1,351,084,980
Less:		
Bank overdraft	(316,008,855)	(412,573,647)
CASH AND CASH EQUIVALENT	726,756,599	938,511,333

- 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 2017 were authorized for issuance in accordance with the Board of Directors' resolution on 6 March 2018.

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 2017	31 December 2016
	%	%
Egyptian Tourah Portland Cement Company S.A.E.	**66.12**	66.12
Suez Bags Company S.A.E.	**56.31**	56.31
Helwan Cement Company S.A.E.	**99.55**	99.55
Ready Mix Concrete El - Alamya (RMCA) S.A.E	**52**	52
Hilal Cement Group (K.S.C.C.) – Kuwait	**51**	51
Development and Construction Material Company (DECOM) S.A.E. – subsidiary of Universal For Ready Mix Production (RMPU) S.A.E. by 99,99%	**52**	52
Suez Transport and Trade Company S.A.E. – subsidiary of Helwan Cement Company S.A.E. by 55%	**96.37**	96.37
Suez For import and Export S.A.E	**96.37**	96.37
Company for Concrete International City	**50**	50

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 2017 amounting to LE 490,172,567 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 2017 amounting to LE 234,753,360.

Suez Bags Company S.A.E.

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

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

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

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

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

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

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

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 260,113,607 as of 31 December 2017 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 249,913,074 as of 31 December 2017 have been presented as a part of non-controlling interests in the consolidated statement of financial position (Note 21).

Axim for Industries Company (S.A.E)

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

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

On 19 August 2007, Suez Cement Company S.A.E. contributes in capital of Axim industries Company S.A.E by 90% (direct Share). Tourah Portland Cement Company S.A.E contributes in the capital by 5%; Helwan Cement Company S.A.E contributes in the capital by 5%. Accordingly, the total direct and indirect share of Suez Cement Company S.A.E is 98.28%.
On 20 April 2016, the company was liquidated and commercial register was erased.

Development for Industries Company (S.A.E)

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

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

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

On 20 April 2016, the company was liquidated and commercial register was erased.

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

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

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

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

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%.

International City for Ready Mix (LLC) - K.S.A

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

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

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

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

The International City Company for Ready mix has been sold according to the approval from the ministry of trade and investment in Saudi Arabia.

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

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 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 2017 EGP	31 December 2016 EGP
Cement and Clincker Sales	**4,773,518,197**	4,748,380,674
Concrete Ready Mix Sales	**1,694,501,774**	1,254,838,051
Bags Sales	**-**	142,532,388
	6,468,019,971	6,145,751,113

7. COST OF SALES

	31 December 2017 EGP	31 December 2016 EGP
Fuels	**1,749,335,248**	1,459,596,803
Electricity	**610,021,826**	505,966,932
Raw Material and Quarries rents	**1,817,778,223**	1,297,398,696
Packaging Materials	**277,942,401**	271,409,816
Fixed Assets Depreciation	**516,718,761**	441,565,527
Wages and Salaries	**525,933,953**	518,471,135
Freight	**128,868,137**	88,321,570
Impairment of fixed assets	**144,371,114**	-
Maintenances	**390,795,663**	396,562,564
Other	**326,441,504**	504,882,264
	6,488,206,830	5,484,175,307

8. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2017 EGP	31 December 2016 EGP
Technical assistance fees	119,667,627	86,328,542
Salaries	243,705,100	195,039,303
End of service benefits plan- current and past service costs (Note 25)	3,364,000	14,057,618
Cancel - Employment Benefit Plan	(24,545,000)	-
Communication and public relation expenses	9,811,029	30,636,712
Coupons Tax	946,700	46,805,213
Other general and administrative expenses	354,824,246	189,210,885
	707,773,702	562,078,273

9. FINANCE COST

	31 December 2017 EGP	31 December 2016 EGP
Interest on bank credit facilities and loans	57,604,822	50,173,811
Interest on End of service benefits plan (Note 25)	10,088,000	14,904,786
Other bank charges	10,516,927	8,459,912
	78,209,749	73,538,509

