

**SUEZ CEMENT COMPANY (S.A.E)**

**LIMITED REVIEW REPORT AND  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE 2019**

**Suez Cement Company (S.A.E)**  
**Condensed Interim Consolidated Financial Statements**  
**FOR THE SIX MONTHS PERIOD ENDED 30 June 2019**

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## Review report

To : The Board of Directors of Suez Cement Company (S.A.E.)

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Suez Cement Company (S.A.E.) as at 30 June 2019 and the related condensed interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in accordance with Egyptian accounting standards

Wael Sakr  
R.A.A. 26144  
F.R.A. 381

1 September 2019  
Cairo



Suez Cement Company (S.A.E)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2019

(All amounts are shown in EGP)	Note	30 June 2019	31 December 2018 Restated	1 January 2018 Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Fixed assets	(4)	3,249,424,942	3,395,700,943	3,685,167,935
Projects under construction	(5)	313,560,289	376,553,157	394,184,010
Goodwill		1,253,791,106	1,266,643,252	2,689,429,222
Investment in an associate and shares in joint ventures		38,464,689	40,821,719	41,610,569
Available-for-sale investments		1,560,562	1,560,562	1,460,562
Held to maturity investments		8,429,279	8,429,279	8,429,279
Amounts paid under investments in subsidiaries and other companies		-	-	2,000,000
<b>Total non-current assets</b>		<b>4,865,230,867</b>	<b>5,089,708,912</b>	<b>6,822,281,577</b>
<b>Current assets</b>				
Inventory		1,640,042,510	1,534,192,621	1,067,684,474
Prepayment, other receivables and other debit balances		1,385,604,600	1,357,500,658	1,057,751,527
Due from Related Parties	(8)	5,174,492	11,964,033	28,603,106
Cash on hand and at banks		758,309,771	798,121,644	726,756,599
<b>Total current assets</b>		<b>3,789,131,373</b>	<b>3,701,778,956</b>	<b>2,880,795,706</b>
Assets of a disposal group classified as a held for sale	(9)	29,102,670	414,231,927	186,257,654
<b>Total assets</b>		<b>8,683,464,910</b>	<b>9,205,719,795</b>	<b>9,889,334,937</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	(10)	909,282,535	909,282,535	909,282,535
Reserves		2,406,577,834	2,406,577,834	2,451,200,510
Cumulative foreign currencies translation differences reserve		226,983,920	258,107,340	260,113,607
Reserve of unrealized gain on available-for-sale investments		327,001	327,001	327,001
(Cumulative Losses) / Retained earnings		(456,557,354)	(212,909,404)	1,234,402,640
<b>Total Equity attributable to owners of the parent</b>		<b>3,086,613,936</b>	<b>3,361,385,306</b>	<b>4,855,326,293</b>
Holder of the parent		488,636,528	667,865,487	513,923,606
Non-controlling interest		488,636,528	667,865,487	513,923,606
<b>Total Equity</b>		<b>3,575,250,464</b>	<b>4,029,250,793</b>	<b>5,369,249,899</b>
<b>Non-current liabilities</b>				
Medium term loans		87,131,761	93,407,880	63,578,576
Other long term liabilities		43,630,558	46,419,331	43,587,637
End of service benefits liabilities		87,978,662	40,306,207	80,565,670
Deferred tax liabilities		289,471,433	255,993,357	171,080,205
<b>Total non-current liabilities</b>		<b>508,212,414</b>	<b>436,126,775</b>	<b>358,812,088</b>
<b>Current liabilities</b>				
Provisions	(13)	666,416,852	423,249,157	964,075,282
Bank overdraft	(11)	1,170,639,943	427,416,695	316,008,855
Trade payables, accrued expenses and other credit balances		2,074,229,085	2,950,709,285	1,858,419,838
Due to Related Parties	(12)	426,407,359	613,892,330	750,271,522
Put option Redemption liability		262,308,793	262,308,793	217,686,117
<b>Total current liabilities</b>		<b>4,600,002,032</b>	<b>4,677,576,260</b>	<b>4,106,461,614</b>
Liabilities of a disposal group classified as held for sale		-	62,765,967	54,811,336
<b>Total liabilities</b>		<b>5,108,214,446</b>	<b>5,176,469,002</b>	<b>4,520,085,038</b>
<b>Equity and liabilities</b>		<b>8,683,464,910</b>	<b>9,205,719,795</b>	<b>9,889,334,937</b>

Accounting Manager

Chief financial Officer

Managing Director

Chairman

Shereif El Masry

Ali Ihsan Kucukoglu

Jose Maria Magrino

Hayrullah Hakan Gurdal

- The accompanying notes from page (8) to page (20) are an integral part of these consolidated financial statements.

Suez Cement Company (S.A.E)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS)  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

