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

Building a better working world

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Translation of Auditors' report
Originally issued in Arabic

AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Suez Cement Company (S.A.E) , represented in the consolidated balance sheet as of 31 December 2015, and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Cairo: 3 March 2016

Allied for Accounting & Auditing
A Member of Ernst & Young Global
Auditors

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)

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2015

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

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

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

Suez Cement Company (S.A.E)

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

Suez Cement Company (S.A.E)

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

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

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

Suez Cement Company (S.A.E)

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

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

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

	Note	2015	2014
Cash on hand and at banks	(10)	**1,060,315,580**	1,626,454,394
Less:			
Bank overdraft		**(184,646,254)**	(63,974,825)
CASH AND CASH EQUIVALENT		**875,669,326**	1,562,479,569

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

1 BACKGROUND

Summary of Suez Cement Group Companies

Suez Cement Company S.A.E.

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

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

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

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

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

	2015 %	2014 %
Egyptian Tourah Portland Cement Company S.A.E.	**66.12**	66.12
Suez Bags Company S.A.E.	**56.31**	56.31
Helwan Cement Company S.A.E.	**99.55**	99.55
Ready Mix Concrete El - Alamya (RMCA) S.A.E	**52**	52
Hilal Cement Group (K.S.C.C.) – Kuwait	**51**	51
Development and Construction Material Company (DECOM) S.A.E. – subsidiary of Universal For Ready Mix Production (RMPU) S.A.E. by 99,99%	**52**	**52**
Suez Transport and Trade Company S.A.E. – subsidiary of Helwan Cement Company S.A.E. by 55%	**96.37**	96.37
Development for Industries Company S.A.E	**98.28**	98.28
Axim for industries Company S.A.E	**98.28**	98.28
Suez For import and Export S.A.E	**96.37**	97.90
International City Company for Concrete	**50**	50

Egyptian Tourah Portland Cement Company S.A.E.

Egyptian Tourah Portland Cement Company S.A.E. was established on 23 June 1927.The legal structure of the Company changed from being a public sector entity to a public enterprise entity according to Law 203 of 1991.

On 26 January 2000 the Holding Company for Mining and Refractory sold 81.4% of its shares in the company. Accordingly, the company became subject to the Law 159 of 1981 rather than Law 203 of 1991 and its executive regulation.

On 12 March 2000 the company's General Assembly meeting decided to amend its status to comply with Law 159 of 1981 and its executive regulation.

The main objective of the company is to manufacture all kinds of cement, lime, construction materials and related products.

Suez Cement Company S.A.E. ownership in Egyptian Tourah Portland Cement Company's share capital amounted to 66.12% as of 26 January 2000, the date at which Egyptian Tourah Portland Cement Company S.A.E. became a subsidiary.

The cost of acquisition amounted to LE 1.287 billion which resulted in goodwill amounting to LE 746,008,413, the goodwill treated as Suez Cement Company's share in the fair value of the Egyptian Tourah Portland Cement Company S.A.E. assets. In accordance to that Egyptian Tourah Cement Company S.A.E., fixed assets are stated at the historical cost in addition to the share of Suez Cement Company S.A.E. in the excess of the fair value for these assets over its historical cost. This excess is depreciated over its estimated useful life using the straight-line method (note 3-4). The total accumulated depreciation as of 31 December 2015 amounting to LE 419,254,863 in addition to writes down the value of certain productions lines of Egyptian Tourah Portland Cement Company S.A.E. that are currently out of operation amounted to LE 21,082,486.The net fair value as of 31 December 2015 amounting to LE 305,671,064.

Suez Bags Company S.A.E.

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

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

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

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

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

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

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

Helwan Cement Company S.A.E

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

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

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

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

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

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

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

On 28 October 2007 Helwan Cement Company S.A.E. contributed in establishing **Suez Transport and Trade Company S.A.E** with a contribution in the capital by 55%, in addition to the contribution of Suez Cement Company S.A.E and Egyptian Tourah Portland Cement Company S.A.E. by 35% and 10% respectively. Accordingly, the direct and indirect share of Suez Cement Company S.A.E. in the capital of Suez Transport and Trade Company S.A.E. is 96.37%.
During year 2010, Helwan Cement Company S.A.E. purchased 921,690 shares of its outstanding shares at LE 34,063,566.

On 6 December 2010 The Extraordinary General Assembly Meeting decided to decrease issued capital by 921690 shares, and to decrease par value by LE 5 instead of LE 10 , consequently, the Company's outstanding shares reached 116775085 shares.

Suez Transport and Trade Company S.A.E. was established in 28 October 2007 as a S.A.E. company under the law 159 for the year 1981; the company's main objective is to manage the operations of transporting, trading cement and construction materials and acquiring the vehicles needed for this operations.

