BENI SUEF CEMENT COMPANY (S.A.E)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
TOGETHER WITH AUDITORS' REPORT

Beni Suef Cement Company (S.A.E.)

Financial Statements
For the Year ended 31 December 2016

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AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **BENI SUEF CEMENT COMPANY (S.A.E)** (the "Company"), which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. 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 financial statements based on our audit. We conducted our audit in accordance with the 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 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 the financial statements.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

- We draw attention to note 2.1 to the financial statements, that IFRS was applied retrospectively to the opening balance of the comparative year 2015 in accordance with IAS 8 accounting policies, change in accounting estimate and errors as the company issued IFRS financial statements for the prior years except for the year 2015 which was audited by another auditor who issued an unqualified opinion dated by 30 March 2016.

Amr M. El Shaabini
FESAA-FEST
(RAA.9365)
EFSA (103)

Cairo: 23 March 2017

STATEMENT OF COMPEHENSIVE INCOME

For the year ended 31 Decemebr 2016

	Notes	2016 EGP000	2015 EGP000 Restated
Net sales	(4)	**1,559,257**	1,235,520
Cost of sales	(5)	**(1,148,997)**	(1,119,042)
GROSS PROFIT		**410,260**	116,478
General and administrative expenses	(6)	**(93,728)**	(71,216)
Other operating income	(8)	**8,288**	15,276
Other operating expense	(9)	**(48,997)**	(29,857)
Finance expense / income	(7)	**(116,763)**	(143,263)
PROFIT / (LOSS) FOR THE YEAR BEFORE INCOME TAX		**159,060**	(112,582)
Income tax	(10)	**(25,397)**	37,788
PROFIT / (LOSS) FOR THE YEAR		**133,663**	(74,794)

The accompanying notes 1 to 33 form an integral part of these financial statements.
Independent auditor's report attached

STATEMENT OF COMPEHENSIVE INCOME

For the year ended 31 Decemebr 2016

	2016 EGP000	2015 EGP000 Restated
PROFIT / (LOSS) FOR THE YEAR	**133,663**	(74,794)
OTHER COMPERHANSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME / (LOSSES)	**133,663**	(74,794)

The accompanying notes 1 to 33 form an integral part of these financial statements.
Independent auditor's report attached.

BENI SUEF CEMENT COMPANY (S.A.E.)

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 EGP000	2015 EGP000 Restated
ASSETS			
Non-current assets			
Property, Plant and equipment	(11)	**1,414,661**	1,367,736
Intangible assets	(12)	**62,512**	66,612
Employees advances	(13)	**-**	18,561
Available for sale investment	(14)	**83**	83
Total non-current assets		**1,477,256**	1,452,992
Current assets			
Inventories	(15)	**489,184**	420,269
Prepayments, other receivables and other debit balances	(16)	**259,525**	91,510
Due from related parties	(17)	**65,050**	42,708
Loans to related parties	(18)	**3,715**	-
Cash on hand and at banks	(20)	**124,546**	83,946
Total current assets		**942,020**	638,433
TOTAL ASSETS		**2,419,276**	2,091,425
EQUITY AND LIABILITIES			
Equity			
Share capital	(21)	**520,000**	520,000
Payments under capital increase	(22)	**260,000**	260,000
Legal reserve	(23)	**98,543**	98,543
Accumulated losses		**(89,246)**	(14,452)
Profits / (losses) for the year		**133,663**	(74,794)
Total equity		**922,960**	789,297
LIABILITIES			
Non-current liabilities			
Bank borrowings	(24)	**469,000**	504,000
Deferred tax liability	(10)	**120,732**	96,952
Total non-current liabilities		**589,732**	600,952
Current liabilities			
Provisions	(25)	**23,658**	21,349
Accounts and notes payable	(26)	**338,655**	233,962
Advance from customers		**81,329**	60,035
Accrued expenses and other payables	(27)	**127,197**	76,904
Credit facilities	(28)	**402**	6,122
Due to related parties	(17)	**67,762**	23,664
Loans from related parties	(19)	**264,003**	275,562
Income tax payable	(10)	**3,578**	3,578
Total current liabilities		**906,584**	701,176
Total Liabilities		**1,496,316**	1,302,128
TOTAL LIABILITIES AND EQUITY		**2,419,276**	2,091,425

Chief Financial Officer

Chairman

A.B

The accompanying notes 1 to 33 form an integral part of these financial statements.
Independent auditor's report attached

BENI SUEF CEMENT COMPANY (S.A.E.)

STATEMENT OF CHANGE IN EQUITY

31 December 2016

	Share capital	Payments under capital increase	Legal reserve	Accumulated losses	Profits or Losses for the year	Revaluation Surplus	Total
	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000
Balance at 1 January 2016	520,000	260,000	98,543	(14,452)	(74,794)	-	789,297
Transfer to accumulated losses	-	-	-	(74,794)	74 794	-	-
Profit for the year	-	-	-	-	133,663	-	133,663
Balance at 31 December 2016	**520,000**	**260,000**	**98,543**	**(89,246)**	**133,663**	**-**	**922,960**
Balance at 1 January 2015 (before restatement)	520,000	-	98,543	299,026	-	461,106	1,378,675
Adjustments (Note 2.3)	-	-	-	(313,478)	-	(461,106)	(774,584)
Balance at 1 January 2015 (after restatement)	**520,000**	**-**	**98,543**	**(14,452)**	**-**	**-**	**604,091**
Loss for the year	-	-	-	-	(74,794)	-	(74,794)
Payments under Capital Increase	-	260,000	-	-	-	-	260,000
Balance at 31 December 2015	520,000	260,000	98,543	(14,452)	(74,794)	-	789,297

The accompanying notes 1 to 33 form an integral part of these financial statements.