10. OTHER INCOME

	31 December 2017 EGP	31 December 2016 EGP
Gain from Salvage Sales	20,636,166	7,309,457
Amortization of Loan Grant*	2,445,464	2,445,464
Gain from sale of fixed assets	144,130,464	1,279,052
Settlement of Clay Fees	-	24,765,380
Other income	122,196,839	68,866,527
	289,408,933	104,665,880

*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 2017 EGP	31 December 2016 EGP
Rents against unused quarries	21,512,151	18,033,415
Delay interest - payments	14,105,373	-
Other expenses	55,062,681	8,790,761
	90,680,205	26,824,176

12. INCOME TAX

		31 December 2017 LE	31 December 2016 LE
(Losses) before tax from continuing operations		(1,140,254,415)	(584,165,982)
Profit before tax from discontinued operations		43,305,902	-
(Losses) before tax		(1,096,948,513)	(584,165,982)
Add:			
Provisions		656,624,351	415,012,742
Provisions – Defined benefits plans		3,490,000	14,057,618
Board of directors' allowance		3,703,809	2,218,551
Donations		2,310,641	5,493,943
Accounting depreciation		534,913,978	562,927,841
Other expenses		1,279,793,187	757,362,553
Less:			
Tax depreciation		(305,835,509)	(334,200,046)
Used provisions		(12,899,918)	(12,903,314)
Investment income		(10,423,054)	(5,313,177)
Approved Donations		-	(272,000)
Others		(907,267,350)	(415,561,991)
Taxable income		147,461,622	404,656,738
Income tax at the effective tax rate	22.50%	33,178,865	91,047,766
Income tax expense reported in the statement of profit or loss		28,793,952	91,047,766
Income tax attributable to a discontinued operation		4,384,913	-

Deferred income tax

	31 December 2017 EGP	31 December 2016 EGP
Depreciation of fixed assets	(304,772,236)	(319,297,533)
Provisions and accruals	115,628,246	157,933,426
Unrealized FOREX losses	18,063,785	-
Net deferred income tax (Liability)	(171,080,205)	(161,364,107)

	31 December 2017 EGP	31 December 2016 EGP
Net deferred income tax (Liability) from discontinued operations	(1,438,283)	-

TAX POSITION

The company's tax position is as follows:

a) Corporate taxes

- Years 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 2015 & 2016 :
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)

- 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 & 2017 :
No inspections took place for such period.
The company prepares tax return monthly and pays due taxes during the legal period.

c) Salary tax

- Year since inception up to 1998:
The tax authority has assessed the company for this Year, 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 Year (monthly), The tax authority is currently in the process of inspecting the company's records for this Year.

- Years 2015 & 2016:
The company deducts the salary tax from employees and remits it to tax authority within the Legal grace Year (monthly), The Company has not been assessed for this Year till now.

TAX POSITION "CONT'D"

d) Stamp duty tax

- Year since inception up to 2005:
The tax authority has assessed the company for this Year, Due tax was settled and paid based on the internal committee decision,

- Years from 2006 to 2010 :
The company paid the items that have been agreed upon with the internal committee

- Years from 2011 to 2014:
Currently inspection of this Year until now the company not receive the result of inspection.

- From 1 January 2015 till 31 December 2016
No inspections took place for such Year.

