Suez Cement Company (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT

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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 balance sheet as of 31 December 2015, and the related separate statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate Financial Statements

These separate financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of **Suez Cement Company (S.A.E)**, as of 31 December 2015, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

As indicated in notes (1) and (5) of the notes to the separate financial statements, the company has investments in subsidiaries and prepared consolidated financial statements as of 31 December 2015 and for better understanding of the company's consolidated financial position as 31 December 2015 and its consolidated financial performance, and its consolidated cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements

Report on Other Legal and Regulatory Requirements

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

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

Cairo: 3 March 2016

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

Allied for Accounting & Auditing (EY)

Suez Cement Company (S.A.E)

SEPARATE BALANCE SHEET
As of 31 DECEMBER 2015

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

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

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

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

Suez Cement Company (S.A.E)

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

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

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

Suez Cement Company (S.A.E)

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

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

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

	Note	2015 LE	2014 LE
Cash at banks	(11)	**479,795,867**	668,081,707
Less:			
Bank overdraft	(13)	**(24,265,314)**	(50,715,612)
Cash and cash equivalent		**455,530,553**	617,366,095

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

1 BACKGROUND

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

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

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

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

The financial statements of the Company for the year ended 31 December 2015 were authorized for issuance in accordance with the Board of Directors' resolution on 10 February 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

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

Statement of compliance

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

2-2 Changes in accounting policies

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

2-3 Foreign currency translation

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-4 Fixed assets and depreciation

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

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

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

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

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

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

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

2-5 Projects under construction

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

2-6 Investments

Investments in subsidiaries

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

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

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

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

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

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

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

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

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

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

Interest in joint ventures

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-7 Inventory

The inventory elements are valued as follows:

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

  Cost of production includes direct material, direct labor and allocated share of manufacturing overhead and excluding borrowing costs
- Work in process: at the lower of the cost of production (of the latest completed phase based on the costing sheets) or net realizable value.

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

  Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

2-8 Accounts receivable and other debit balances

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

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

2-9 Provisions

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

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

2-10 Legal reserve

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

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-11 Borrowings

Borrowings are initially recognized at the value of the consideration received, Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method, Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate, The effective interest rate amortization is included in finance cost in the income statement.

2-12 Employees' benefits

End of service benefits

Defined benefit plan

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

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

Actuarial gains and losses on End of services benefits are recognised immediately in the statement of income in the period in which they occur.

2-13 Income taxes

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

Current income tax

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

Deferred income tax

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-14 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty, The following specific recognition criteria must also be met before revenue is recognized:

- **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- **Interest income**

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

- **Dividends**

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

- **Rental income**

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

2-15 Expenses

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

2-16 Borrowing costs

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

2-17 Related party transactions

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

2-18 Accounting estimates

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

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-19 Impairment

Impairment of financial assets
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired, A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired, Where the carrying amount of an asset or cash-generating unit's (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, Impairment losses are recognized in the statement of income.

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

2-20 Statement of cash flows
The statement of cash flows is prepared using the indirect method.

2-21 Cash and cash equivalent
For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balance.

3 FIXED ASSETS

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

First:

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

Second:

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

Assets	Cost
Building, construction, infrastructure and roads	180,690,494
Machinery, equipment and tools	631,207,621
Motor vehicles	29,815,496
Furniture and office equipment	45,368,259
Total	**887,081,870**

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

4 PROJECTS UNDER CONSTRUCTION

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

5 INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	**Par value LE**	**2015 LE**	2014 LE
Subsidiary companies				
Helwan Cement Company S.A.E	**99,55**	**5**	**2,832,496,952**	2,832,496,952
Tourah Portland Cement Company S.A.E	**66,12**	**5**	**1,287,617,992**	1,287,617,992
EL Helal Cement Company- Kuwait (Kuwaiti Joint Stock Company)	**51**	**15,29**	**270,415,816**	270,415,816
Ready Mix Concrete Al alamia (RMC)" S.A.E	**52**	**100**	**81,432,859**	81,432,859
Suez Bags Company S.A.E	**53,32**	**10**	**22,438,108**	22,438,108
Development for Industries Company S.A.E	**98,28**	**100**	**225,000**	225,000
Axim Egypt Company S.A.E	**98,28**	**100**	**225,000**	225,000
International City Company for Ready Mix (LLC) - KSA	**50**		**47,701,250**	47,701,250
Subsidiary companies through indirect investments *				
Suez For Transport and Trade S.A.E	**96,37**	**100**	**3,500,000**	3,500,000
Development and Construction Materials Company (DECOM) S.A.E	**52**	**10**	**11**	11
Suez for import and export (S.A.E)	**96,37**		**-**	-
			4,546,052,988	4,546,052,988

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

- Suez cement company indirect share (through Helwan Cement S.A.E – subsidiary company by 99.55% and Tourah Portland Cement Company S.A.E – subsidiary company by 66.12%) in Suez for Transport and Trade (S.A.E) by 96.37%.

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

- Suez cement company indirect share (through Development for Industries Company S.A.E – subsidiary company by 98.28% and Axim Egypt Company S.A.E – subsidiary company by 98.28% and Suez For Transport and Trade S.A.E – subsidiary company by 96.37%) in Suez for import and export (S.A.E) by 96.37 %.

5 INVESTMENTS – Cont'd

B) Investments in an associate and joint ventures

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

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

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

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

C) Available-for-sale investments

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

D) Amounts paid under investments in subsidiaries and other companies

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

6 LOAN TO SUBSIDIARIES

On 20 October 2006. Suez Cement Company's Board of Directors approved to lend Ready Mix Concrete Al alamia (RMC)" S.A.E and its subsidiaries an amount of LE 300 Million at annual interest rate 10.54%.
The balance of the loan as of 31 December 2015 amounted to LE 15 Million; due from Ready Mix Concrete Al alamia (RMC)" S.A.E. and LE 18 Million; due from Development and Construction Materials Company (DECOM) S.A.E (subsidiary company by 52%).