BENI SUEF CEMENT COMPANY (S.A.E.)

STATEMENT OF CASH FLOWS

31 December 2016

		2016 EGP000	2015 EGP000 Restated
Cash flows from operating activities			
Profit / (loss) before income tax		**159,060**	(112,582)
Adjustments for:			
Depreciation of Property, Plant and Equipment	(11)	**101,768**	94,078
Amortization of intangible assets	(12)	**6,158**	5,142
Provision charged	(25)	**3,520**	5,247
Write down of spare parts inventory	(11)	**-**	1,026
Gain from sale of Property, Plant and Equipment		**(2,555)**	-
Impairment in Prepayments & other. debit balances	(16)	**-**	1,334
Impairment of employee advance	(13)	**22,592**	-
change in present value of employee advances	(13)	**-**	5,962
change in present value of employee advances no longer required	(13)	**(5,962)**	-
Credit interest		**(940)**	(677)
Debit interest		**93,924**	117,098
Cash from operations before working capital changes:		**377,565**	116,628
Change in restricted cash	(20)	**(1,255)**	(7,068)
Change in inventory	(15)	**(65,241)**	(95,675)
Change in employee advance	(13)	**1,931**	-
Change in prepayments and other receivables	(16)	**(167,911)**	21,248
Change in due from related parties	(17)	**(22,342)**	85,310
Change in accounts payable and notes payable	(26)	**104,693**	107,000
Change in advance from customers		**21,294**	(53,371)
Change in accrued expenses and other payable	(27)	**49,838**	12,840
Change in due to related parties	(17)	**44,098**	6,616
Cash from operating activities		**342,670**	193,528
Impairment of inventory no longer required	(15)	**(3,674)**	-
Provision used	(25)	**(2,828)**	(570)
Net cash provided from operating activities		**336,168**	192,958
Cash flows from investing activities			
Payments to acquire Property, Plant and Equipment	(11)	**(150,874)**	(260,133)
Loans paid to related parties	(18)	**(3,715)**	-
Payments for investments available for sale		**-**	(83)
Proceeds from sale of Property, Plant and Equipment	(11)	**2,677**	-
Interest received		**837**	339
Net cash used in investing activities		**(151,075)**	(259,877)
Cash flows from financing activities			
(Payment)/ Receipt of loans due to a related parties	(19)	**(25,425)**	74,797
(Settlements) / Receipt from bank borrowings	(24)	**(35,000)**	77,827
Credit facilities (Paid) / Received	(28)	**(5,720)**	6,122
Interest paid		**(79,603)**	(83,499)
Net cash (used) / provided from financing activities		**(145,748)**	75,247
Net change in cash and cash equivalents		**39,345**	8,328
Cash and cash equivalent at the beginning of the year		**49,416**	41,088
Cash and cash equivalent at the end of the year		**88,761**	49,416
Cash and cash equivalents		**124,546**	83,946
Less: Restricted cash	(20)	**(35,785)**	(34,530)
		88,761	49,416

The accompanying notes 1 to 33 form an integral part of these financial statements.

1 CORPORATE INFORMATION

Beni Suef Cement Company was established in accordance with the decree of the Egyptian Minister of the General Public Business Sector No. 76/1993 dated 19 October 1993 as an Egyptian joint stock Company wholly owned by the Mining and Refractories Company under the provisions of the Egyptian Public Business Sector Law No. 203 of 1991 and its executive regulation.

The Company was registered in the commercial registry on 3 January 1994 and has started actual production on 30 June 1994.

According to the privatization program of the General Public Business Sector Companies implemented by the Egyptian government, the Company was privatized through the acquisition of 76% of the Company's shares by a foreign major investor on 12 July 1999.

The foreign investment's share has increased to 95% of the Company's shares on 31 December 2000.

An Extraordinary General Assembly Meeting of the Company was held on 29 August 1999 and decided the conciliation of the Company in accordance with Law No. 159 of 1981 and its executive regulation and the capital market Law No. 95 of 1992 and its executive regulation.

The purpose of the Company is the production of cement and all other building materials such as lime stone, concrete units, ready-made concrete and other building materials, marketing and selling these products and any other raw materials inside and outside Egypt, and the production of cement bags and others to pack the cement produced and other raw materials and building materials and their transport. The Company may also acquire or operate cement silos and import all the cement production materials, paper bags and spare parts of vehicles and equipment necessary for operating its business and operate and use all types of quarries.

These financial statements for the year ended 31 December 2016 were authorized for issuance in accordance with the resolution of the management on 20 March 2017.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation of these financial statements

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The IFRS was applied retrospectively to the opening balance of the year 2015 in accordance with IAS 8 accounting policies, change in accounting estimates and errors as the company prepared IFRS financial statements for the all previous years except for the year 2015.The effect of such application is presented in note (2.3).

The financial statements have been prepared in Egyptian pounds unless otherwise stated, which is the Company's functional and presentation currency.

The financial statements have been prepared under the going concern assumption on a historical cost basis.

