

**Suez Cement Company (S.A.E)**  
**SEPARATE INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2016**

**Suez Cement Company (S.A.E)**  
**Interim Financial Statements**  
**For the period ended 31 March 2016**

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## **Report on Review of Separate Interim Financial Statements**

### **TO THE BOARD OF DIRECTORS OF SUEZ CEMENT COMPANY (S.A.E)**

#### **Introduction**

We have reviewed the accompanying separate interim balance sheet of **Suez Cement Company (S.A.E)** as of 31 March 2016 as well as the related separate interim statements of income, separate interim changes in equity and separate interim cash flows for the period from 1 January 2016 to 31 March 2016, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim 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 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 separate interim financial statements.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements does not give a true and fair view, *in all material respects*, of the separate interim financial position of the entity as at 31 March 2016, and of its separate interim financial performance and its separate interim cash flows for the period from 1 January 2016 to 31 March 2016 in accordance with Egyptian Accounting Standards.

As indicated in notes (1) & (5) of the notes to the separate interim financial statements, the Company has investments in subsidiaries and prepared consolidated interim financial statements for the period from 1 January to 31 March 2016 in accordance with Egyptian Accounting Standards, for better understanding of the company's financial position as of 31 March 2016 and its financial performance, and its cash flows for the period from 1 January 2016 to 31 March 2015, the matter necessitates reference to the consolidated interim financial statements.

Cairo: 11 May 2016

#### **Auditors**

**Emad H. Ragheb**

**FESAA – FEST  
(RAA. 3678)  
(EFSAR .42)**

**Nabil A. Istanbuli**

**FESAA – FEST  
(RAA. 5947)  
(EFSAR .71)**

**Allied for Accounting & Auditing (EY)**

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

### SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION

As of 31 MARCH 2016

	Note	31/3/2016 EGP	31/12/2015 EGP Restated
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	(12)	810,976,957	825,746,310
Fixed assets under construction	(13)	155,598,463	161,452,239
Investments in subsidiaries	(14-a)	4,545,602,988	4,546,052,988
Investments in an associate and share in joint ventures	(14-b)	30,267,255	30,267,255
Available-for-sales investments	(14-c)	2,433,859	2,433,859
Amounts paid under investments in subsidiaries and other companies	(14-d)	1,186,791	1,186,791
Loan to subsidiaries	(15)	33,000,000	33,000,000
<b>Total non-current assets</b>		<b>5,579,066,313</b>	<b>5,600,139,442</b>
<b>Current assets</b>			
Inventory	(16)	381,333,586	425,954,425
Accounts and notes receivables	(17)	1,085,295	826,415
Due from related parties	(18)	22,776,115	5,042,343
Dividends receivable		22,053,910	-
Prepayments, other receivables and other debit balances	(19)	133,412,455	112,283,429
Cash on hand and at banks	(20)	557,007,638	479,795,867
<b>Total current assets</b>		<b>1,117,688,999</b>	<b>1,023,902,479</b>
<b>Total assets</b>		<b>6,696,735,312</b>	<b>6,624,041,921</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	(21)	909,282,535	909,282,535
Legal reserve	(22)	454,641,267	454,641,267
Other reserves	(22)	2,214,245,360	2,214,173,360
Reserve of unrealized gains on available-for-sales investments		1,320,859	1,320,859
Accumulated actuarial gains/(losses) on defined benefit plans		(655,229)	(655,229)
Retained earnings		1,998,414,407	1,841,906,376
Profits for the period / year		71,987,559	362,142,817
<b>Total equity</b>		<b>5,649,236,758</b>	<b>5,782,811,985</b>
<b>Non-current liabilities</b>			
Other long term liabilities	(23)	30,332,437	29,866,010
Deferred tax liabilities	(11)	45,684,265	46,080,368
<b>Total non-current liabilities</b>		<b>76,016,702</b>	<b>75,946,378</b>
<b>Current liabilities</b>			
Provisions	(24)	166,317,248	167,863,788
Bank overdraft	(25)	43,352	24,265,314
Trade payables, accrued expenses and other credit balances	(26)	443,826,240	406,876,355
Due to related parties	(27)	27,306,322	34,041,104
Taxes payable	(28)	21,620,073	19,650,802
Advances from customers	(29)	60,444,760	84,583,880
Retention payables	(30)	5,654,778	5,120,155
Dividends payable		202,062,786	-
Income tax for the period / year		22,882,160	22,882,160
Estimated Income tax for the period		21,324,133	-
<b>Total current liabilities</b>		<b>971,481,852</b>	<b>765,283,558</b>
<b>Total liabilities</b>		<b>1,047,498,554</b>	<b>841,229,936</b>
<b>Total equity and liabilities</b>		<b>6,696,735,312</b>	<b>6,624,041,921</b>