(All amounts are shown in EGP)	Note	30 June 2019	30 June 2018 Restated	From 1 April till 30 June 2019	From 1 April till 30 June 2019 Restated
Sales		3,333,952,269	3,964,386,947	1,514,300,920	1,837,475,799
Cost of sales		(3,397,590,033)	(3,468,647,136)	(1,551,570,848)	(1,585,003,456)
<b>GROSS (LOSS) PROFIT</b>		<b>(63,637,764)</b>	<b>495,739,811</b>	<b>(37,269,928)</b>	<b>252,472,343</b>
General and administrative expenses		(247,796,797)	(227,800,494)	(107,735,835)	(109,495,372)
Investment income in an associate company		2,592,970	3,052,849	719,651	1,378,880
Investment income		85,877	85,877	85,877	85,877
Gain on sale of fixed assets		83,472,516	5,440,863	69,078,650	4,363,362
Provisions formed	(13)	(284,400,000)	-	(281,190,000)	-
Provision no longer required	(13)	10,000,000	-	10,000,000	-
Other expenses		(144,363,230)	(30,466,458)	(125,680,516)	(17,905,859)
Other income		115,806,252	8,487,501	52,332,194	1,949,926
<b>OPERATING ( LOSSES ) / PROFIT</b>		<b>(528,240,176)</b>	<b>254,539,949</b>	<b>(419,659,907)</b>	<b>132,849,157</b>
Finance ( expenses ) / Income Net		(71,674,732)	(4,880,984)	(61,570,916)	9,304,771
<b>( LOSSES ) / PROFIT BEFORE INCOME TAXES</b>		<b>(599,914,908)</b>	<b>249,658,965</b>	<b>(481,230,823)</b>	<b>142,153,928</b>
Deferred income taxes for the period		(33,478,076)	(6,248,481)	(15,485,523)	(9,857,543)
Income taxes for the period		(19,641,111)	(30,350,312)	(7,128,657)	(20,879,933)
<b>(Losses ) /Profits for the period from continuing operations</b>		<b>(653,034,095)</b>	<b>213,060,172</b>	<b>(503,845,003)</b>	<b>111,416,452</b>
<b>Discontinued operations</b>					
Net Profit from discontinued operations	(7)	1,161,878	24,643,844	-	9,195,520
Gain / (Losses) from sale of discontinued operations	(7)	350,062,124	558,930	(11,036,124)	586,710
<b>Profit (loss) For The Period from discontinued operations</b>		<b>351,224,002</b>	<b>25,202,774</b>	<b>(11,036,124)</b>	<b>9,782,230</b>
<b>NET (LOSS) PROFIT FOR THE PERIOD</b>		<b>(301,810,093)</b>	<b>238,262,946</b>	<b>(514,881,127)</b>	<b>121,198,682</b>
<b>Attributable to:</b>					
Equity holders of the parent		(206,166,104)	175,758,515	(332,061,814)	77,669,200
Non-controlling interests		(95,643,989)	62,504,431	(182,819,313)	43,529,482
		<b>(301,810,093)</b>	<b>238,262,946</b>	<b>(514,881,127)</b>	<b>121,198,682</b>
<b>The total profit attributable to the shareholders of the parent company resulted from</b>					
Continuing operations		(557,390,106)	150,555,741	(321,025,690)	67,886,970
Discontinued operations		351,224,002	25,202,774	(11,036,124)	9,782,230
		<b>(206,166,104)</b>	<b>175,758,515</b>	<b>(332,061,814)</b>	<b>77,669,200</b>
<b>(loss) Earnings per share) from continued and discontinued operations</b>					
(loss) Earnings per share from continuing operations	(6)	(3.06)	0.83	(2.77)	0.61
(loss) Earnings per share from discontinued operations	(6)	1.93	0.14	(0.06)	0.05
		<b>(1.13)</b>	<b>0.97</b>	<b>(2.73)</b>	<b>0.66</b>

- The accompanying notes from page (8) to page (20) are an integral part of these consolidated financial statements.

## Suez Cement Company (S.A.E)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

	30 June 2019	30 June 2018	From 1 April till 30 June 2019	From 1 April till 30 June 2019
(LOSSES)PROFITS FOR THE PERIOD	(301,810,093)	238,262,946	(514,881,127)	121,198,682
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Other comprehensive income to be reclassified to profit or loss</b>				
Exchange differences on translation of foreign operations	<u>(61,026,314)</u>	<u>(2,187,737)</u>	<u>(13,153,771)</u>	<u>3,081,606</u>
Other comprehensive (loss)/ income for the period	<u>(61,026,314)</u>	<u>(2,187,737)</u>	<u>(13,153,771)</u>	<u>3,081,606</u>
<b>Total comprehensive (loss)/ income for the period</b>	<u><b>(362,836,407)</b></u>	<u><b>236,075,209</b></u>	<u><b>(528,034,898)</b></u>	<u><b>124,280,288</b></u>
<b>Attributable to:</b>				
Equity holders of the parent	<u>(237,289,524)</u>	<u>174,642,769</u>	<u>(385,253,722)</u>	<u>83,505,848</u>
Non-controlling interests	<u>(125,546,883)</u>	<u>61,432,440</u>	<u>(142,781,176)</u>	<u>40,774,440</u>
	<u><b>(362,836,407)</b></u>	<u><b>236,075,209</b></u>	<u><b>(528,034,898)</b></u>	<u><b>124,280,288</b></u>
<b>The total profit attributable to the shareholders of the parent company</b>				
Continued operations	<u>(588,513,526)</u>	<u>149,439,995</u>	<u>(374,217,598)</u>	<u>73,723,618</u>
Discontinued operations	<u>351,224,002</u>	<u>25,202,774</u>	<u>(11,036,124)</u>	<u>9,782,230</u>
	<u><b>(237,289,524)</b></u>	<u><b>174,642,769</b></u>	<u><b>(385,253,722)</b></u>	<u><b>83,505,848</b></u>

- The accompanying notes from page (8) to page (20) are an integral part of these consolidated financial statements

Suez Cement Company (S.A.E)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

All amounts are shown in EGP

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale investments	Cumulative foreign currencies translation differences reserve	(Cumulative Losses)/Retained Earnings	Total	Non-controlling interest	Total Equity
<b>Balance as of 1 January 2018</b>	909,282,535	2,668,886,627	327,001	260,113,607	1,234,402,640	5,073,012,410	513,923,606	5,586,936,016
Adjustments on retained earnings and NCI	-	(217,686,117)	-	-	(100,347,418)	(318,033,535)	93,597,773	(224,435,762)
Adjustments on non-controlling interest - share of NCI in the equity of Hlial Cement Group - Kuwait	-	-	-	-	-	-	7,245,900	7,245,900
Adjustments on RE - Majority interest in the capital of Helwan	-	-	-	-	-	-	-	-
Profits for the Period	-	-	-	-	(92,267)	(92,267)	-	(92,267)
Other comprehensive income for the period	-	-	-	-	174,642,769	174,642,769	61,432,440	236,075,209
<b>Total comprehensive income for the period</b>	-	-	-	-	174,642,769	174,642,769	61,432,440	236,075,209
Transferred to retained earnings	-	-	-	-	-	-	12,331,567	12,331,567
Dividends and transferred to retained earnings	-	-	-	-	(57,764,949)	(57,764,949)	(20,971,973)	(78,736,922)
<b>Balance as of 30 June 2018 (Restated)</b>	<b>909,282,535</b>	<b>2,451,200,510</b>	<b>327,001</b>	<b>260,113,607</b>	<b>1,250,840,775</b>	<b>4,871,764,428</b>	<b>667,559,313</b>	<b>5,539,323,741</b>