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Note 2.4 disclose the significant accounting estimates used and personal judgment applied in the preparation of the financial statements

2.2 NEW STANDARDS, INTERPRETATION AND AMENDMENTS

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The company is currently assessing the impact of the new standards.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Company is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model that will apply to revenue arising from Contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company is currently assessing the impact of the new standard.

IFRS 16 Leases
The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. The new standard permits lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Company. as there has been no interest acquired in a joint operation during the year.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively do not have any impact on the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively do not have any impact on the Company as it does not have any bearer plants.

2.2 NEW STANDARDS, INTERPRETATION AND AMENDMENTS (continued)

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. These amendments do not have any impact on the Company.

Annual Improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively but do not have any impact on the Company.

IFRS 7 Financial Instruments: Disclosures
(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. These amendments do not have any impact on the Company.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. These amendments do not have any impact on the Company.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively. These amendments do not have any impact on the Company.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments do not have any impact on the Company.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company.

2.2 NEW STANDARDS, INTERPRETATION AND AMENDMENTS (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company.

2.3 RESTATEMENT OF PRIOR YEAR FIGURES

- **Push Down entry Reversal**

In May 2008,Titan company (head quarter) in Greece had acquired all Egyptian subsidiaries from Lafarge Company in which land, Buildings and Machinery and equipment were revalued at the fair value and the difference between net book value and fair value was recognized as revaluation Surplus reserve in the Egyptian subsidiaries.
This revaluation and related revaluation surplus relate to the parent Company (acquirer), however it was pushed down to Beni Suef Cement Company accounting books, accordingly the management restated its financial statements to reverse the push down entries and its related effects.

- **Correction of Useful Life**

The company corrected its depreciation policy of the building, machinery and equipment from 40 years to 20 years, the company management believes that 20 years is the proper useful life estimate of building, machinery and equipment, accordingly the management restated its financial statements.

Impact on Statement of Financial Position

	Property, plant and equipment (cost) EGP000	Property, plant and equipment (Acc. Dep.) EGP000	Intangible assets EGP000	Inventory EGP000	Other EGP000	Deferred Tax liability EGP000	Total EGP000
Balance on1 January 2015 (before restatement)	2,806,122	(500,032)	83,603	325,493	-	(478,092)	2,237,094
Impact of restatement of prior year figures	270,484	(1,367,589)	(9,731)	127	74	332,051	(774,584)
Balance on 1 January 2015 (Restated)	3,076,606	(1,867,621)	73,872	325,620	74	(146,041)	1,462,510
Note	(11)	(11)	-	-		(10)	

Impact on equity

	Retained Earnings EGP000	Revaluation Surplus EGP000	Total EGP000
Balance as at 1 January 2015	299,026	461,106	760,132
Impact of restatement of prior year figures	(313,478)	(461,106)	(774,584)
Balance as At 1 January 2015 (Restated)	(14,452)	-	(14,452)

Impact on statement of profit or loss

	Depreciation Expense EGP000	Net Profit before tax EGP000	Income tax EGP000	Net Profit After tax EGP000
Transaction for the year ended 31 December 2015 (Before restatement)	(77,700)	(92,198)	54,243	(37,955)
Impact of restatement of prior year figures	(21,520)	(20,384)	(16,455)	(36,839)
Transaction for the year ended 31 December 2015 (Restated)	(99,220)	(112,582)	(37,788)	(74,794)

In accordance to IAS 8 accounting policies, change in accounting estimates and errors, the company should have present 31 December 2014 financial position when restatement to comparative figures occurs, whoever due to impracticality to obtain enough information to present 31 December 2014 financial position the company decided not to present it.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Other disclosures relating to the Company's exposure to risks and uncertainties includes :

- Capital management. (Note 31)
- Financial instruments risk management and policies. (Note 30)
- Sensitivity analysis disclosures.(Note 30)

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

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

Estimations

Property, Plant and equipment – useful life
The property, Plant and equipment owned by the Company have long lives that extend to 20 years. To ensure the use of reliable estimates, the management has benchmarked the useful lives of its owned assets with estimates made by other entities and with those estimates developed internally by its technical resources. Management, reviews the useful lives of property, Plant and equipment regularly, to ensure consistency with its estimate, or otherwise, revise the remainder of useful lives as appropriate.

Intangible assets
Management has benchmarked the useful lives of its intangible assets with estimates made by other entities and with those estimates developed internally by its technical resources. Management, reviews the useful lives of the intangible assets regularly, to ensure consistency with its estimate, or otherwise, revise the remainder of useful lives as appropriate.

Inventory write down
The Company forms a write down for obsolete and slow moving items based on semiannual reports related to the expiry and the quality of inventory.

Taxes
The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the

responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

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

Employee advances
The company's management tests the impairment of long-term employee advances (under future profit sharing), on the basis of expected operational results and expected cash flows in future by preparing turn over business plan using growth rate and discount rate of future cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales tax, returns or rebates.

The Company recognizes revenue when significant risks and rewards of ownership of the goods are transferred to the buyer and when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement and after eliminating the Company's internal sales.

Sales of goods
Sales of goods are recognised when company's has delivered products to the wholesaler, the wholesaler has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been delivered either in the Company warehouse or in the wholesalers' locations depending on the agreements. Accordingly, the risks and benefits have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Finance income
Finance income is recognized as it accrues using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in the statement of profit or loss

Dividends revenue
Dividends revenue recognized when declared.