7 INVENTORY

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

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

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

8 ACCOUNTS RECEIVABLE

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

Impairment in the value of accounts receivable

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

9 DUE FROM RELATED PARTIES

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

10 PREPAYMENTS AND OTHER RECEIVABLES

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

Impairment in the value of other debit balances

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

11 CASH AT BANKS

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

12 PROVISIONS

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

13 Bank Overdraft

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

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

14 DUE TO RELATED PARTIES

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

15 ACCRUED EXPENSES AND OTHER PAYABLES

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

16 CAPITAL AND RESERVES

16/a CAPITAL

The company's authorized capital amounted to LE 1.000 million. while the Company's issued and paid up capital amounted to LE 640 million divided over 64000000 shares of par value LE 10 each.

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

On 10 November 2005. the Extra ordinary General Assembly Meeting approved the increase of the Company's authorized capital to LE 1.300 million. and the increase of issued and paid up capital amounts to LE 909.282.535 divided over 181856507 shares of par value LE 5 each.

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

16/b RESERVES

	2015 LE	2014 LE
Legal reserve	**454,641,267**	454,641,267
Special reserve – Share premium	**2,013,865,903**	2,013,865,903
Special reserve	**185,853,347**	185,853,347
Capital reserve	**14,454,110**	11,989,921
Total other reserves	**2,214,173,360**	2,211,709,171
Total reserve	**2,668,814,627**	2,666,350,438

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

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

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

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

17 OTHER LONG TERM LIABILITIES

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

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

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

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

The movement of liability as per the balance sheet

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

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

Defined benefit plan cost as per income statement

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

The analysis of defined benefit plan cost as per income statement

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

18 DEFERRED INCOME TAX LIABILITIES

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

19 RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2015 LE	2014 LE
Net profits before income taxes	396,364,469	570,000,449
Add:		
Accounting depreciation	137,182,463	114,746,449
Donations	14,713,951	5,597,620
Board of directors' allowance	1,689,864	1,709,067
Provisions	54,997,572	28,893,773
Indemnities and fines	941,211	823,800
Previous year expenses- un-supported documents	2,485,103	5,152
Tax on dividends	13,490,728	-
Labors Club	1,744,382	1,600,000
Hilal Company - Chairman Salary	430,242	428,393
Unrealized foreign exchange losses	87,077,259	-
Net profit as per tax law	711,117,244	723,804,703
Less:		
Tax depreciation	(224,317,835)	(192,832,804)
Suez Cement Company's share in the directors' bonuses of Suez Bag Company and Tourah Cement Company	(450,000)	-
Approved Donations	(11,627,907)	(1,785,930)
Capital Gains	(72,000)	(2,464,189)
Used provisions	(3,062,568)	(1,538,597)
Provisions no longer required	(24,016,126)	(22,295,915)
Unrealized foreign exchange gains	(76,057,765)	-
Dividends received	(269,814,555)	(291,639,312)
Dividend received after applied the law	-	(795,000)
Taxable income	101,698,488	210,452,355
Income tax using applicable tax rate (22.5 % × 101,698,488)	22,882,160	-
Income tax using applicable tax rate (25 % × 210,452,355)	-	52,613,089
Additional income tax using applicable tax rate (5%)	-	10,472,618
Income tax at the effective tax rate 22.50%	22,882,160	63,085,707

20 GENERAL AND ADMINISTRATIVE EXPENSES

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

21 OTHER INCOME

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

22 - DIVIDENDS INCOME

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

23 CONTINGENT LIABILITIES

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

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

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

24 TAX SITUATION

a) Corporate taxes

- **Period until Year 2007:**

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

- **Years from 2008 to 2009:**

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

- **Years from 2010 to 2014 :**

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

b) Sales tax

- **Years from 2008 to 2009 :**

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

- **Years from 2010 to 2011 :**

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

- **Years from 2012 to 2013 :**

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

24 TAX SITUATION – Cont'd

c) Salary tax

- **Period since inception up to 1998:**

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

- **Years from 1999 to 2013 :**

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

- **Years from 2014 to 2015:**

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

d) Stamp duty tax

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

- **Years from 2006 to 2010 :**
  The company paid the items that have been agreed upon with the internal committee, and currently the disputed items for this period are under re-inspection.

- **Years from 2011 to 2014:**
  The company has not been assessed for this period till now.

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash at banks, accounts receivable, due from related parties, loan to subsidiaries, and other debit balances. The financial liabilities include bank overdraft, accounts payable, due to related parties, and other payables.

The significant accounting policies applied for the recognition and measurement of the above-mentioned financial assets and liabilities and the related income and expenses are included in note (2) of the notes to the financial statements.

b) **Interest rate risk**
The Company monitors the maturity structure of assets and liabilities with the related interest rates.

c) **Foreign Currency Risk**
The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The total financial assets denominated in foreign currencies amounted to LE 97,483,469 whereas; the financial liabilities denominated in foreign currencies amounted to LE 153,421,590.

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

26 EARNING PER SHARE

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

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

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

27 RELATED PARTY TRANSACTIONS

a) Ciments Francais (major shareholder)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The value of sold cement to Suez for Transport and Trade S.A.E (subsidiary) for the year ended 31 December 2015 amounted to LE 3.842 million.

The value of transportation services offered by Suez Transport for Trade S.A.E (subsidiary) for year ended 31 December 2015 amounted to LE 57.140 million.

28 COMPARATIVE FIGURES

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