	Issued and paid up capital	Reserves	Reserve of unrealized gain on available-for-sale investments	Cumulative foreign currencies translation differences	Retained Earnings (Cumulative Losses)	Total	Non-controlling interest	Total Equity
<b>Balance as of 1 January 2019 as previously issued</b>	909,282,535	2,668,886,627	327,001	256,951,432	1,267,452,954	5,102,900,549	604,625,725	5,707,526,274
Prior Years Adjustments ( Note 16)	-	(262,308,793)	-	1,155,908	(1,480,362,358)	(1,741,511,243)	63,239,762	(1,678,275,481)
<b>Balance as of 1 January 2019 (Restated)</b>	<b>909,282,535</b>	<b>2,406,577,834</b>	<b>327,001</b>	<b>258,107,340</b>	<b>(212,909,404)</b>	<b>3,361,385,306</b>	<b>667,865,487</b>	<b>4,029,250,793</b>
Other comprehensive income for the period	-	-	-	(31,123,420)	(206,166,104)	(237,289,524)	(125,546,883)	(362,836,407)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,123,420)</b>	<b>(206,166,104)</b>	<b>(237,289,524)</b>	<b>(125,546,883)</b>	<b>(362,836,407)</b>
Dividends paid	-	-	-	-	(37,481,846)	(37,481,846)	(53,682,076)	(91,163,922)
<b>Balance as of 30 June 2019</b>	<b>909,282,535</b>	<b>2,406,577,834</b>	<b>327,001</b>	<b>226,983,920</b>	<b>(456,557,354)</b>	<b>3,086,613,936</b>	<b>488,636,528</b>	<b>3,575,250,464</b>

- The accompanying notes from page (8) to page (20) are an integral part of these consolidated financial statements.

Suez Cement Company (S.A.E)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

All amounts are shown in EGP	Note	30 June 2019	30 June 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Losses)/ Profit for the Period before income taxes from continuing operations		(599,914,908)	249,658,965
Profits for the Period before Tax from discontinued operations		351,224,002	25,202,774
Adjustments:		(248,690,906)	274,861,739
Liquidation investments Losses	(14)	-	(558,930)
Depreciation of fixed assets		232,021,567	238,442,895
Decline in value of inventory	(6)	14,317,447	4,039,501
Provisions formed	(13)	284,400,000	-
Provisions no longer required	(13)	(10,000,000)	-
Impairment of accounts and notes receivable		(24,971,762)	8,802,245
Impairment in value of other debit balances		22,614,363	-
Liabilities against end of service plan		4,251,082	7,997,400
Investment income in an associate company		(2,592,970)	(3,052,849)
Impairment in projects under construction		-	7,379,947
Gain on disposal of fixed assets		(83,472,516)	(5,440,863)
Gain on disposal of discontinued operations	(7)	(350,062,124)	-
Unrealized currency differences		(31,648,588)	(1,115,746)
Finance costs		99,743,472	27,489,070
Credit interests		(28,068,740)	(22,608,086)
<b>Operating (losses)/ profits before changes in working capital</b>		<b>(122,159,675)</b>	<b>536,236,323</b>
Change in inventory		(74,151,558)	(220,880,437)
Changes in accounts receivable, prepayments, other receivables and other debit balances		18,524,844	(275,265,479)
Change in accounts payable, accrued expenses and other payables		(1,084,312,347)	379,814,217
Interest paid		(99,743,472)	(27,489,070)
Income taxes paid		(67,225,344)	(92,660,810)
Payment in respect of end of service plan		(1,320,000)	(3,921,120)
Provisions used		(31,232,305)	(151,610,678)
<b>NET CASH FLOWS (USED IN)/ GENERATED FROM OPERATING ACTIVITIES</b>		<b>(1,461,619,857)</b>	<b>144,222,946</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment to acquire fixed assets		(48,604,215)	(51,536,467)
Proceeds from sale of fixed assets		97,422,780	12,790,544
Payments to projects under construction		(35,462,751)	(106,849,285)
Dividends from investment in an associate company	(14)	4,950,000	6,263,496
Proceeds from sale of discontinued operations	(7)	685,892,258	-
Credit interests received		28,068,740	22,608,086
<b>CASH FLOWS GENERATED FROM/ (USED IN) FINANCING ACTIVITIES</b>		<b>732,266,812</b>	<b>(116,723,626)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in medium term loans and other long term liabilities		-	45,563,433
Change in bank overdraft		743,223,248	(157,755,775)
Dividends paid		-	(57,764,949)
Dividends paid to non-controlling interest	(12)	(53,682,076)	(20,971,973)
<b>NET CASH FLOWS GENERATED FROM/ (USED IN) FINANCING ACTIVITIES</b>		<b>689,541,172</b>	<b>(190,929,264)</b>
<b>Net increase/(decrease) in cash and cash equivalent during the Period</b>		<b>(39,811,873)</b>	<b>(163,429,944)</b>
Cash and cash equivalent at the beginning of the Period		798,121,644	726,756,599
<b>CASH AND CASH EQUIVALENT - END OF THE PERIOD</b>		<b>758,309,771</b>	<b>563,326,655</b>

Non -cash transactions:

\* An amount of EGP 37,481,846 excluded from prepayments, other receivables, and other debit balances which related to the dividends payable to employees during the period, while those amounts were paid in advance during 2018.