Foreign currencies
Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the reporting date. All differences are recognised in the Statement of Profit or Loss.

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

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

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

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

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

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

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 statement of financial position (accounting base) using the applicable tax rate.

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

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

Available-for-sale investments
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available for sale investments are initially recognized at fair value 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.

Property, Plant and Equipment
Property, Plant and Equipment are stated at historical cost less accumulated depreciation or depletion. Historical cost includes all costs associated with acquiring the asset and bringing it to ready-for-use condition .

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over the estimated useful lives of assets excluding land, which is not depreciated.

Estimated useful lives of assets are as follows:

	Years
Buildings	20-50
Machinery and equipment	14-20
Motor vehicles	5-7
Tools	5-20
Computers	4-10
Furniture, fixtures and office equipment	4-10

Quarries compensations represent amounts paid to make quarries ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each statement of financial position date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the income from operations.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. the cost of major renovations is included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset or estimated useful life of the renovation, whichever is less.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognized in the Statement of Profit or Loss. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. While value in use is, the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognized in the prior years are recorded when there is an indication that the impairment losses recognized for the property, plant and equipment no longer exist or have reduced.

Assets under construction

Assets under construction represent the amounts that are paid for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Fixed assets under construction are valued at cost net of impairment loss (if any).

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets represented in company's usage right of electric power capacity of 52MW, according to electric power generation contract with the Egyptian Electricity Transmission Company dated on 17 June 2010 of value EGP 75 million approximately. The intangible assets include also the right for using the tunnel between the company quarries and the factory in addition to Computer programs and the related licenses, these intangible assets are amortized according to straight line method based on useful life of 5- 20 years.

Financial assets carried at amortized cost

For financial assets carried at amortised cost, the company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that, no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk

characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with original maturity of three months or less.

Prepayments, other receivables and other debit balances

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment (if any). The losses arising from impairment (if any) are recognised in the statement of profit or loss in other operating expenses.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired, or The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass-through' arrangement, and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Prepayments, other receivables and other debit balances

The Company assesses at each reporting 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 (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate.

AFS financial assets

For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss-is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on hat investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss

Inventories
The inventory elements are valued as follows :

- Spare parts and supplies: at the lower of cost using the moving average method or net realizable value.
- Raw 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.
- 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.

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the separate statement of income in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of income in the period in which the reversal occurs.

Financial liabilities and equity instruments issued by the Company
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Company determines the classification of its financial liabilities at the initial recognition.

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

Loans and borrowings
All loans and borrowings are initially recognised at the fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the amortisation process.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss.

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

Provisions
Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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

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

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

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

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

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

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

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

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

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

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

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

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

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

Employee benefits

Profit sharing
The Company pays the lesser of 10% of its cash dividends as profit sharing to its employees or the employees' annual basic salary. Profit sharing is recognised through profit or loss and as a liability when approved by the Company's shareholders.

The Company signed a 3 years agreement with the Labor Union dated 26 March 2015 and to be effective from 1 January 2015 in which the Company guarantee payment not less than 9 month to the employees as profit sharing. Payment of these profit sharing are to be paid on 12 monthly instalments during the year and to be considered as payments under dividends and to be settled from the declared dividends after approval by the General Assembly Meeting of each of those years.
Payments made to employees in advance of profit sharing are recorded as receivables at cost less any impairment.

Pension obligations
For defined contribution plans, the Company pays contributions to the Public Authority for Social Insurance plans on a mandatory basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

3 SEGMENT INFORMATION

Currently the Company's main business segment is cement and building materials and selling the cement. Revenues, profits and investments in other business segments is currently immaterial. Accordingly business segments do not meet the criteria of reportable segments under IFRS 8, and as such, are not separately disclosed in the financial statements. All revenues of the Company in the years ended 31 December 2016 were reported under one segment in the financial statements.

4 NET SALES

	2016 EGP000	2015 EGP000
Cement local sales	**1,741,593**	1,530,940
Cement export sales	**17,504**	-
Freight revenue	**2,582**	-
Clinker and fuel sales	**46,072**	58,496
Sales discount	**(248,494)**	(353,916)
	1,559,257	1,235,520

5 COST OF SALES

	2016 EGP000	2015 EGP000
Production cost	**1,044,057**	1,022,029
Depreciation and amortization (Note 11, 12)	**104,940**	97,013
	1,148,997	1,119,042

6 GENERAL AND ADMINSTRATIVE EXPENSES

	2016 EGP000	2015 EGP000
Wages and salaries	**30,020**	28,134
Consulting fees	**16,587**	2,902
Donations	**1,775**	2,204
Catering expense	**371**	277
Telecommunication and accommodation expense	**1,932**	1,203
Depreciation and amortization (Note 11, 12)	**2,986**	2,207
Rent	**41**	102
Technical support (Titan Company) – (Note 17)	**20,726**	15,460
Litigation fees	**9,574**	10,174
Other expenses	**9,716**	8,553
	93,728	71,216

7 FINANCE EXPENSES /INCOME

	2016 EGP000	2015 EGP000
Foreign exchange loss	**29,741**	14,336
Advance employee profit share (income) / expense	**(5,962)**	12,506
Credit interest	**(940)**	(677)
Debit interest	**93,924**	117,098
	116,763	143,263