Auditors

Accounting  
Manager

Chief Financial  
Officer

Managing  
Director

Chairman

Emad H. Ragheb

Nabil A. Istanbouli

Shereif El Masry

Ali Ihsan Kucukoglu

Bruno Michel Carre

Omar A. Mohanna

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

Suez Cement Company (S.A.E)

**SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 31 MARCH 2016**

	Note	31/3/2016 EGP	31/3/2015 EGP
Sales	(4)	<b>531,108,324</b>	460,211,543
Cost of Sales	(5)	<b>(427,710,365)</b>	(396,460,243)
<b>GROSS PROFIT</b>		<b>103,397,959</b>	63,751,300
General and administrative expenses	(6)	<b>(33,359,912)</b>	(30,692,403)
(Finance income)	(7)	<b>10,919,386</b>	12,139,548
Finance cost	(8)	<b>(1,533,175)</b>	(1,223,720)
Foreign exchange differences		<b>(12,612,221)</b>	1,931,312
Gain from sale of fixed assets		<b>290,749</b>	-
Provisions		<b>(3,119,521)</b>	(2,790,821)
Provisions no longer required		<b>1,242,822</b>	-
Board of directors' remuneration and allowance		<b>(54,000)</b>	(27,000)
Dividends income	(9)	<b>22,053,910</b>	269,075,324
Liquidation investments gain		<b>173,700</b>	-
Other income	(10)	<b>5,515,892</b>	5,349,010
<b>PROFIT FOR THE PERIOD BEFORE INCOME TAX</b>		<b>92,915,589</b>	317,512,550
Deferred income taxes for the Period	(11)	<b>396,103</b>	7,644,985
Income taxes for the Period	(11)	<b>(21,324,133)</b>	(22,986,221)
<b>PROFITS FOR THE PERIOD</b>		<b>71,987,559</b>	302,171,314
Earnings Per Share - basic and diluted	(31)	<b>0.36</b>	1.63

Accounting  
Manager

Shereif El Masry

Chief financial  
Officer

Ali Ihsan Kucukoglu

Managing  
Director

Bruno Michel Carre

Chairman

Omar A. Mohanna

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

Suez Cement Company (S.A.E)

SEPARATE INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2016

	Note	31/3/2016 EGP	31/3/2015 EGP
<b>PROFITS FOR THE PERIOD</b>		<b>71,987,559</b>	302,171,314
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</b>			
Net (loss)/gain on available-for-sales (AFS) financial assets		-	(109,908)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>-</b>	<b>(109,908)</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</b>			
Remeasurement gains/(losses) on defined benefit plans		-	-
<b>Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods, net of tax</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income/(loss), net of tax</b>		<b>-</b>	<b>(109,908)</b>
<b>Total comprehensive income, net of tax</b>		<b>71,987,559</b>	<b>302,061,406</b>