13. FIXED ASSETS

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost						
As of 1 January 2017	2,106,505,217	7,524,826,418	635,686,394	210,968,039	11,081,864,648	
Foreign currencies translation differences	(219,371)	(11,713,082)	(18,376,368)	(11,474,835)	(627,355)	(42,411,011)
Adjusted balance as of 1 January 2017	603,659,209	2,094,792,135	7,506,450,050	624,211,559	210,340,684	11,039,453,637
Additions	1,824,739	2,394,358	58,032,306	1,044,000	458,079	63,753,482
Transferred from projects under construction (note 14)	-	27,781,298	702,393,125	671,052	6,619,308	737,464,783
Adjustments ICC liquidation	-	(138,609,185)	(375,763,125)	(252,854,898)	(6,745,135)	(773,972,343)
Disposals	(25,426,265)	(14,963,394)	(183,269,421)	(21,840,377)	(63,367,855)	(308,867,312)
Assets held for sale	-	(3,456,743)	(79,168,483)	(402,809)	(2,640,764)	(85,668,799)
As of 31 December 2017	580,057,683	1,967,938,469	7,628,674,452	350,828,527	144,664,317	10,672,163,448
Accumulated depreciation						
As of 1 January 2017	-	(1,455,020,274)	(4,921,181,585)	(472,354,904)	(174,999,714)	(7,023,556,477)
Foreign currencies translation differences	-	7,762,331	11,924,441	7,929,915	494,732	28,111,419
Adjusted balance as of 1 January 2017	-	(1,447,257,943)	(4,909,257,144)	(464,424,989)	(174,504,982)	(6,995,445,058)
Depreciation for the Year	-	(93,109,759)	(386,736,682)	(37,566,323)	(17,501,214)	(534,913,978)
Adjustments ICC liquidation	-	89,945,320	276,304,755	183,888,046	4,808,516	554,946,637
Disposals	-	4,135,954	171,164,514	20,604,242	63,028,666	258,933,376
Impairment	-	-	(144,371,114)	-	-	(144,371,114)
Assets held for sale	-	2,483,539	58,845,342	402,809	2,552,728	64,284,418
As of 31 December 2017	-	(1,443,802,889)	(4,934,050,329)	(297,096,215)	(121,616,286)	(6,796,565,719)
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
Net book value as of 31 December 2016	603,878,580	651,484,943	2,603,644,833	163,331,490	35,968,324	4,058,308,170

13. FIXED ASSETS CONT'D

First:

	EGP
Proceeds from sale of fixed assets (A)	**194,148,400**
Cost of fixed assets sold	**308,867,312**
Accumulated depreciation of fixed assets sold	**(258,933,376)**
Net book value (B)	**49,933,936**
Gain from of sale fixed assets (A) – (B)	**144,214,464**

Second:
Fixed Assets as of 31 December 2017 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	**287,209,663**
Machinery, equipment and tools	**1,476,900,699**
Motor vehicles	**51,029,962**
Furniture and office equipment	**55,577,092**
Total	**1,870,717,416**

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 Feddans, 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

- The company has assessed at the balance sheet 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 226 MEGP as at 31 December 2017, management has recognized an impairment charge of 144 MEGP in the current year against fixed assets with a carrying amount of 371 MEGP for Machinery and equipment as at 31 December 2017 include Kiln 8 which is in good shape and ready for operation once the market conditions are suitable. The impairment charge is recorded within cost of sales in the statement of profit or loss.

- Key assumptions used in the calculations of the value in use :

- EBITDA were 6% 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 20.78% 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 +- 32 MEGP.

- The estimated long term growth rates are based on the long-term inflation rates for Egypt which is 8.28%.
Market growth is assumed to increase by 5% in 2018 continuing growth by 3% in the remaining years and the company's market share is assumed to decrease from 2.9% actual 2017 to be at level of 2.7% due to Kilns stooped.

- 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 2% yearly and aligned with price increases.

14. FIXED ASSETS UNDER CONSTRUCTION

	31 December 2017 EGP	31 December 2016 EGP
Coke project	-	-
Spare parts for Coke project	**46,779,852**	229,005,007
Mechanical work-complete revamping for cooler	**14,768,712**	7,735,038
Petcoke loading system	**7,371,956**	-
Preheater tower modification	**8,658,316**	-
Civil works project	**2,606,643**	8,087,279
Spare parts for raw and cement mills	**19,573,282**	57,204,498
Improving safety and bypass filters	**22,259,144**	9,333,630
Others	**272,166,105**	330,048,723
	394,184,010	641,414,175