8 OTHER OPERATING INCOME

	2016 EGP000	2015 EGP000
Gain from sale of Scrap	**2,409**	1,103
Gain from sales of property, plant and equipment (Note 11)	**2,555**	-
Other operating income	**3,324**	14,173
	8,288	15,276

9 OTHER OPERATING EXPENSES

	2016 EGP000	2015 EGP000
Employees compensations	**20,884**	8,862
Impairment of advances to employees (Note 13)	**22,592**	-
Other operating expense	**2,001**	17,406
Other provisions (Note 25)	**3,520**	3,589
	48,997	29,857

10 INCOME TAX

	2016 EGP000	2015 EGP000
Statement of Profit or Loss		
Current income tax expense	-	-
Deferred income tax expense	(23,780)	49,088
	(23,780)	49,088
Income tax differences for prior year (Note 25)	(1,617)	(11,300)
	(25,397)	37,788

DEFERRED INCOME TAX

	Statement of financial position	
	31 December 2016 EGP000	31 December 2015 EGP
Deferred taxes on differences on NBV of property, plant and equipment	(159,743)	(136,129)
Deferred tax on carried forward losses	14,120	34,995
Deferred tax on Unrealized foreign exchange loss	1,915	-
Deferred tax on differences of Provisions	22,976	4,182
Net deferred income tax liabilities	(120,732)	(96,952)

	Statement of Profit or Loss	
	2016 EGP000	2015 EGP000
Balance as of 1 January	(96,952)	(146,041)
Movement during the year	(23,780)	49,089
Balance	(120,732)	(96,952)

CURRENT INCOME TAX

	31 Dec 2016 EGP	31 Dec 2015 EGP
Balance as of 1 January	3,578	3,578
Balance as of 31 December 2016	**3,578**	3,578

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	2016 EGP000
Losses before income taxes	159,060
Depreciation differences	(102,289)
Provision differences	40,837
Carried forward tax losses	(159,577)
Other differences	(788)
Taxable losses	**(62,757)**
Income tax	**NIL**

The company's tax position is as follows:

a) **Corporate taxes**
- The Company enjoyed a tax holiday for ten years ended on 30 June 2004.
- The Company records were inspected and settled for the years 2005 and 2007.
- The Company records were inspected for the year 2008 and the settlement is in progress.
- No tax inspection took place for the Company's records for the years 2009 up till 2016.

b) **Sales taxes**
- The Company records were inspected till the years 2012 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2013 till 2016.

c) **Salary taxes**
- The Company records were inspected from inception up to the year 2004 and all taxes due were paid.
- The Company records are under inspection for the years 2005 till 2007.
- No tax inspection took place for the Company's records for the years from 2008 up till 2016.

d) **Stamp duty taxes**
- The Company records were inspected till the year 2005 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2006 up till 2016

11. Property, Plant and Equipment (Restated)

	Land	Buildings	Machinery and equipment	Motor – Vehicles	Tools	Computers	Furniture, fixture & office equipment	Construction in progress	Total
	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000
Cost									
As of 1 January 2016	5,876	441,678	2,576,006	102,602	14,700	9,558	6,038	172,976	3,329,434
Additions	-	-	-	-	-	-	-	150,874	150,874
Transferred	-	26,799	230,772	4,366	696	493	380	(263,506)	-
Transfer to intangible assets	-	-	-	-	-	(330)	-	(1,838)	(2,168)
Disposal	-	(71)	(54,456)	(18,658)	-	(729)	-	-	(73,914)
As of 31 Dec 2016	**5,876**	**468,406**	**2,752,322**	**88,310**	**15,396**	**8,992**	**6,418**	**58,506**	**3,404,226**
Accumulated depreciation									
As of 1 January 2016	-	261,134	1,576,688	98,605	13,131	7,021	5,120	-	1,961,699
Depreciation	-	12,978	85,117	1,638	1,007	717	311	-	101,768
Transfer to intangible assets	-	-	-	-	-	(110)	-	-	(110)
Transfer	-	-	15	-	-	(15)	-	-	-
Disposal Accum Depr	-	(28)	(54,423)	(18,620)	-	(721)	-	-	(73,792)
As of 31 Dec 2016	-	274,084	1,607,397	81,623	14,138	6,892	5,431	-	1,989,565
Net carrying amount At 31 Dec 2016	**5,876**	**194,322**	**1,144,925**	**6,687**	**1,258**	**2,100**	**987**	**58,506**	**1,414,661**

- Depreciation expense is allocated as follows:

	31-Dec-16	31-Dec-15
	EGP000	EGP000
Cost of sales	100,148	91,871
General and administrative expenses	1,620	2,207
	101,768	94,078

	EGP000	EGP000
Proceeds from disposal of fixed assets		2,677
Cost of disposals	73,914	
Accumulated depreciation of disposals	(73,792)	
Net Carrying amount		**(122)**
Gain from disposal of fixed assets		**2,555**