Accounting  
Manager

Shereif El Masry

Chief financial  
Officer

Ali Ihsan Kucukoglu

Managing  
Director

Bruno Michel Carre

Chairman

Omar A. Mohanna

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

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

SEPARTE INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2016

	Issued and paid up capital	Legal reserve	Other Reserves	Reserve of unrealized gains on available- for-sales investments	Accumulated actuarial gains/(losses) on defined benefit plans	Retained earnings	Profits for the period	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Balance as of 31 December 2015 as issued</b>	909,282,535	454,641,267	2,214,173,360	1,320,859	-	1,842,361,036	361,032,928	<b>5,782,811,985</b>
Effects of change in accounting policies	-	-	-	-	(655,229)	(454,660)	1,109,889	-
<b>Restated Balance as of 31 December 2015</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,173,360</b>	<b>1,320,859</b>	<b>(655,229)</b>	<b>1,841,906,376</b>	<b>362,142,817</b>	<b>5,782,811,985</b>
<b>Profit for the period</b>	-	-	-	-	-	-	71,987,559	<b>71,987,559</b>
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income, net of tax</b>	-	-	-	-	-	-	71,987,559	<b>71,987,559</b>
Transferred to retained earnings	-	-	-	-	-	362,142,817	(362,142,817)	-
Dividends and transferred to other reserves	-	-	72,000	-	-	(205,634,786)	-	<b>(205,562,786)</b>
<b>Balance as of 31 March 2016</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,245,360</b>	<b>1,320,859</b>	<b>(655,229)</b>	<b>1,998,414,407</b>	<b>71,987,559</b>	<b>5,649,236,758</b>
<b>Balance as of 31 December 2014 as issued</b>	909,282,535	454,641,267	2,211,709,171	1,430,767	-	1,888,562,499	471,824,836	<b>5,937,451,075</b>
Effects of change in accounting policies	-	-	-	-	454,660	793,108	(1,247,768)	-
<b>Restated Balance as of 31 December 2014</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,211,709,171</b>	<b>1,430,767</b>	<b>454,660</b>	<b>1,889,355,607</b>	<b>470,577,068</b>	<b>5,937,451,075</b>
<b>Profit for the period</b>	-	-	-	-	-	-	302,171,314	<b>302,171,314</b>
Other comprehensive (loss), net of tax	-	-	-	(109,908)	-	-	-	<b>(109,908)</b>
<b>Total comprehensive income, net of tax</b>	-	-	-	<b>(109,908)</b>	-	-	<b>302,171,314</b>	<b>302,061,406</b>
Transferred to retained earnings	-	-	-	-	-	471,824,836	(471,824,836)	-
Dividends and transferred to other reserves	-	-	2,464,189	-	-	(525,183,933)	-	<b>(522,719,744)</b>
<b>Restated balance as of 31 March 2015</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,173,360</b>	<b>1,320,859</b>	<b>454,660</b>	<b>1,835,996,510</b>	<b>300,923,546</b>	<b>5,716,792,737</b>

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

Suez Cement Company (S.A.E)

SEPARTE INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2016

	Note	31/3/2016 EGP	31/3/2015 EGP
<b>Cash flows from operating activities</b>			
Profit before income tax		92,915,589	317,512,550
Adjustments for:			
Dividends income	(9)	(22,053,910)	(269,075,324)
Liquidation investments gain		(173,700)	-
Depreciation of fixed assets	(12)	33,474,955	31,277,570
Provisions	(24)	3,119,521	2,790,821
Provisions no longer required	(24)	(1,242,822)	-
Decline in value of obsolete inventory		-	1,500,000
Liabilities against end of service plan	(23)	1,354,067	696,407
Finance costs		1,533,175	1,223,720
Credit interests		(10,919,386)	(12,139,548)
Gain on disposal of fixed assets		(290,749)	-
<b>Cash from operations before working capital changes:</b>		<b>97,716,740</b>	<b>73,786,196</b>
Change in inventory	(16)	44,620,839	(60,535,151)
Changes in accounts and notes receivables	(17)	(258,880)	409,873
Change in due from related parties	(18)	(17,733,772)	(29,316,635)
Changes in prepayments, other receivables and other debit balances	(19)	(20,186,832)	(16,291,184)
Changes in advances from customers	(29)	(24,139,120)	(105,382,245)
Changes in trade payables, accrued expenses and other credit balances	(26)	36,949,885	(25,448,687)
Change in taxes payable	(28)	1,969,271	2,294,127
Change in due to related parties	(27)	(6,734,782)	(38,342,587)
Changes in retentions payable	(30)	534,623	6,639
<b>Cash from operations</b>		<b>112,737,972</b>	<b>(198,819,654)</b>
Finance expense paid	(7)	(1,533,175)	(1,223,720)
Provisions used	(24)	(3,423,239)	-
Payments in respect of End of service plan		(887,640)	(225,000)
<b>Net cash from operating activities</b>		<b>106,893,918</b>	<b>(200,268,374)</b>
<b>Cash flows from investing activities</b>			
Finance income received		9,977,192	13,553,889
Proceeds from sale of fixed assets		290,749	-
Payments in fixed assets under construction	(13)	(12,851,826)	(11,189,945)
Proceeds from liquidation of investments		623,700	-
<b>Net cash from investing activities</b>		<b>(1,960,185)</b>	<b>2,363,944</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest-bearing loans to subsidiary		-	4,000,000
Dividends paid		(3,500,000)	-
<b>NET CAH FLOWS (USED IN) FINANCING ACTIVITIES</b>		<b>(3,500,000)</b>	<b>4,000,000</b>
<b>Net (decrease) in cash and cash equivalent during the period</b>		<b>101,433,733</b>	<b>(193,904,430)</b>
Cash and cash equivalent- beginning of the period		455,530,553	617,366,095
<b>Cash and cash equivalent- end of the period</b>		<b>556,964,286</b>	<b>423,461,665</b>
For the purpose of preparing the statement of cash flows; cash and cash equivalent comprise of the following:			
Cash on hand and at banks	(20)	557,007,638	455,239,940
less:			
Bank overdraft	(25)	(43,352)	(31,778,275)
<b>Cash and cash equivalent</b>		<b>556,964,286</b>	<b>423,461,665</b>