The movement of fixed assets under construction during the Year ended 31 December 2017 is as follows:

	31 December 2017 EGP	31 December 2016 EGP
Beginning balance	**641,414,175**	413,353,590
Translation foreign currency differences during the Year	**(512,869)**	49,359,398
Additions during the Year	**505,999,217**	495,152,365
Transferred to fixed assets during the Year	**(735,962,470)**	(306,759,487)
Disposals	**(16,146,232)**	(2,283,976)
Assets held for sale	**(607,809)**	-
Impairment of fixed assets under construction during the Year	-	(7,407,715)
Ending balance	**394,184,010**	641,414,175

15. INVESTMENTS

A) Investment in an associate and shares in joint ventures

	% of Ownership	Par Value EGP	31 December 2017 EGP	31 December 2016 EGP
Investment in an associate				
Techno Gravel For Quarries-Egypt S.A.E	45	10		
Investment cost– Beginning of the Year			32,581,833	30,590,901
Plus:				
The Company's share in profit for the Year			7,689,292	3,351,882
Less:				
Dividends			(2,192,482)	(1,360,950)
Investment in an associate - End of the Year			38,078,643	32,581,833
Shares in joint ventures				
Suez Lime Company S.A.E *	49.66	100		
Investment cost– Beginning of the Year			3,381,858	1,930,881
Plus / (Less):				
The Company's share in profit for the Year			150,068	1,450,977
Shares in joint ventures - End of the Year			3,531,926	3,381,858
Total investment in an associate companies and share joint ventures			41,610,569	35,963,691

* 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.

B) Available-for-sale investments

	% of Ownership	Par value	31 December 2017	31 December 2016
Available-for-sale Investment – Measured at fair value		EGP	EGP	EGP
Lafarge Cement Company – Egypt S.A.E (Listed - Inactive market)	0.137	1000	1,440,001	1,113,000
unrealized gains on available-for-sale investments			-	327,001
			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
			1,460,562	1,460,562

C) Held to maturity investments

	31 December 2017 LE	31 December 2016 LE
Bonds 5% National Bank for Investment deposit	807,715	807,715
Bonds 5% Central Bank of Egypt deposit	2,453,620	2,453,620
Bonds 3.5% Central Bank of Egypt deposit	5,167,944	5,167,944
	8,429,279	8,429,279

D) Amounts paid under investments in subsidiaries and other companies

	% of ownership	Par Value EGP	31 December 2017 EGP	31 December 2016 EGP
Italgen Egypt for Energy Company S.A.E *	1	100	2,000,000	1,300,000
Italgen Gulf El-Zeit for Energy Company S.A.E *	1	100	-	700,000
			2,000,000	2,000,000

* Italgen Gulf el Zeit for Energy Company merged in Italgen Egypt For Energy Company according to the approval of the extra ordinary general assembly meeting.

16. Assets held for sale and discontinued operations

On July 17th 2017, the Group publicly announced that Mondi is willing to do due diligence to buy Suez Bags Company a subsidiary owned by 56.31 %. On December 23rd 2017 the Board approved the signing of SPA and announced to the Egypt exchange on December 24th 2017.
The sale of Suez Bags Company is expected to be completed within first half of 2018 from the reporting date. At 31 December 2017, Suez Bags Company was classified as a disposal group held for sale and as a discontinued operation.