\* An amount of EGP 46,015,778 was excluded from inventory as the value of the inventory held as part of the sale of discontinued operations.

- The accompanying notes from page (8) to page (20) are an integral part of these consolidated financial statements.



## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 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 for the year 1974 which was replaced by Law 230 of 1989 which amended by Law 8 of 1997. The Company was registered in the Commercial register under no. 181134.

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

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

The condensed interim consolidated financial statements of the Company for the Period ended 30 June 2019 were signed by the company's Managing director on 1 September 2019 and will be presented to the upcoming Board of directors meeting for ratification.

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

	30 June 2019	31 December 2018
	%	%
Egyptian Tourah Portland Cement Company S.A.E.	66.12	66.12
Helwan Cement Company S.A.E.	99.55	99.55
Ready Mix Concrete El - Alanya (RMCA) S.A.E	52	52
Hilal Cement Group (K.S.C.C.) – Kuwait	51	51
Development and Construction Material Company (DECOM) S.A.E. – subsidiary of Universal For Ready Mix Production (RMPU) S.A.E. by 99,99%	52	52
Suez Transport and Trade Company S.A.E. – subsidiary of Helwan Cement Company S.A.E. by 55%	96.37	96.37
Suez For import and Export S.A.E	96.37	96.37

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 2. Basis of consolidation

The following is a summary of the significant accounting policies used in the preparation of the condensed interim consolidated financial statements, which are applied consistently to all financial periods presented unless otherwise stated:

##### A. Basis of preparation of the interim condensed consolidated financial statements

The condensed interim consolidated financial statements of the Company have been prepared in accordance with the Egyptian Accounting Standards issued in accordance with the Minister of Investment Decree No. (110) of 2015 and the laws and regulations in force.

The interim consolidated financial statements for the financial period ended 30 June 2019 have been prepared in accordance with the requirements of the Egyptian Accounting Standard (30) "Interim Financial Statements" and in accordance with the laws and regulations. The consolidated financial statements has been prepared in condensed presentation, comparing with financial statements for the year ended in 31 December 2018.

These interim condensed consolidated financial statements doesn't contain all the information required in preparing the full annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2018.

The condensed interim consolidated financial statements have been prepared and presented in Egyptian Pounds, which is the Company's functional currency.

The condensed interim consolidated financial statements of the Company have been prepared on the going concern basis, the historical cost convention except for available-for-sale financial assets measured at fair value, and retirement benefit obligations measured at present value of the liability.

##### B. New releases and amendments to Egyptian Accounting Standards but not yet effective

On March 28, 2019, the Minister of Investment issued Resolution No. 69 of 2019, amending some provisions of the Egyptian Accounting Standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Accounting Standards in the Official Gazette on April 7, 2019. The most important amendments are summarized in the issuance of three new standards, which are effective for the financial periods beginning on or after January 1, 2020. These are:

###### 1. EAS 47 Financial Instruments

This standard is effective for financial periods beginning on or after 1 January 2020. Early adoption is permitted, provided that the revised Egyptian Accounting Standards 1, 25, 26 and 40 are applied together at the same time.

The standard includes classification categories and a new measurement method for financial assets that reflect the business model in which the asset is managed and its cash flow characteristics.

EAS 47 replaces the "loss incurred" model in EAS 26 with the "expected future loss" model.

###### 2. EAS 48 Revenue from contracts with customers

This standard is effective for financial periods beginning on or after 1 January 2020. Early adoption is permitted, provided that the revised Egyptian Accounting Standards 1, 25, 26 and 40 are applied together at the same time.

This standard establishes a comprehensive conceptual framework for determining the amount and timing of revenue recognition.

###### 3. EAS 49 Leasing contracts

This standard is effective for financial periods beginning on or after 1 January 2020. Early adoption is permitted and is applied in accordance with EAS (48) "Revenue from Contracts with Customers" at the same time.

The EAS (49) provides tenants with a single model of accounting for leases. The lessee recognizes the asset relating to the right of use, which represents its right to use the related asset, as well as the lease obligation, which represents an obligation to pay the lease payments. There are optional exemptions for short-term leases and leases for low-value assets.

EAS 49 replaces EAS 20 Accounting Rules and Standards for Financial Leasing Operations.

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

**C. Business combination for Ready Mix concrete El-Almia (RMCA) (S.A.E) and its subsidiaries "Egyptian Company for Building Materials Development" DECOM "**

The management of the Group has taken into account the accounting treatment to be applied and the principles set out in EAS 42 "Consolidated Financial Statements" and has concluded that the Group controls the International Company for Ready-Mix Concrete (RMCA). The management considers personal judgment in determining the appropriate accounting treatment for the International Company for Ready Mix Concrete (RMCA). If this personal judgement for the management changes, this would result in consolidating the International company for Ready Mix Concrete (RMCA). Assets and liabilities of International Ready mix Company amounted to EGP 796 million and EGP 185 million respectively on June 30, 2019.

The following are significant personal considerations and judgments that have been applied by management to result at a conclusion on the accounting treatment to be applied:

- The Group is exposed to variable returns resulting from its partnerships in the International Company for Ready Mix Concrete. Variable returns consist of dividends on equity shares, raw material supply contracts required for the subsidiary.
- The Group has the potential voting rights of the right to purchase shares of non-controlling interests. The Group has the right to exercise that right in the event of deadlock between the Group and the other shareholders on a significant issue related to decisions that have a significant impact on the subsidiary. The group management has the right to exercise the call option right to purchase all non-controlling interest shares, which give the control to the group.
- The other shareholders have the option to sell which allows them to sell the non-controlling interest to the Group at exercise price determined in accordance with the Shareholders Agreement