11. Property, Plant and Equipment (continued) (Restated)

	Land	Buildings	Machinery and equipment	Motor – Vehicles	Tools	Computers	Furniture, fixture & office equipment	Construction in progress	Total
	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000
Cost									
As of 1 January 2015 (Note2.5)	5,876	425,166	2,387,269	99,904	14,700	7,037	5,848	130,806	3,076,606
Additions	-	-	-	2,698	-	2,522	190	254,721	260,131
Transfer from construction in progress	-	17,631	194,210	-	-	-	-	(211,841)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(710)	(710)
Disposal	-	(1,118)	(5,474)	-	-	-	-	-	(6,592)
As of 31 Dec 2015	5,876	441,679	2,576,005	102,602	14,700	9,559	6,038	172,976	3,329,435
Accumulated depreciation									
As of 1 January 2015 (Note 2.5)	-	249,196	1,498,430	97,045	11,575	6,513	4,862	-	1,867,621
Depreciation	-	11,938	78,258	1,560	1,556	508	258	-	94,078
As of 31 Dec 2015	-	261,134	1,576,688	98,605	13,131	7,021	5,120	-	1,961,699
Net carrying amount At Dec 2015	**5,876**	**180,545**	**999,317**	**3,997**	**1,569**	**2,538**	**918**	**172,976**	**1,367,736**

- Depreciation expense is allocated as follows:

	31-Dec-15
	EGP000
Cost of sales	91,871
General and administrative expenses	2,207
	94,078

12 INTANGIBLE ASSETS

	2016	2015 Restated
	EGP000	EGP000
Cost		
As of 1 January 2016	**108,031**	110,149
Transfer from property, plant and equipment	**2,168**	710
Disposals	**-**	(2,828)
As of 31 Dec 2016	**110,199**	108,031
Accumulated depreciation		
As of 1 January 2016	**41,419**	36,277
Amortization	**6,158**	5,142
Transfer from property, plant and equipment	**110**	-
As of 31 Dec 2016	**47,687**	41,419
Net carrying amount At 31 Dec 2016	**62,512**	66,612

	2016	2015
	EGP000	EGP000
Cost of Sales	**4,792**	2,748
General and administrative expenses	**1,366**	2,394
	6,158	5,142

Intangible assets represented in company's usage right of electric power capacity, the right for using the tunnel between the company quarries and the factory, computer programs and its related license that are amortized using straight-line method.

13 EMPLOYEES ADVANCES

	2016	2015
	EGP000	EGP000
Advances to employees	**22,592**	24,523
Deduct :		
Change in present value of employees Advances	**(5,962)**	(5,962)
Change in present value of employees advances no longer required	**5,962**	-
Impairment in advances to employees	**(22,592)**	-
Total non-current employees advances	**-**	18,561

The company's Ordinary General Assembly meeting held on 30 April 2014 decided to grant loans to the company's employees which should be settled from employees' share in future profits. In addition, the company signed an agreement on 26 March 2015 with General Union of workers in Construction and Timber industry for three year starting from 2015, under which it in obliged to pay 9 months as advances under future employees share in profit and to be paid on monthly instalments that will be settled through employees annual profit share declared by the General Assembly Meeting of each year covered in such agreement.

The change in present value represents the discount of expected future cash flows of the employee advances paid before the year 2015 using a discount rate of similar borrowing for the same year at the balance sheet date. The company reversed the previous calculated present value for advances paid to employees before the year 2015 and impaired the full balance due to doubt of recoverability in the future periods.

14 AVAILABLE FOR SALE INVESTEMENT

Company	Country	%	2016 EGP000	2015 EGP000
Green Alternative Energy (GAEA.)*	Egypt	1%	83	83
			83	83

*The investment in Green Alternative Energy cannot be reliably measured at fair value as it is closely held also the company just started the operation in the current period and percentage of ownership is minor, accordingly the management decided to carry the investment at cost

15 INVENTORIES

	2016 EGP000	2015 Restated EGP000
Spare parts	183,475	157,963
Raw material	32,670	35,133
Semi-finished goods	78,150	76,703
Finished goods	8,229	20,830
Packing material	5,875	4,320
Fuel and lubricants	183,976	132,185
	492,375	427,134
Deduct :		
Write down of spare parts inventory	(3,191)	(6,865)
	489,184	420,269

Inventory write down value shown as following:

	2016 EGP	2015 EGP000
Balance as of 1 January	6,865	5,839
Formed during the year	3,191	1,026
No longer required	(2,075)	-
Used during the year	(4,790)	-
Ending balance	(3,191)	6,865

16 PREPAYMENTS, OTHER RECEIVABLES AND OTHER DEBIT BALANCES

	2016 EGP000	2015 EGP000
Advances to contractors and suppliers	150,016	23,932
Deposits with others	36,519	36,519
Advance to customs authority	13,789	5,982
Tax authority – VAT	25,937	11,828
Prepayments	5,989	5,258
Tax authority – Withholding tax	9,163	4,015
Other debit balance	18,709	4,573
	260,122	92,107
Deduct : Impairment of prepayments and other debit balances	(597)	(597)
	259,525	91,510

17 DUE FROM / TO RELATED PARTIES

	2016		2015	
	Due from	**Due to**	Due from	Due to
Alexandria Portland Cement Co.	**60,895**	-	37,492	-
Titan Beton& Aggregate Egypt Ltd Co	**1,182**	-	3,650	-
Green Alternative Energy Assets GAEA	**1,412**	-	-	77
East Cement Ltd - Cement, Clinker, Fly Ash	**1,561**	-	1,561	-
Other related parties	-	-	5	-
Titan Cement S.A	-	**67,762**	-	23,555
Adocim Cimento Beton	-	-	-	32
	65,050	**67,762**	42,708	23,664

Transactions with related parties included in the statement of income are as follows:

	Nature of relationship EGP	Nature of transactions	2016	2015
			EGP000	EGP000
Titan S.A	Holding Company	Technical support fees	**(20,726)**	(15,460)
Alexandria Portland cement company	Shareholder	Clinker purchase	**(44,871)**	(42,625)
		Clinker and Cement sales	**62,435**	58,496
		Interest expense	**(13,865)**	(22,540)
Green Alternative Energy Assets GAEA	Shareholder	Interest income	**86**	-
		Fuel Sale	**1,142**	

Transactions with key management personnel:

	2016 EGP"000"	2015 EGP"000"
Short Term Employee benefits	**30,165**	27,673
Social insurance	**323**	264

18 LOANS TO RELATED PARTIES

	Nature of relationship	2016	2015
		EGP000	EGP000
Green Alternative Energy Assets GAEA– Principle loan	**Subsidiary**	**3,715**	-
Total non-current portion of loans to related parties		**3,715**	-

Green Alternative Energy Assets GAEA

On 30 March 2016, Beni Suef Cement Company has granted an intercompany loan to Green Alternative Energy Assets Company (GAEA) amounting to EGP 4 Million with an interest rate on the drawn amounts to be calculated based on Commercial banks interest rate on deposits plus 0.5% and to be repaid within three months from the contract date and renewed for similar period(s) till the completion of the Company's capital increase procedures and capital registration. The loan balance as of 31 December 2016 amounted to EGP 3,715 thousand and is classified as current assets in the statement of financial position.

19 LOANS FROM RELATED PARTIES

	Nature of relationship	2016	2015
		EGP000	EGP000
Current portion :			
Alexandria Portland Cement Co. – Principle loan	**Shareholder**	203,377	228,802
Alexandria Portland Cement Co. – Accrued interest		60,626	46,760
Total current portion of loans from related parties		**264,003**	**275,562**

Alexandria Portland cement:

On 30 June 2013, Alexandria Portland Cement Company granted an intercompany revolving loan to Beni Suef Cement Company (Subsidiary) amounting to LE 400 Million with an interest rate on the drawn amounts to be calculated based on Commercial banks interest rate on deposits plus 0.5% and to be repaid within one year from the contract date.

On 31 December 2014, the two parties agreed to raise the revolving loan celling to EGP 600 Million and to mature on 30 June 2017. The loan balance as of 31 December 2016 amounted to EGP 203,377 thousand (31 December 2015: EGP 228,802 thousand) excluding interest.

20 CASH ON HAND AND AT BANKS

	2016	2015
	EGP000	EGP000
Current accounts - EGP	**48,777**	44,304
Current accounts - Foreign currencies	**39,984**	5,112
	88,761	49,416
Cash restricted against Letter of credit	**31,878**	30,758
Cash restricted against Letters of Guarantee (Note 29)	**3,907**	3,772
	35,785	34,530
	124,546	83,946

* Restricted cash represents LGs cash cover amounted to thousand EGP 3,802 and 1,105 blocked bank accounts under credit cards (Note 29).

21 ISSUED CAPITAL

The company's authorized capital amounts to EGP 1 billion; where the issued and paid-up capital amounted to EGP 520,000 thousand represented in 52,000,000 shares with a par value of EGP 10.

22 PAYMENTS UNDER CAPITAL INCREASE

In accordance with the resolution of the Board of Directors on 14 December 2015, it has been approved to increase capital issued by EGP 260,000 thousand, within limit of authorized capital through converting part of the credit balance of the loan from Alexandria Portland Cement Company (Main shareholder company), On 21 January 2016 the Extraordinary General Assembly Meeting decided to approve Board of Directors decision. The Company did not finalize the procedures of capital increase in the article of association nor the commercial register as of the date of the balance sheet, the company still taking the required legal procedures to increase the capital.

23 LEGAL RESERVE

As required by Egyptian Companies' law and the Company's articles of association, 5% of the net profit for the prior year is to be transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

24 BANK BORROWINGS

HSBC

On 12 June 2008, Beni Suef Cement company obtained a revolving medium term loan amounting to EGP 700 Million from HSBC Bank (Mandated Lead Arranger & Facility Agent), QNB – Al Ahly and Piraeus Bank to be repaid after five years from the signing date of the contract with considering the company's right to accelerate payments for all amounts withdrawn with annual interest rate of 1.75% above the Corridor borrowing rate on the withdrawn amounts of the local currency withdrawals and 3.5% above the LIBOR rate on US dollars and EURO withdrawals.

On January 2013, the company has renewed the agreement whereby all parties agreed to reduce the facility from EGP 700 Million to EGP 670 Million and to repay the facility upon lapse of five years from the renewing date. Total borrowings balance as of 31 December 2016 amounted to EGP 469,000 thousand (2015: thousand EGP 504,000) excluding interest.

	2016	**2015**
	EGP000	EGP000
HSBC	**469,000**	504,000
	469,000	504,000

25 PROVISIONS

	Balance as of 1 January 2016	Charged during the year	Used during the year	Balance as of 31 December 2016
	EGP000	EGP000	EGP000	EGP000
Provision for legal claims	4,784	-	(328)	4,456
Provision for tax	2,179	2,063	-	4,242
Other provisions *	14,386	3,074	(2,500)	14,960
	21,349	**5,137***	**(2,828)**	**23,658**

*Provisions formed during the year charged to other operating expenses by EGP 3,520 thousand (Note 9) and EGP 1,617 thousand to income tax expenses (Note 10).