The major classes of assets and liabilities of Suez Bags Company classified as held for sale as at 31 December 2017 are, as follows:

	31 December 2017 EGP
Assets	
Property, plant and equipment	21,384,381
Fixed assets under construction	98,745
Inventory	104,375,959
Accounts and notes receivable	42,287,449
Prepayment, other receivables and other debit balances	11,069,977
Cash on hand and at banks	7,041,143
Assets held for sale	186,257,654
Liabilities	
End of service benefits liabilities	3,153,875
Deferred tax liabilities	1,438283
Provisions	20,730,674
Bank overdraft	283,508
Trade payables, accrued expenses and other credit balances	18,383,910
Due to tax authority	2,321,869
Advances from customers	3,816,575
Retention Payable	297,729
Income taxes for the Year	4,384,913
Liabilities directly associated with the assets held for sale	54,811,336
Net assets directly associated with disposal group	131,446,318

The results of Suez Bags Company for the year are presented below:

	31 December 2017 EGP
Sales	**413,548,961**
Cost of sales	**(352,042,667)**
GROSS PROFIT	**61,506,294**
General and administrative expenses	**(14,995,977)**
Finance expenses	**(2,962,846)**
Finance income	**3,425,074**
Other income	**3,072,626**
Foreign exchange differences	**(6,523,230)**
Provisions	**(5,758,976)**
Provisions no longer required	**5,292,712**
Reversal of impairment of accounts and notes receivable	**279,475**
Board of directors' remuneration and allowances	**(29,250)**
Profit/(loss) before tax from a discontinued operations	**43,305,902**
Income taxes for the Year from the ordinary activities	**(4,384,913)**
Deferred income taxes for the Year from the ordinary activities	**(666,468)**
Profit/(loss) for the year from discontinued operations	**38,254,521**

The net cash flows incurred by Suez Bags Company, as follows:

	31 December 2017 EGP
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(10,980,686)**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**2,708,453**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(3,262,846)**
Net cash (outflow)/inflow	**(11,535,079)**

17. INVENTORY

	31 December 2017 EGP	31 December 2016 EGP
Raw materials	**85,766,097**	98,633,702
Fuel, Spare parts and Consumables	**763,893,406**	704,214,268
Rolling and packing Material	**24,222,601**	23,136,625
Work in progress	**180,855,045**	265,358,840
Finished goods	**192,231,223**	176,889,596
Goods in transit	**1,396,541**	198,189,752
Letters of credit	**9,501,958**	34,229,698
	1,257,866,871	1,500,652,481
Less:		
Decline in value of obsolete spare part inventory	**(190,182,397)**	(158,677,921)
	1,067,684,474	1,341,974,560

18. ACCOUNTS RECEIVABLE

	31 December 2017 EGP	31 December 2016 EGP
Amounts receivable within 12 months	**766,487,204**	653,729,605
Amounts receivable after 12 months	**-**	-
	766,487,204	653,729,605
Decline in the value of Accounts and notes receivable	**(220,081,341)**	(225,408,489)
	546,405,863	428,321,116

19. PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	31 December 2017 EGP	31 December 2016 EGP
Tax Authority	56,402,334	61,365,719
Deposits held by others	271,406,492	222,031,659
Prepayments	43,586,023	26,848,817
Accrued Income	353,499	9,223,379
Cheques under collection	21,892,706	22,873,059
Advances to suppliers	54,807,066	145,870,865
Letters of guarantee margin	1,005,651	647,611
Blocked current account in favour of Tax, and Social security authorities	804,262	804,262
Debtors – Sale of assets	871,424	
Other receivables	117,707,302	150,155,752
	568,836,759	639,821,123
Less:		
Impairment in value of other debit balances her receivables	(28,887,989)	(1,547,134)
	539,948,770	638,273,989

20. CASH ON HAND AND AT BANKS

	31 December 2017 EGP	31 December 2016 EGP
a- Egyptian Pound		
Cash on hand	**3,899,964**	2,472,742
Current accounts*	**274,435,471**	213,624,169
Time deposits and treasury bills (mature in 3 months)	**91,291,502**	576,103,446
b. Foreign currencies		
Cash on hand	**490,005**	1,537,690
Current accounts*	**96,825,344**	92,901,988
Time deposits (mature in 3 months)	**259,814,313**	464,444,945
	726,756,599	1,351,084,980