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 4. FIXED ASSETS

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	Total
<b>Cost</b>						
As of 1 January 2018	580,057,683	1,904,266,443	7,501,916,684	350,828,527	144,664,317	10,481,733,654
Foreign currencies translation differences	80,298	2,665,099	1,754,900	1,230,385	141,861	5,872,543
Additions	4,580,105	3,231,375	57,584,558	44,064,264	764,549	110,224,851
Transferred from projects under construction (note 14)	-	43,286,924	238,848,360	43,116,508	1,883,619	327,135,411
Adjustments	-	167,407	(5,385,566)	-	-	(5,218,159)
Disposals	(23,709,909)	(21,097,737)	(64,810,701)	(20,709,264)	(4,363,467)	(134,691,078)
Assets held for sale	(124,201,876)	(72,003,357)	(380,746,990)	(2,675,749)	(5,287,331)	(584,915,303)
<b>As of 31 December 2018</b>	<b>436,806,301</b>	<b>1,860,516,154</b>	<b>7,349,161,245</b>	<b>415,854,671</b>	<b>137,803,548</b>	<b>10,200,141,919</b>
<b>Accumulated depreciation</b>						
As of 1 January 2018	-	(1,443,802,889)	(4,934,050,329)	(297,096,215)	(121,616,286)	(6,796,565,719)
Depreciation for the year	-	(78,796,436)	(349,371,106)	(26,324,129)	(7,498,732)	(461,990,403)
Disposals	-	10,605,388	63,285,933	20,652,393	4,349,115	98,892,829
Foreign currencies translation differences	-	(2,036,519)	(1,507,453)	(1,024,489)	(136,389)	(4,704,850)
Adjustments	-	(145,672)	5,315,874	-	-	5,170,202
Assets held for sale	-	54,528,473	293,312,893	2,564,833	4,350,766	354,756,965
<b>As of 31 December 2018</b>	<b>-</b>	<b>(1,459,647,655)</b>	<b>(4,923,014,188)</b>	<b>(301,227,607)</b>	<b>(120,551,526)</b>	<b>(6,804,440,976)</b>
<b>Net book value as of 31 December 2018</b>	<b>436,806,301</b>	<b>400,868,499</b>	<b>2,426,147,057</b>	<b>114,627,064</b>	<b>17,252,022</b>	<b>3,395,700,943</b>
<b>Cost</b>						
As of 1 January 2019 (Restated)	436,806,301	1,860,516,154	7,349,161,245	415,854,671	137,803,548	10,200,141,919
Transferred from projects under construction (note 14)	-	9,450,967	67,303,725	-	21,700,927	98,455,619
Additions	-	49,500	33,301,158	15,139,984	113,573	48,604,215
Disposals	(3,075,811)	(4,711,881)	(158,362,286)	(15,481,919)	(200,646)	(181,832,543)
Foreign currencies translation differences fixed Assets as of 30 June 2019 *	(1,064,097)	(35,317,459)	(23,628,481)	(20,913,153)	(1,598,985)	(82,522,175)
Adjustments	(29,102,670)	-	-	-	-	(29,102,670)
<b>On 30 June 2019</b>	<b>403,563,723</b>	<b>1,829,987,281</b>	<b>7,267,775,361</b>	<b>394,599,583</b>	<b>157,818,417</b>	<b>10,053,744,365</b>
<b>Accumulated depreciation</b>						
As of 1 January 2019	-	(1,459,647,655)	(4,923,014,188)	(301,227,607)	(120,551,526)	(6,804,440,976)
Depreciation for the Period	-	(34,124,093)	(174,393,761)	(20,764,334)	(2,739,379)	(232,021,567)
Disposals	-	1,540,689	150,746,915	15,441,696	152,979	167,882,279
Foreign currencies translation differences depreciation as of 30 June 2019 *	-	28,485,466	20,218,842	13,981,591	1,574,942	64,260,841
<b>As of 30 June 2019</b>	<b>-</b>	<b>(1,463,745,593)</b>	<b>(4,926,442,192)</b>	<b>(292,568,654)</b>	<b>(121,562,984)</b>	<b>(6,804,319,423)</b>
<b>Net book value as of 30 June 2019</b>	<b>403,563,723</b>	<b>366,241,688</b>	<b>2,341,333,169</b>	<b>102,030,929</b>	<b>36,255,433</b>	<b>3,249,424,942</b>

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 5. FIXED ASSETS UNDER CONSTRUCTION

The movement of fixed assets under construction during the Period ended 30 June 2019 is as follows:

	<u>30 June 2019</u>
Beginning balance	376,553,157
Additions during the Period	35,462,751
Transferred to fixed assets during the Period	<u>(98,455,619)</u>
<b>Ending balance</b>	<b><u>313,560,289</u></b>

#### 6. (LOSS) EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net profit / (loss) for the period attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the period, The company has no dilutive shares, taking into consideration the future dividends suggested to employees whenever approved from the Board of directors.

##### A- (LOSS) Earning per share from continuing operations

	<u>30 June 2019</u>	<u>30 June 2018</u>
Net (loss) profit for the period	(557,390,106)	150,555,741
Weighted average number of shares issued and paid	<u>181856507</u>	<u>181856507</u>
<b>(LOSSES) / Earnings per share</b>	<b><u>(3.06)</u></b>	<b><u>0.83</u></b>

##### B- Earning per share from discontinued operations

	<u>30 June 2019</u>	<u>30 June 2018</u>
Net profit (loss) from discontinued operations	351,224,002	25,202,774
Weighted average number of shares issued and paid	<u>181856507</u>	<u>181856507</u>
<b>Earnings per share *</b>	<b><u>1.93</u></b>	<b><u>0.14</u></b>

The Company's share in profit (loss) is calculated by adjusting the weighted average number of ordinary shares by the effects of all potential ordinary shares causing the impairment. The Company does not have any potential dilutive shares as at 30 June 2019. Therefore, Basic share per share in profit (loss).