Ready Mix Production (RMP) S.A.E. – (Previously: Ready Mix Beton S.A.E.)

Ready Mix Production (RMP) S.A.E. – (Previously: Ready Mix Beton S.A.E.) was established on 16 March 1986 as a Joint Stock Company under Law No. 159 of 1981.

The objective of the company is to manufacture cement and construction materials specially manufacture ready mix.

On 1 October 2006, Suez Cement Company S.A.E. acquired 260000 shares from the shares of Ready Mix Beton Company S.A.E.. Suez Cement Company S.A.E. share is 52 % (260000 shares) with a par value of LE 10, which resulted in goodwill, amounted to LE 23,113,779, which represents the difference between acquisition costs amounted to LE 26,277,866 and 52% of Ready Mix Beton Company S.A.E. net assets in acquisition date amounted to LE 3,164,087.

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

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

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

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

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

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

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

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

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

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

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

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

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

The final goodwill amounted to LE 735,755.

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

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

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

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

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

Hilal Cement Group (K.S.C.C.) – Kuwait

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

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

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

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

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

The company books and records are preparing in KD currency, the company's financial statements have been combined in the consolidated financial statements after translated it into Egyptian pound using the translation procedures mentioned in (note 2), the cumulative foreign currencies translation differences resulted from the translation which belong to the parent company's equity amounting to LE 39,943,069 as of 31 December 2015 have been presented separately in the shareholders' equity.

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

Axim for Industries Company (S.A.E)

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

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

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

Development for Industries Company (S.A.E)

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

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

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

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

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

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

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

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 cumulative foreign currencies translation differences resulted from the translation which belong to the non-controlling interest amounted to LE 1,507,866 as of 31 December 2015 have been presented
as a part of non-controlling interests (Note 15).

2 FINANCIAL STATEMENTS CONSOLIDATION PRINCIPLES

The accompanying consolidated financial statements of Suez Cement Company S.A.E. have been prepared from the standalone financial statements of Suez Cement Company S.A.E. and its subsidiaries (note 1). In preparing the consolidated financial statements of Suez Cement Company S.A.E., an entity combines the financial statements of the parent and its subsidiaries line by line adding assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as that of the single economic entity, the following steps are then taken:

- The carrying amount of the parent's investments in each subsidiary and the parent's portion of equity of each subsidiary are eliminated. The excess of parent company's investments in subsidiary company over the parent's share in

  subsidiary's equity are recognized as goodwill and recorded as asset in the consolidated financial statements. Tested for impairment frequently; an impairment loss of goodwill is recorded in the consolidated statement of income.

- Non-controlling interest on the net of assets of consolidated subsidiaries are identified separately from the parent shareholders' equity in them; Non-controlling interest in the net of assets consists of:

  (1) The amount of those non-controlling interest at the date of the original combination.
  (2) The non-controlling's share of changes in equity since the date of the combination.

- Intra group balances and transactions, including income, expense and dividends, are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.
- Intra group Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- The income and expense of the subsidiary are included in the consolidated financial statements from the acquisition date and the non-controlling interest is to be eliminated. The income and expense of the subsidiary are included in the consolidated financial statements until the date on which the parent ceases to control the subsidiary.
- The financial statements of subsidiaries that reports in the currency not the parent reporting currency and not that reports in the currency of a hyperinflationary economy, the reporting currencies of that subsidiaries are translated to the parent reporting currency in order to combine it in the consolidation financial statements of the parent by using the following procedures:

  (a) Translate the assets and liabilities of each balance sheet presented in the consolidated balance sheet (including the comparative figures) at the closing date.

  (b) Translate the income and expense items of each statement of income presented in the consolidated statement of income (including the comparative figures) at exchange rates at the dates of the transactions.

  (c) All resulting foreign currencies translation differences should be classified separately in the consolidated equity until the disposal of the net investment.

  Cumulative foreign currencies translation differences arising from translation and attributable to non-controlling interest s are allocated to, and reported as part of, the non-controlling interest in the consolidated balance sheet until the disposal of the net investment.
  Disposal of investment in a subsidiary that reports in the currency not the parent reporting currency, the cumulative amount of foreign currencies translation differences which have been deferred separately in the consolidated equity and which relate to that subsidiary, should be recognized as income or as expenses in the same year in which the gain or loss on disposal is recognized.