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 2017	31 December 2016
	LE	LE
Legal reserve	454,641,267	454,641,267
Special reserve – Share premium	2,013,865,903	2,013,865,903
Special reserve	185,853,347	185,853,347
Capital reserve	14,526,110	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 2017	31 December 2016
	EGP	EGP
Beginning balance for the year	801,112,262	641,034,121
Non-controlling interest share in net profits / (losses) for the Year	(200,899,176)	(101,707,957)
Change in non-controlling interest share in the equity of Hilal Cement Group Kuwait	(1,340,350)	35,571,495
Non-controlling interest share in foreign currencies translation differences	(51,481,046)	261,509,579
Adjustments on retained earnings	(7,241,510)	(6,893,542)
Dividends paid	(26,226,574)	(28,401,434)
Ending balance for the Year	513,923,606	801,112,262

The balance of non-controlling interest in subsidiaries

	Ownership	31 December 2017	31 December 2016
	%	EGP	EGP
Egyptian Tourah Portland Cement Company S.A.E.	33.88	(75,246,430)	110,009,925
Suez Bags Company S.A.E.	43.69	57,428,896	41,435,110
Helwan Cement Company S.A.E.	0.45	5,269,559	7,084,288
Ready Mix Concrete El - Alamya (RMCA) S.A.E	48	156,867,417	144,120,418
Hilal Cement Group (K.S.C.C.) – Kuwait	49	129,512,215	155,204,610
Cumulative foreign currencies translation differences		249,913,074	254,968,085
Development and Construction Material Company– (DECOM) –S.A.E.	48	56,291,402	41,057,360
Suez for Transport and Trade Company S.A.E.	3.63	768,909	687,309
Suez For import and Export Company S.A.E	3.63	2,857	4,041
Company for Concrete International City	50	(66,884,293)	115,081
Cumulative foreign currencies translation differences		-	46,426,035
		513,923,606	**801,112,262**

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 2017 amounted to LE 531.

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 2017 amounted to LE 129,042,431.

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 2017 amounted to EGP 185,132,688.

D) Hilal Cement Company (K.S.C.C.) – Kuwait obtained a line of credit against deposits from several banks to finance the company's working capital requirements.

Total usage of this line of credit as of 31 December 2017 amounted to LE 1,833,205.

24. MEDIUM TERM LOANS

	31 December 2017	31 Dec 2016
	EGP	EGP
MEDIUM TERM LOANS		
Hilal Cement Company (K.S.C.C.) – Kuwait		
Unsecured borrowings from local banks and Kuwaiti shareholder	63,578,576	64,463,738
International City Company for Concrete – (LLC) KSA – Saudi Arabia		
Loan from Italcementi S.P.A (The parent company of Ciments Francais - major shareholder of Suez Cement Company S.A.E)	-	249,570,437
TOTAL MEDIUM TERM LOANS	63,578,576	314,034,175

23/1 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 2017	31 December 2016
	EGP	EGP
OTHER LONG TERM LIABILITIES		
Long term creditors – Land purchasing	-	149,608
Long term creditors – International City Company for Ready Mix (LLC) KSA	-	75,988,571
Long term employee benefits – International City Company for Ready Mix (LLC) KSA	-	6,440,731
Long term employee benefits – Hilal Cement Company (K.S.C.C.) – Kuwait	43,587,637	41,729,034
TOTAL OTHER LONG TERM LIABILITIES	43,587,637	124,307,944

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 2017	31 December 2016
Discount rate	14.60 %	14.60 %
Average salary increase	8 %	8%
Annuity schedule	60	60

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

	31 December 2017	31 December 2016
	EGP	EGP
Present value of the defined benefit liability	80,565,670	99,600,463
Actuarial Present value of the defined benefit liability at the balance sheet	80,565,670	99,600,463

The movement of liabilities as per the balance sheet

	31 December 2017	31 December 2016
	EGP	EGP
Liability at the beginning of the Year	99,600,463	97,552,942
Past service cost *	-	9,353,916
Current service cost	3,364,000	4,703,702
Interest cost	10,088,000	14,904,786
Past Service Cost recognised	(24,545,000)	-
Payments from plans	(12,420,985)	(12,903,314)
Actuarial losses / (gain)	7,679,000	(14,011,569)
End of services benefits liabilities directly associated with the Assets held for sale	(3,153,875)	-
Liability at the end of the year	80,611,603	99,600,463