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 7. (Assets and Liabilities held for sale and discontinued operations)

\*The Suez Cement Group has assigned Cleopatra For building materials industry as assets held for sale and sold on 2018. On February 2019, the group had sold its investment in Cleopatra for building materials industry. The value of the transaction amounted to EGP 742,902,871. The results of its operations are classified as discontinued operations as at 30 June 2019.

The assets and liabilities of Cleopatra for building materials industry on selling date are as follows:

#### A- Assets

	<u>1 February 2019</u>
Fixed assets	203,347,986
Fixed assets under construction	22,404,504
Deferred tax assets	10,023,994
Inventory	168,542,470
Receivables	2,079,799
other debit balances	16,171,230
Cash on hand and at banks	3,708,950
<b>Total</b>	<b><u>426,278,933</u></b>

#### B- Liabilities

	<u>1 February 2019</u>
Trade payables, accrued expenses and other credit balances	20,201,027
Due to Related Parties	27,109,240
Income tax liability	8,546,542
Advances from customers	10,257,011
Other long term liabilities	8,327,511
Retention payable	645,691
	<b><u>75,087,022</u></b>
<b>Net assets</b>	<b><u>351,191,911</u></b>

The following are the results from discontinued operations for the period from 1 January 2019 to 30 June 2019, from 1 January 2018 to 30 June 2018:

	<u>30 June 2019</u>	<u>30 June 2018</u>
Revenues	13,986,168	245,237,290
Expenses	(12,824,290)	(213,150,040)
<b>Profits from Discontinued operations</b>	<b><u>1,161,878</u></b>	<b><u>32,087,250</u></b>
Gain from sale of Discontinued operations ( D)	350,062,124	558,930
Income Tax	-	(7,443,406)
<b>Profit after tax for the Period from discontinued operations</b>	<b><u>351,224,002</u></b>	<b><u>25,202,774</u></b>

Suez Cement Company (S.A.E)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

C- Cash flows from discontinued operations

	30 June 2019	30 June 2018
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,493,356	55,274,220
NET CASH FLOWS FROM INVESTING ACTIVITIES	685,892,258	(3,656,189)
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	(1,465,472)
	<u>688,385,614</u>	<u>50,152,559</u>

D- The gain from sale discontinued operations are as follows :

	30 June 2019
Cash proceed	685,892,258
value of retained inventory as part of the disposal	46,015,778
<b>Total consideration</b>	<u>731,908,036</u>
<b>(Deduct):</b> Net book value of disposed assets	(351,191,911)
<b>(Deduct):</b> Expenses related to disposal	(30,654,001)
<b>Gain from sale of discontinued operations</b>	<u>350,062,124</u>

8. Due from Related Parties

	30 June 2019	31 December 2018
Italcementi	1,153,647	898,613
Inter bulk SAE	380,350	1,667,580
Cleopatra For building materials industry	-	5,403,183
Heidelberg Cement Trading Malta	3,593,080	3,854,536
Tanzania Portland Cement Company	47,415	40,675
Cimenteries CBR Cementbedrijven N,V	-	42,372
Morocco Cement	-	57,074
<b>Total</b>	<u>5,174,492</u>	<u>11,964,033</u>

9. Assets Held for Sale

Assets held for sale on 30 June 2019 are investments in unused land in Egyptian Tourah Portland Cement Company S.A.E. for a total value of EGP 29,102,670 which was decided by the General Assembly to sell unutilized assets (31 December 2018) representing the value of assets held for sale. Cleopatra Building Materials Company for EGP 414,231,927

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 10. CAPITAL

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

On 30 June 2005, Minister of investment's decree was issued to approve the 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 EGP 5 each,

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

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

#### 11. Bank Overdraft

A) Suez Cement Company S.A.E obtained a line of credit from Several Banks capped at EGP 634 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 30 June 2019 amounted to EGP 412,664,424.

B) Egyptian Tourah Portland Cement Company S,A,E (subsidiary) obtained lines of credit capped at EGP 370 million to finance working capital requirements and goods imported in EGP or equivalent in foreign currencies at an average interest rate of 20.62% to the Egyptian pound, 4.95% for foreign currencies.

Total usage of these lines of credit as of 30 June 2019 amounted to EGP 262,327,739,

C) Helwan Cement Company S,A,E obtained lines of credit from different banks capped at EGP 519 million in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements, Total usage of this line of credit as of 30 June 2019 amounted to EGP 490,660,644.

D) Hilal Cement Company (K.S.C.C.) – Kuwait obtained a line of credit at 150,000 Kuwait Dinar against deposits from several banks to finance the company's working capital requirements.

Total usage of this line of credit as of 30 June 2019 of 90,600 Kuwait Dinar amounted to EGP 4,987,136.

#### 12. Due to Related Parties

##### Due to Related Parties

	<u>30 June 2019</u>	<u>31 December 2018</u>
Heidelberg Cement Trading Malta	45,224,130	47,332,874
Ciments Francais	93,469,701	100,936,018
Italcementi	45,883,588	72,623,570
Heidelberg Cement AG	78,033,641	77,475,002
Inter bulk Logano	149,499,902	301,357,763
Heidelberg Cement France S,A,S,	1,077,734	1,939,057
Sociedad Financiera(FYM)	-	62,262
HC Green Trading	13,218,663	11,822,316
HC trading international	-	343,468
	<u>426,407,359</u>	<u>613,892,330</u>

The decrease in the due to related parties is due to the payment of part of the balance due to Interblek Lugano through the sale of Cleopatra.



## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 13. Provisions

	Balance as of 1 January 2019	Charged during the Period	Utilized during the Period	No longer required	Balance as of 30 June 2019
Tax claims	288,982,337	16,400,000	(13,000,000)	-	292,382,337
Judicial disputes	33,020,149	-	(3,255,525)	-	29,764,624
Restructure Social Cost*	40,246,671	268,000,000	(14,976,780)	-	293,269,891
Other claims	10,000,000	-	-	(10,000,000)	-
Gas Misr company claims	51,000,000	-	-	-	51,000,000
	<u>423,249,157</u>	<u>284,400,000</u>	<u>(31,232,305)</u>	<u>(10,000,000)</u>	<u>666,416,852</u>

- Tourah Portland Cement Company has made restructuring provisions to pay the employees' benefits under the voluntary retirement system in accordance with the decision of the Extraordinary General Assembly held on June 10, 2019 to suspend the cement activity and leave the employees in an orderly and legal manner.