3 SIGNIFICANT ACCOUNTING POLICIES

3 – 1 Basis of preparation

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

Statement of compliance

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

3 – 2 Changes in accounting policies

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

3 – 3 Foreign currency translation

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

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

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

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

3 – 4 Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.
Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

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

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

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

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

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

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

3 – 5 Projects under construction

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

3 – 6 Investments

Investments in associates

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

Available for sale investments

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

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

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

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

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

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

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

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

Interest in joint ventures

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

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

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

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

3 – 7 Inventory

The inventory elements are valued as follows:

- **Raw materials, fuel, Spare parts and Consumables, rolling and packing materials:** at the lower of cost (using the moving average method) or net realizable value.
- **Finished products:** at the lower of the cost of production (based on the costing sheets) or net realizable value.
  Cost of production includes direct material, direct labor and allocated share of manufacturing overhead and excluding borrowing costs
- **Work in process:** at the lower of the cost of production (of the latest completed phase based on the costing sheets) or net realizable value.
  Cost includes allocated share of direct material, direct labor and allocated share of manufacturing overhead until latest completed phase and excluding borrowing costs

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

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

3 – 8 Accounts receivable and other debit balances

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

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

3 – 9 Provisions

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

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

3 – 10 Legal reserve

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

3 – 11 Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a year exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

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

3 – 12 Employees' benefits

End of service benefits

Defined benefit plan

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

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

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

3 – 13 Income taxes

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

Current income tax

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

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

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

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

3 – 14 Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

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

- **Interest income**

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

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

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

3 – 15 Expenses
All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

3 – 16 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3 – 17 Related party transactions
Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

3 – 18 Accounting estimates
The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial periods. Actual results could differ from these estimates.

3 – 19 Impairment

Impairment of financial assets

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

Impairment of non financial assets

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

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

3 – 20 Statement of cash flows

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

3 – 21 Cash and cash equivalent

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

4 FIXED ASSETS

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

4- FIXED ASSETS CONT'D

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

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

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

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

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

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

5 PROJECTS UNDER CONSTRUCTION

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

6 INVESTMENTS

A) Investment in an associate and shares in joint ventures

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

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

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

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

B) Available-for-sale investments

	% of Ownership	Par value LE	2015 LE	2014 LE
Available-for-sale Investment – Measured at fair value				
Lafarge Cement Company – Egypt S.A.E (Listed - Inactive market)	0.137	1000	1,113,000	1.113.000
Reserve of unrealized gains on available-for-sale investments			1,320.859	1.430.767
			2,433.859	2.543.767
Available-for-sale investments -Measured at cost				
Iron and Steel Company (Al Hadid Wal Solb)			20,500	20,500
Al Tour Investment Company – Unlisted			61	61
			20,561	20,561
			2,454.420	2.564.328

C) Held to maturity investments

	2015 LE	2014 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 LE	2015 LE	2014 LE
Suez Bosphorus Cimento Sanayi Ve Ti	99,9%	3.64	186,795	186.795
Italgen Egypt for Energy Company S.A.E *	1	100	1,300,000	1.300.000
Italgen Gulf El-Zeit for Energy Company S.A.E *	1	100	700,000	700.000
			2,186,795	2.186.795

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

7 INVENTORY

	2015 LE	2014 LE
Raw materials	131,852,755	104,703.732
Fuel, Spare parts and Consumables	714,216,808	647.069.140
Rolling and packing Material	21,317,480	21.881.310
Work in progress	366,770,654	400.938.537
Finished goods	117,987,748	168.953.272
Goods in transit	34,518,171	15.119.244
Letters of credit	32,422,544	4.545.041
	1,419,086,160	1.363.210.276
Less:		
Decline in value of inventory	(168,573,755)	(169.363.733)
	1,250,512,405	1.193.846.543

8 ACCOUNTS AND NOTES RECEIVABLE

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

9 PREPAYMENTS AND OTHER RECEIVABLES

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

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

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

10 CASH ON HAND AND AT BANKS

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

11 ACCRUED EXPENSES AND OTHER PAYABLES

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

12 Bank Overdraft

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 PROVISIONS

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

14 CAPITAL AND RESERVES

14/a - CAPITAL

The company's authorized capital amounted to LE 1,000 million, while the Company's issued and paid up capital amounted to LE 640 million divided over 64000000 shares of par value LE 10 each.