* 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 2017	31 December 2016
	EGP	EGP
Past and current service costs (Note 8)	3,364,000	14,057,618
Past Service Cost recognised	(24,545,000)	-
Interest cost (Note 9)	10,088,000	14,904,786
Actuarial Losses\ (gain)	7,679,000	(14,011,569)

27. PROVISIONS

	Balance as of 1 January 2017	Charged during the Year	Utilized during the Year	No longer required	Provision directly associated with the assets held for sale	Balance as of 31 December 2017
	EGP	EGP	EGP	EGP	EGP	EGP
Tax claims	295,814,270	60,867,707	(19,582,131)	(634,760)	(20,188,409)	316,276,677
Sites restoration	43,873,349	-	-	(43,873,349)	-	-
Judicial disputes	29,160,204	13,156,549	(387,647)	(19,958,236)	(417,265)	21,553,605
Training support Fund	87,364,117	-	-	(87,364,117)	-	-
Restructure Social Cost	192,000,000	565,245,000	(191,092,653)	(907,347)	-	565,245,000
Other claims	10,625,000	-	-	(500,000)	(125,000)	10,000,000
Gas claims for Tourah Portland cement company	51,000,000	-	-	-	-	51,000,000
	709,836,940	639,269,256	(211,062,431)	(153,237,809)	(20,730,674)	964,075,282

28. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2017	31 December 2016
	EGP	EGP
Shareholder – credit balance	262,873,333	183,648,972
Trade payables	1,014,438,695	794,257,394
Accrued Salaries	2,449,430	4,833,482
Accrued expenses	144,815,327	186,224,793
Social insurance authority	3,737,161	4,048,256
Other payables	560,447,468	869,224,369
	1,988,761,414	2,042,237,266

29. TAXES PAYABLES

	31 December 2017	31 December 2016
	EGP	EGP
Tax authority- withholding tax	13,852,000	23,607,906
Tax authority- salary tax	4,645,289	5,154,978
Tax authority- value added tax	116,520,420	22,642,594
Tax authority- other tax	7,112,893	10,286,524
	142,130,602	61,692,002

30. ADVANCES FROM CUSTOMERS

The movement of advances from customers during the year ended 31 December 2017 and 31 December 2016 as follows:

	31 December 2017	31 Dec 2016
	EGP	EGP
Balance at the beginning of the Year	282,569,689	389,405,037
Add: amounts collected during the Year	5,383,719,101	5,117,144,882
Less: Realized revenue	(5,236,361,169)	(5,223,980,230)
Balance at the end of the Year	429,927,621	282,569,689

31. RETENTIONS PAYABLE (DEPOSITS FROM OTHERS)

	31 December 2017	31 Dec 2016
	EGP	EGP
Retentions payable within 12 months	19,077,771	21,236,996
Retentions payable after 12 months	-	1,562,233
	19,077,771	22,799,229

32. CONTINGENT LIABILITIES

A) 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,	9,108,868
Egyptian Tourah Portland Cement Company S,A,E,	20,015,705
Hilal Cement Company (K.S.C.C) Kuwait	17,965,688
Helwan Cement Company SA.E,	47,759,645
	94,849,906

B) The outstanding balance of issued letters of credit in favor of Suez Cement Company as of 31 December 2017 amounted to EGP 7,615,895.