#### 14. Impairment

The management of Tourah Portland Cement Company (subsidiary) has appointed an independent valuation expert to assess the Company's assets at fair value using the fair value of similar assets to determine whether there is any impairment in value. According to the expert's report issued on July 28, 2019, there is no impairment to be recognized in the assets of Tourah Portland Cement Company on June 30, 2019.

#### 15. Financial instruments by category

##### Financial Assets as Per Financial Statement

	30 June 2019	31 December 2018
Prepayment, other receivables and other debit balances *	610,759,366	1,187,844,418
Cash on hand and at banks	758,309,771	798,121,644
Due from Related Parties	5,174,492	11,964,033
Assets Held For Sale	29,102,670	414,231,927
<b>TOTAL</b>	<u>1,403,346,299</u>	<u>2,412,162,022</u>

\*Other debit balances not include prepaid expenses and suppliers' advance payments.

##### Financial liabilities

	30 June 2019	31 December 2018
Bank over draft	1,170,639,943	427,416,695
Trade payable, accrued expenses and other credit balances	1,401,177,107	1,873,819,985
Due to Related parties	426,407,359	613,892,330
Liabilities against Put option	262,308,793	262,308,793
	<u>3,260,533,202</u>	<u>3,177,437,803</u>

\*Other credit balances not include customer credits and social security.

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 16. Prior Year's adjustments

Comparative figures have been reclassified for 2018 to conform with the presentation of the consolidated financial statements for the current period. Certain comparative figures have been adjusted and reclassified to be in line with the presentation for the financial year. The following is a summary of the amendments:

##### A- Correction of errors in accounting for goodwill impairment test

During the period ended in 30 June 2019 the company undertook a detailed review of the goodwill impairment test that was conducted as of 31 December 2018 and discovered that the assumptions used in the test was not consistent with the economy and cement industry forecast according to EAS 31 "Impairment of assets" requirements. As a consequence, the goodwill had been overstated by EGP 1.4 billion statement line items for the prior years as follows:

	As issued 31 December 2018	Restatement	After restatement 31 December 2018
<b><u>Statement of financial position</u></b>			
Goodwill	2,492,180,146	(1,398,528,973)	1,093,651,173
Retained earning (Accumulated losses)	1,260,403,296	(1,398,528,973)	(138,125,677)
<b><u>Statement of profit or loss:</u></b>			
	As issued 31 December 2018	Restatement	After restatement 31 December 2018
Goodwill impairment loss	197,249,076	1,398,528,973	1,595,778,049
Net profit ( loss) for the year	121,437,200	(1,398,528,973)	(1,277,091,773)

##### B- Correction of errors in accounting treatment for fixed asset revaluation surplus raised from the acquisition of Tourah portland cement company (TPCC)

At the end of period ended in 30 June 2019, the company undertook a detailed review for the depreciation of the revaluation surplus of the fixed assets arised from the acquisition of Tourah Portland cement company (TPCC) and discovered that the depreciation expense had not been fully recorded in prior years . As a consequence, the fixed assets had been overstated by EGP 190 Million.

The error has been corrected by restating each of the affected

	As issued 31 December 2018	Adjustment and Restatement	After restatement 31 December 2018
<b><u>Statement of financial position</u></b>			
Fixed assets	3,586,130,737	(190,429,794)	3,395,700,943
Retained earning	1,260,403,296	(190,429,794)	1,069,973,502
<b><u>Statement of financial position</u></b>			
	As issued 31 December 2017	Adjustment and Restatement	After restatement 31 December 2017
Fixed assets	3,875,597,729	(190,429,794)	3,685,167,935
Retained earning	1,420,835,448	(190,429,794)	1,230,405,654

##### C- Accounting for disposal of a subsidiary

On June 2019, Management discovered an error in the accounting for the loss of control over ICC Saudi arabia " former foreign subsidiary", as the cumulative translation reserve was not recycled to the statement of profit or loss at the date of loss of control as required by EAS 42 " consolidated financial statements".

Suez Cement Company (S.A.E)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

The error has been corrected by restating each of the affected financial statement line items for the prior years as follows:

	As issued 31 December 2018	Adjustment and restatement	After restatement 31 December 2018
<b>Statement of financial position</b>			
Cumulative translation reserve	256,951,432	(87,070,053)	169,881,379
Retained Earning	1,260,403,296	(87,070,053)	1,173,333,243
	As issued 31 December 2018	Adjustment and restatement	After restatement 31 December 2018
<b>Statement of financial position</b>			
Cumulative translation reserve	260,113,607	(87,070,053)	173,043,554
Retained Earning	1,420,835,448	(87,070,053)	1,333,765,395

D- **Classification of actuarial gains on the balance sheet**

The financial statement have been restated to include the Actuarial gain from retirement benefit obligation should not be shown separately on the balance sheet but to be included in the retained earning

The error has been corrected by restating each of the affected financial statement line items for the prior years as follows:

	As issued 31 December 2018	Adjustments and restatement	After restatement 31 December 2018
<b>Statement of financial position:</b>			
Actuarial gain (loss) on retirement benefit obligation	7,049,658	(7,049,658)	-
Retained Earning	1,260,403,296	7,049,658	1,267,452,954

E- **Correction of errors in translation of the goodwill of Helal company**

Management has discovered error in translating the financial statement of it's foreign subsidiary ( Helal for Cement company), as the goodwill was translated using historical foreign exchange rate while it should have been translated using the closing foreign exchange rate of kuwait Dinar as at 31 December 2018.