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



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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 1 BACKGROUND

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

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

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

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

The financial statements of the Company for the period ended 31 March 2016 were authorized for issuance in accordance with the Board of Directors' resolution on 11 May 2016.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### 2-1 Basis of preparation

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

##### Statement of compliance

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

##### 2-2 Changes in accounting policies

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

##### 2-3 Foreign currency translation

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

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

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

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

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

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

##### 2-4 Fixed assets and depreciation

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

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

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

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

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

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

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

##### 2-5 Projects under construction

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

##### 2-6 Investments

###### Investments in subsidiaries

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

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

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

##### **Investments in associates**

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

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

##### **Available for sales investments**

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

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

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

- a) Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of income, Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.
- b) Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of income and interest continues to be accrued at original rate on the reduced carrying amount of the asset, if the fair value of the debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of income.

##### **Interest in joint ventures**

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

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

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

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

##### 2-7 Inventory

The inventory elements are valued as follows:

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

Cost of production includes direct material, direct labor and allocated share of manufacturing overhead and excluding borrowing costs

- Work in process: at the lower of the cost of production (of the latest completed phase based on the costing sheets) or net realizable value.

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

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

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

##### 2-8 Accounts receivable and other debit balances

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

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

##### 2-9 Provisions

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

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

##### 2-10 Legal reserve

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

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

##### 2-11 Borrowings

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

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

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

##### 2-12 Employees' benefits

###### End of service benefits

###### Defined benefit plan

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

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

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

##### 2-13 Income taxes

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

###### Current income tax

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

###### Deferred income tax

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

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

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

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

##### 2-14 Revenue recognition

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

- **Sales of goods**

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

- **Interest income**

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

- **Dividends**

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

- **Rental income**

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

##### 2-15 Expenses

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

##### 2-16 Borrowing costs

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

##### 2-17 Related party transactions

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

##### 2-18 Accounting estimates

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

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

##### 2-19 Impairment

###### **Impairment of financial assets**

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

###### **Impairment of non financial assets**

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

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

##### 2-20 Statement of cash flows

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

##### 2-21 Cash and cash equivalent

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

#### 3 SEGMENT INFORMATION

Currently the Company's main business segment is developing projects and selling the developed units. Revenues, profits and investments in other business segments are currently immaterial. Accordingly retail, commercial and hospitality business segments do not meet the criteria of reportable segments under EAS 41, and as such, are not separately disclosed in the financial statements. All revenues of the Company in the period ended 31 March 2016 were reported under one segment in the financial statements.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
31 MARCH 2016