	Balance as of 1 January 2015	Charged during the year	Used during the year	Balance as of 31 Dec 2015
	EGP000	EGP000	EGP000	EGP000
Provision for legal claims	4,854	-	(70)	4,784
Provision for tax	77	5,102	(3,000)	2,179
Other provisions *	788	14,098	(500)	14,386
	5,719	19,200	(3,570)	21,349

***Other provisions**

Other provisions related to expected claims and the company's management prefers not to disclose more details regarding the other provision in order not to prejudice the Company's position in negotiations and the confidentiality of the company in the market. These provisions are reviewed by management every reporting date and the amount provided is adjusted based on latest development, discussions and agreements.

26 TRADE AND NOTES PAYABLE

	2016	**2015**
	EGP000	EGP000
Trade payable	**312,297**	211,006
Notes payable	**26,358**	22,956
	338,655	233,962

- Trades and notes payable are not interest bearing.

27 ACCRUED EXPENSES AND OTHER PAYABLES

	2016 EGP000	2015 EGP000
Accrued expenses	66,351	52,526
Tax authority - sales taxes – VAT	44,977	13,599
Tax authority - withholding taxes	3,933	2,965
Tax authority – Salary taxes	1,894	1,455
Accrued interest	455	-
Other payables	9,587	6,359
	127,197	76,904

28 CREDIT FACILITIES

	2016 EGP	2015 EGP
Arab African international bank – Over draft	402	6,122
	402	6,122

The credit balance of AAIB represents an overdraft without financial guarantee.

29 CONTINGENT LIABILITIES

The Company contingent liabilities represents bank guarantees resulted from the Company activities, accordingly, the Company contingent liabilities has reached KEGP 254,907 as 31 December 2016 against restricted cash balances amounting to KEGP 1,105 and letter of guarantee cash margin amounting to KEGP 2,802 shown below:

	Equivalent in EGP	Cash margin EGP
Qatar National Bank Al Ahli	2,802	2,802
HSBC	1,105	1,105
CIB	251,000	-
	254,907	3,907

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

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

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

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

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

a) Credit risk

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

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

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

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

b) Market risk

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

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

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.
The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables There is no impact on the Company's equity other than the profit impact stated below.

	31 December 2016	
	Change in rate	**Effect on profit before tax**
		EGP000
Financial assets	**+ 1%**	**16**
	- 1%	**(16)**
Financial liability	**+ 1%**	**(6,652)**
	- 1%	**6,652**

The interest rates on loans from related parties are described in Note 32-bto the financial statements. Interest rates on loans from financial institutions are disclosed in Note 25 to the financial statements.

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

31 December 2016

	Change in rate	Effect on profit before tax EGP000
USD	**+ 10%**	**69,588**
	- 10%	**(69,588)**
EUR	**+ 10%**	**2,892**
	- 10%	**(2,892)**

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

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

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

Financial liabilities

	Less than 3 Months	3 to 12 months	1 to 5 Years	Over 5 years	Total
As at 31 June 2016					
Term loans due to related parties	-	264,003	-	-	264,003
Bank borrowings	-	-	469,000	-	469,000
Accrued expense and other payables	-	127,197	-	-	127,197
Trade and notes payables	-	338,655	-	-	338,655
Total undiscounted financial liabilities	-	729,855	469,000	-	1,198,855

31 Capital management

The Company's objective when managing the capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an Optimal capital structure to reduce the cost of capital.

In order to maintain an optimal capital structure, the company may adjust the amount of dividends paid to shareholders, returns capital to shareholders, issue new shares or reduce debt.

The Company manages its capital structure conservatively with the gearing ratio. This ratio is calculated as Net Debt divided by Total Assets. Net debt is calculated as total borrowings less cash and cash equivalents.

	2016 EGP000	2015 EGP000
Interest-bearing loans and borrowings other than convertible preference	**733,405**	785,684
Less: Cash and short-term deposits	**(124,546)**	(83,946)
Net debt	**608,859**	701,738
Total Assets	**2,419,276**	2,091,425
Gearing ratio	25%	34%

32 Material legal cases

- The Nile Organization has raised a court case against the Company claiming compensation amounting to LE 300,000,000 for the harms resulted from the Company's use of the quarries land the case was postponed to March 27, 2017. The Company's legal advisor believes that the likelihood of the Company winning this case is probable.

-In 28 October 2007, the Company obtained extension license for the second production line for LE 134,500,000 through an auction made by the Trading and Industrial Ministry. The Industrial Development General Authority subsequently raised the license value to LE 251,000,000 whereas the Company in return has raised a court case against the Industrial Development General Authority to safeguard its right in the license the case was postponed to March 1, 2017. The Company's legal advisor believes that the likelihood of the Company winning this case is probable.

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.
Financial assets of the company include bank balances and cash, , other receivables, held to maturity investments and due from related parties. Financial liabilities of the company include interest-bearing loans and borrowings, trade and other payables, due to related parties and retentions payable.

The management assessed that the fair values of bank balances and cash, other receivables, receivables due from related parties, trade and other payables due to related parties and retentions payables approximate their carrying amounts due to the short term maturities.
For the borrowings of the company that bear a floating interest rate, the fair values and carrying values are identified as follows:

	2016		2015	
	Carrying amount EGP000	**Fair value EGP000**	Carrying amount EGP000	Fair value EGP000
Financial liabilities				
Floating rate borrowings	**469,000**	**477,221**	504,000	520,157
	469,000	**477,221**	504,000	520,157