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

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

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

14/b – RESERVES

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

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

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

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

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

15 NON-CONTROLLING INTEREST

Changes in non-controlling interest

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

The balance of non-controlling interest in subsidiaries

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

16 MEDIUM TERM LOANS

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

16 MEDIUM TERM LOANS – Cont'd

16/1 Hilal Cement (K.S.C.C.) – Kuwait

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

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

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

17 OTHER LONG TERM LIABILITIES

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

18 END OF SERVICES BENEFITS LIABILITIES

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

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

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

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

The movement of liabilities as per the balance sheet

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

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

18 END OF SERVICES BENEFITS LIABILITIES – Cont'd

The cost as per income statement

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

19 GENERAL AND AMINISTRATIVE EXPENSES

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

20 OTHER INCOME

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

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

21 FINANCE EXPENSES

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

22 OTHER EXPENSES

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

23 RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

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

24 DEFERRED INCOME TAXES

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

25 TAX SITUATION

a) Corporate taxes

- **Period until Year 2007:**

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

- **Years from 2008 to 2009:**

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

- **Years from 2010 to 2014 :**

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

25 TAX SITUATION – Cont'd

b) Sales tax

- **Years from 2008 to 2009 :**

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

- **Years from 2010 to 2011 :**

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

- **Years from 2012 to 2013 :**

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

c) Salary tax

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

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

- **Years from 1999 to 2013 :**

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

- **Years from 2014 to 2015:**

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

d) Stamp duty tax

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

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

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

26 CONTINGENT LIABILITIES

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

	Contingent Liabilities LE
Suez Cement Company S.A.E.	**2,587,568**
Egyptian Tourah Portland Cement Company S.A.E.	**19,510,684**
Suez Bags Company S.A.E.	**28,839,337**
Hilal Cement Company (K.S.C.C) Kuwait	**10,041,440**
Helwan Cement Company SA.E.	**66,505,246**
	127,484,275

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

26 CONTINGENT LIABILITIES – Cont'd

C- In 2011, The Globe Corporation, a company based in California in the USA (the Globe) filed a case against Helwan Cement Company SAE (HCC) claiming past due payments, based on an exclusive agency contract for the export of cement allegedly entered into between HCC and the Globe in 2002. This alleged contract provided for certain commissions/fees in favor of The Globe proportional to the volume of cement exported and also provided for a compound rate of weekly interest in case of delayed payments.
The Globe's case against Helwan before the Court of Cairo claims payment of about US $ 17 million, plus interest as per the alleged contract since the year 2002. The court has not yet examined the case on the merits and the proceeding remains suspended while awaiting the Court of Cassation's decision on the preliminary matter of jurisdiction, given that the alleged contract provided for applicable law and dispute resolution in California (USA). Recently, Tahaya Misr Investment Inc. (formerly known as The Globe) has also initiated a lawsuit against Helwan Cement SAE (HCC), Suez Cement SAE and Italcementi S.P.A (The parent company of Ciments Francais) (major shareholder of Suez Cement Company SAE) in California -USA and as of today, there has been no general appearance of any of the named defendants before the Court).

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments are represented in financial assets and financial liabilities, The financial assets include cash on hand and at banks, accounts and notes receivable and other receivables, The financial liabilities include banks overdraft, current and non-current portion of medium loans, non-current portion of other long term liabilities, end of service liabilities, and accounts payable and other payables.

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses are included in note (3) of these notes to the financial statements,

The fair value of the financial assets and liabilities are not materially different from their carrying amounts,

28 RISK MANAGEMENT

b) Interest rate risk

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

c) Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, The total financial assets denominated in foreign currencies amount to LE 624,941,285 whereas, the total financial liabilities denominated in foreign currencies amount to LE 340,781,018.

29 RELATED PARTY TRANSACTIONS

The transactions with related parties during the period from 1 January 2015 to 31 December 2015 are representing in transactions between group companies, Intra group balances and transactions, including income, expense and dividends, are eliminate in full, Profits and losses resulting from intra group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full,

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

A- Cement, Clinker, Bags sales and cement transport services excluding sales tax between Suez Cement Group Companies for the period from 1 January 2015 to 31 December 2015 as follows:

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

29 RELATED PARTY TRANSACTIONS – Cont'd

B- The technical assistance from Suez Cement Company S,A,E, to Suez Cement Group Companies for the period from 1 January 2015 to 31 December 2015 as follows:

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

C- The Management Fees from Suez Cement Company S,A,E, to Suez Cement Group and Related Parties Company for the period from 1 January 2015 to 31 December 2015 as follows:

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

D- Loans and its interest transactions between Suez Cement Group Companies for the period from 1 January 2015 to 31 December 2015 as follows:

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

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

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

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

29 RELATED PARTY TRANSACTIONS – Cont'd

F- Cements Francais (Main shareholder):

The amount of the technical assessment fees offered by Ciments Francais the main shareholder of Suez Cement Company S.A.E. during the period from 1 January 2015 to 31 December 2015 which represents a percentage of sales revenues of the group of cement products exclude intra – Suez Cement Group transactions as follows:

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

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

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

30 COMPARATIVE FIGURES

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

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