4 Sales

	<i>31 March 2016</i>	<i>31 March 2015</i>
	EGP	EGP
Bulk Cement Saless (Domestic)	<b>90,859,087</b>	58,515,892
Bagged Cement Saless (Domestic)	<b>423,494,293</b>	409,397,101
Discount of Bagged Cement (Domestic)	<b>(8,737,979)</b>	(7,701,450)
Clinker Saless (Domestic)	<b>25,492,923</b>	-
	<b><u>531,108,324</u></b>	<u>460,211,543</u>

5 Cost of Sales

	<i>31 March 2016</i>	<i>31 March 2015</i>
	EGP	EGP
<b>Cost of revenues from</b>		
<b>Fuels</b>	<b>139,802,704</b>	<b>158,607,902</b>
<b>Electricity</b>	<b>61,485,910</b>	<b>47,215,984</b>
<b>Raw Material and Rent of Limestone quarries</b>	<b>46,745,683</b>	<b>33,257,110</b>
<b>Packages</b>	<b>24,717,462</b>	<b>22,450,683</b>
<b>Depreciation</b>	<b>31,650,824</b>	<b>29,441,474</b>
<b>Salaries</b>	<b>33,745,508</b>	<b>32,604,320</b>
<b>Marketing</b>	<b>19,141,206</b>	<b>8,896,860</b>
<b>Maintenance</b>	<b>23,491,676</b>	<b>20,625,296</b>
<b>Other</b>	<b>46,929,392</b>	<b>43,360,614</b>
	<b><u>427,710,365</u></b>	<u>396,460,243</u>

6 GENERAL AND ADMINSTRATIVE EXPENSES

	<i>31 March 2016</i>	<i>31 March 2015</i>
	EGP	EGP
Technical assistance fees	<b>5,830,499</b>	4,907,408
Salaries	<b>12,402,115</b>	12,637,344
End of service benefits plan- current and past service costs	<b>339,228</b>	227,990
Communication expenses	<b>6,564,171</b>	5,008,767
Other general and administrative expenses	<b>8,223,899</b>	7,910,894
	<b><u>33,359,912</u></b>	<u>30,692,403</u>

7 FINANCE INCOME

	<i>31 March 2016</i>	<i>31 March 2015</i>
	EGP	EGP
Interest from Loan to subsidiaries	<b>900,233</b>	<b>1,111,250</b>
Interest from time deposits	<b>10,019,153</b>	<b>11,028,298</b>
	<b><u>10,919,386</u></b>	<u>12,139,548</u>

8 FINANCE COST

	<i>31 March 2016</i>	<i>31 March 2015</i>
	EGP	EGP
Interest on bank credit facilities and loans	<b>1,014,839</b>	<b>468,417</b>
Other bank charges	<b>518,336</b>	<b>755,303</b>
Net foreign exchange loss	<b>1,533,175</b>	<b>1,223,720</b>



Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
31 MARCH 2016

9 DIVIDENDS INCOME

	<i>31 March 2016</i> EGP	<i>31 March 2015</i> EGP
Helwan Cement Company S.A.E	-	261,341,240
Ready Mix Concrete Al alamia (RMCA)- S.A.E	7,930,000	4,160,000
Suez Bags Company S.A.E	11,661,410	-
Suez for Transport and Trade – Egypt S.A.E	1,225,000	2,100,000
Lafarge Cement Company – Egypt S.A.E	-	349,084
Techno Gravel For Quarries-Egypt S.A.E	1,237,500	1,125,000
	<u>22,053,910</u>	<u>269,075,324</u>

10 OTHER INCOME

	<i>31 March 2016</i> EGP	<i>31 March 2015</i> EGP
Management fees	3,479,958	2,398,395
Other income	2,035,934	2,950,615
	<u>5,515,892</u>	<u>5,349,010</u>