The error has been corrected by restating comparative figures.

	As issued 31 December 2018	Adjustments and restatement	After restatement 31 December 2018
<b>Statement of financial position</b>			
Good Will	2,492,180,146	172,992,079	2,665,172,225
Cumulative translation reserve	256,951,432	88,225,961	345,177,393
Non-controlling interest	566,166,402	84,766,118	650,932,520
	As issued 31 December 2017	Adjustments and restatement	After restatement 31 December 2017
<b>Statement of financial position</b>			
Good Will	2,689,429,222	171,777,320	2,861,206,542
Cumulative translation reserve	260,113,607	87,606,433	347,720,040
Non-controlling interest	566,166,402	84,170,887	651,932,520

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### F- Dividends income restatement

Management discovered that there is a mistake in dividends income treatment from one of its subsidiaries, the consolidation partially affected with those dividends in consolidated profit or loss statement, this should be eliminated from consolidated financial statements

	Profit & ( Loss) 2018 As issued	Adjustments and restatement	After restatement
Investment Income	12,085,880	(12,085,880)	-
Cumulative translation reserve	566,166,402	(12,085,880)	554,080,522

#### G- Available for sale assets for Tourrah Cement portland :

Land with a carrying amount of EGP 29,102,670 was classified as fixed assets within non-current assets as of 31 December 2018, however it should have been classified as assets held for sale within current assets as it met the assets held for sale criteria per EAS 32 during the year 2018. The land value was measured at the lower of its carrying amount and fair value less costs to sell as at 31 December 2018. This has been reclassified by management during the year 2019.

	Balance on 31/12/2018 Before Restatement	Restatement	After restatement
Fixed Assets	294,367,340	(29,102,670)	265,264,670
Assets Held for Sale	-	29,102,670	29,102,670

#### H- Retention liability Put Option :

During the period, the management reviewed the shareholders' agreement of the International Ready-mix Company (subsidiary) and discovered that the obligation arising from the right of Put option given to the non-controlling interests in the subsidiary is not recognized as the right to sell all its shares in the subsidiary to Suez Cement. The error has been corrected by recognizing the obligation to settle the right to sell option against the Liabilities of a reserve within equity with the same value. Comparative figures have been restated as follows:

	Balance on 31/12/2018 Before Restatement	Restatement	After restatement
Reserves' Liabilities against the put option	-	262,308,793	262,308,793
Retention liability Put option	-	262,308,793	262,308,793

  

	Balance on 31/12/2017 Before Restatement	Restatement	After restatement
Reserves' Liabilities against the put option	-	217,686,117	217,686,117
Liabilities against Put option	-	217,686,117	217,686,117

## Suez Cement Company (S.A.E)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

#### 17. SEGMENT INFORMATION

The Group's main business segment is the production of various types of cement and other related products from the cement industry and associated production, construction materials and other construction materials, trade and exploitation of mines and quarries, except sand and quarry.

Activity segments have been determined in accordance with the audit reports from the Group's management. Group management is considered to be the business activity from the point of view of the geographical location (Egypt - Kuwait).

	Geographical location (Egypt)		Geographical location (Kuwait)		Total	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Results of Operations</b>						
Net Sales	2,787,354,410	3,319,930,168	546,597,859	644,456,779	3,333,952,269	3,964,386,947
Cost of Sales	(2,907,542,269)	(2,894,134,429)	(490,047,764)	(574,512,707)	(3,397,590,033)	(3,468,647,136)
Result Location " Gross Profit "	(120,187,859)	426,795,739	56,550,095	69,944,072	(63,637,764)	495,739,811
Finance income	23,514,512	22,608,086	4,554,228	-	28,068,740	22,608,086
Financing Expense	(97,332,909)	(25,141,310)	(2,410,563)	(2,347,760)	(99,743,472)	(27,489,070)
Foreign exchange differences	23,587,778	(5,585,720)	(39,398)	(99,771)	23,548,380	(5,685,491)
Gain (Loss) on sale of investment	350,062,124	558,930	-	-	350,062,124	558,930
Other income	148,146,067	13,109,099	40,263,168	4,202,619	188,409,235	17,311,718
Other expenses	(405,063,704)	(20,886,321)	(15,291,406)	(9,580,137)	(420,355,110)	(30,466,458)
income tax	(53,119,187)	(36,598,793)	-	-	(53,119,187)	(36,598,793)
Net Profit ( Losses ) for the Period	(353,602,724)	214,227,731	51,792,631	24,035,215	(301,810,093)	238,262,946
<b>Another Information</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
Net Assets	7,491,796,827	8,058,056,539	1,191,668,083	1,147,663,256	8,683,464,910	9,205,719,795
Net Liabilities	4,699,428,988	4,742,234,719	408,785,458	434,234,283	5,108,214,446	5,176,469,002
Depreciation	5,863,868,335	5,889,368,231	940,451,088	915,072,745	6,804,319,423	6,804,440,976

#### 18. Significant matters

On 10 June 2019, the Extraordinary General Assembly meeting of shareholders decided to temporarily mothball the Company's cement activities until such time as market conditions improve. TPCC will continue to exist as a legal entity, listed on the Egyptian Exchange Stock, with its shareholders' rights maintained. However, Cement activity at its plant will be stopped temporarily to minimize the Company's cash losses but the plant will continue to be maintained and held in a secure state until such time as market conditions improve. Employees will leave the company in an organized and legal manner and the Company will continue the process of selling its unutilized surplus assets and lands as resolved by the previous Extraordinary General Assembly Meeting held on 16 September 2018. Management have assessed the cash outflows arising from holding the plant in this temporarily dormant state and have considered the sufficiency of funds available to it, both from within its parent group and from the sale of surplus assets.

As part of this, Heidelberg Cement AG, (the ultimate parent company) have committed to provide the Company with such financial support as is necessary to enable it to continue its operations and to meet its obligations until 31 July 2020, during the period of realisation of the surplus land assets.