C) In 2011, The Globe Corporation, a company based in California in the USA (the Globe) filed a case against Helwan Cement Company SAE (HCC) claiming past due payments, based on an exclusive agency contract for the export of cement allegedly entered into between HCC and the Globe in 2002. This alleged contract provided 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 2016 are representing in transactions between group companies, Intra group balances and transactions, including income, expense and dividends, are eliminate in full, Profits and losses resulting from intra group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full,

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

A) Cement, Clinker, Bags sales and cement transport services excluding sales tax between Suez Cement Group Companies for the Year ended 31 December 2017 as follows:

	Sales/ service revenue	Purchases/ service cost
	KEGP	KEGP
Suez Cement Company S,A,E,	282,695,000	121,856,000
Egyptian Tourah Portland Cement Company S,A,E,	77,903,000	245,910,000
Helwan Cement Company S,A,E,	354,010,000	218,593,000
Ready Mix Concrete El - Alamya (RMCA) S,A,E	-	111,145,000
Development and Construction Material Company (DECOM) S,A,E,	-	115,142,000
Suez for Transport and Trade Company S,A,E,	137,253,000	39,215,000
	851,861,000	851,861,000

B) The technical assistance from Suez Cement Company S,A,E, to Suez Cement Group Companies For the Year ended 31 December 2017 as follows:

	Technical assistance – revenues	Technical assistance – expenses
	KEGP	KEGP
Suez Cement Company S,A,E,	85,249	
Egyptian Tourah Portland Cement Company S,A,E,		30,625
Helwan Cement Company S,A,E,		54,624
	85,249	85,249

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 2017 as follows:

	Management Fees – revenues	Management Fees – expenses
	KEGP	KEGP
Suez Cement Company S.A.E	12,373,000	-
Ready Mix Concrete El - Alamya (RMCA) S.A.E – (subsidiary)	-	5,655,000
Development and Construction Material Company (DECOM) S.A.E – (subsidiary)	-	6,718,000
	12,373,000	12,373,000

Loans and its interest transactions between Suez Cement Group Companies for the Year ended 31 December 2017 as follows:

	Lender	Borrower	Debit / (Credit) Interest
	EGP	EGP	EGP
Suez Cement Company S,A,E,	25,000,000	-	(4,729,000)
Ready Mix Concrete El - Alamya (RMCA) S,A,E	-	12,000,000	2,197,000
Development and Construction Material Company (DECOM) S,A,E,	-	13,000,000	2,532,000
Suez Transport and Trade Company S.A.E	15,000,000	-	(2,792,000)
Helwan Cement Company S.A.E	-	15,000,000	2,792,000
	40,000,000	40,000,000	-

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

The amount of the technical assessment fees offered by Italcementi S.P.A (The parent company of Ciments Francais (major shareholder of Suez Cement Company (S.A.E) for the Year ended 31 December 2017 which represents a percentage of sales revenues of the group of cement products exclude intra – Suez Cement Group transactions as follows:

	%	Amount
		KEGP
Suez Cement Company S,A,E,	1	26,269
Egyptian Tourah Portland Cement Company S,A,E,	1	5,800
Helwan Cement Company S,A,E,	3	43,831
		75,900

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.

Trade and notes receivables

The Company limits its credit risk exposure related to its customers by collecting from its customers in advance and before the delivery of its products to its 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 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 786,105,578 whereas; the financial liabilities denominated in foreign currencies amounted to LE 1,204,298,879.

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 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
Due to tax authority	142,130,602	-	-	-	142,130,602
Income tax payable	-	28,793,952	-	-	28,793,952
Total undiscounted financial liabilities	2,890,246,529	34,453,686	-	-	2,924,700,215

	Less than 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
As at 31 December 2016					
Advances From Customers	282,569,689	-	-	-	282,569,689
Bank Over Draft	412,573,647	-	-	-	412,573,647
Retentions payable	9,127,717	13,671,512	-	-	22,799,229
Trade and other payables	2,042,237,266	-	-	-	2,042,237,266
Due to tax authority	61,692,002	-	-	-	61,692,002
Income tax payable	-	91,047,766	-	-	91,047,766
Total undiscounted financial liabilities	2,808,200,321	104,719,278	-	-	2,912,919,599

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 2016 have been reclassified to conform to the presentation of these consolidated interim financial statements.