11 INCOME TAX

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	<i>31 March 2016</i> EGP	<i>31 March 2015</i> EGP
Net profits before income taxes	92,915,588	317,512,550
<b>Add:</b>		
Accounting depreciation	33,474,955	31,277,570
Donations	577,302	5,597,620
Board of directors' allowance	514,262	27,000
Provisions	4,473,589	3,594,414
Indemnities and fines	60,420	7,971,959
Previous year expenses- un-supported documents	2,252,819	683,300
End of service benefits plan	-	696,407
Labors Club	149,769	1,600,000
Hilal Company - Chairman Salary	126,297	-
Unrealized foreign exchange losses	71,493,343	-
<b>Net profit as per tax law</b>	<u>206,038,344</u>	<u>368,960,820</u>
<b>less:</b>		
Tax depreciation	(28,684,589)	(23,194,085)
Suez Cement Company's share in the directors' bonuses of Suez Bag Company and Tourah Cement Company	(450,000)	-
Capital Gains	(290,749)	-
Used provisions	(2,438,502)	-
Provisions no longer required	(1,242,822)	-
Unrealized foreign exchange gains	(56,103,847)	-
Dividends received	(22,053,910)	(268,979,333)
<b>Taxable income</b>	<u>94,773,925</u>	<u>76,787,402</u>
Income tax using applicablele tax rate (22,5 % × 94,773,925)	21,324,133	-
Income tax using applicablele tax rate (25 % × 76,787,402)	-	19,196,851
Additional income tax using applicablele tax rate (5%)	-	3,789,370

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
31 MARCH 2016

Income tax at the effective tax rate 22.50%	<u>21,324,133</u>	<u>22,986,221</u>
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**DEFERRED INCOME TAX LIABILITIES**

	<i>31 March 2016</i> EGP	<i>31 March 2015</i> EGP
Depreciation of fixed assets	(74,459,893)	(75,028,102)
Provisions	<u>28,775,628</u>	<u>28,947,734</u>
<b>Net deferred income tax (liability)</b>	<u>(45,684,265)</u>	<u>(46,080,368)</u>

**11 INCOME TAX (continued)**

The company's tax position is as follows:

**a) Corporate taxes**

- **Period until Year 2007:**

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

- **Years from 2008 to 2009:**

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

- **Years from 2010 to 2014 :**

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

**b) Saless tax**

- **Years from 2008 to 2009 :**

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

- **Years from 2010 to 2011 :**

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

- **Years from 2012 to 2013 :**

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

**c) Salary tax**

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

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

- **Years from 1999 to 2013 :**

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

- **Years from 2014 to 2015:**

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

**d) Stamp duty tax**

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

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

31 MARCH 2016

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

- **Years from 2006 to 2010 :**  
The company paid the items that have been agreed upon with the internal committee
- **Years from 2011 to 2014:**  
Currently inspection of this period until now the company not receive the result of inspection.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

31 MARCH 2016

12 FIXED ASSETS

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP
<b>Cost</b>						
As of 1 January 2016	398,503	535,131,298	1,889,801,695	43,837,947	86,910,658	2,556,080,101
Transfer from fixed assets under construction (Note 13)	-	9,454,209	8,774,407	52,543	424,443	18,705,602
Disposals	-	-	-	(1,542,800)	-	(1,542,800)
<b>As of 31 March 2016</b>	<b>398,503</b>	<b>544,585,507</b>	<b>1,898,576,102</b>	<b>42,347,690</b>	<b>87,335,101</b>	<b>2,573,242,903</b>
<b>Accumulated depreciation</b>						
As of 1 January 2016	-	(409,243,739)	(1,217,191,774)	(35,586,576)	(68,311,702)	(1,730,333,791)
Depreciation for the period	-	(4,888,224)	(26,341,046)	(538,638)	(1,707,047)	(33,474,955)
Disposals	-	-	-	1,542,800	-	1,542,800
<b>As of 31 March 2016</b>	<b>-</b>	<b>(414,131,963)</b>	<b>(1,243,532,820)</b>	<b>(34,582,414)</b>	<b>(70,018,749)</b>	<b>(1,762,265,946)</b>
<b>Net book value as of 31 March 2016</b>	<b>398,503</b>	<b>130,453,544</b>	<b>655,043,282</b>	<b>7,765,276</b>	<b>17,316,352</b>	<b>810,976,957</b>
Net book value as of 31 December 2015	398,503	125,887,559	672,609,921	8,251,371	18,598,956	825,746,310

First:

	<b>EGP</b>
<b>Proceeds from sale of fixed assets (A)</b>	<b>290,749</b>
Cost of fixed assets sold	1,542,800
Accumulated depreciation of fixed assets sold	(1,542,800)
<b>Net book value (B)</b>	<b>-</b>
<b>Gain from sale of fixed assets (A) - (B)</b>	<b>290,749</b>

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

31 MARCH 2016

**Second:**

- Fixed Assets as of 31 March 2016 include assets that are fully depreciated and still in use. The acquisition cost for these assets are as follows:

<b>Assets</b>	<b>Cost</b>
Building, construction, infrastructure and roads	180,788,394
Machinery, equipment and tools	663,219,372
Motor vehicles	32,655,185
Furniture and office equipment	46,519,755
<b>Total</b>	<b><u>923,182,706</u></b>

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

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 13 FIXED ASSETS UNDER CONSTRUCTION

	31/3/2016 EGP	31/12/2015 EGP
Coal project for Suez plant	5,518,132	10,374,998
Spare parts for coal project	4,666,390	4,363,980
Civil works project	4,553,196	2,127,004
2Gear box for cement mill 1	4,548,920	4,548,920
2Gear box for cement mill 2	3,186,118	3,186,118
Renew filter Bypass for kiln 2	3,452,696	3,452,696
Other	129,673,011	133,398,523
	<u>155,598,463</u>	<u>161,452,239</u>

The fixed assets under construction during the three months ended in 31 of March 2016

	31/3/2016 EGP	31/3/2015 EGP
Balance as of beginning of the period	161,452,239	336,940,011
Additions during the period	12,851,826	11,189,045
Transferred to fixed assets during the period	(18,705,602)	(5,088,004)
	<u>155,598,463</u>	<u>343,041,952</u>

#### 14 INVESTMENTS

##### A) Investments in subsidiaries

	% of Ownership	Par value EGP	31/3/2016 EGP	31/12/2015 EGP
<b><u>Subsidiary companies</u></b>				
Helwan Cement Company S.A.E	99,55	5	2,832,496,952	2,832,496,952
Tourah Portland Cement Company S.A.E	66,12	5	1,287,617,992	1,287,617,992
EL Helal Cement Company- Kuwait ( Kuwaiti Joint Stock Company) Ready Mix Concrete Al alamia (RMC)" S.A.E	51	15,29	270,415,816	270,415,816
Suez Bags Company S.A.E	52	100	81,432,859	81,432,859
Development for Industries Company S.A.E	53,32	10	22,438,108	22,438,108
Axim Egypt Company S.A.E	98,28	100	-	225,000
International City Company for Ready Mix (LLC) - KSA	98,28	100	-	225,000
	50		47,701,250	47,701,250
<b><u>Subsidiary companies through indirect investments *</u></b>				
Suez For Transport and Trade S.A.E	96,37	100	3,500,000	3,500,000
Development and Construction Materials Company (DECOM) S.A.E	52	10	11	11
Suez for import and export (S.A.E)	96,37		-	-
			<u>4,545,602,988</u>	<u>4,546,052,988</u>

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

- Suez cement company indirect share (through Helwan Cement S.A.E – subsidiary company by 99.55% and Tourah Portland Cement Company S.A.E – subsidiary company by 66.12%) in Suez for Transport and Trade (S.A.E) by 96.37%.
- Suez cement company indirect share (through Ready Mix Concrete Al alamia (RMC)" S.A.E – subsidiary company by 52%) in Development and Construction Materials Co (DECOM) (S.A.E) by 52%.

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

31 MARCH 2016

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

#### 14 INVESTMENTS – Cont'd

##### B) Investments in an associate and joint ventures

	% of Ownership	Par value EGP	31/3/2016 EGP	31/12/2015 EGP
<b>Investment in an associate</b>				
Techno Gravel For Quarries-Egypt S.A.E	45	10	<u>28,334,257</u>	28,334,257
<b>Total investment in an associate</b>			<u>28,334,257</u>	28,334,257
<b>Share in joint ventures</b>				
Suez Lime Company S.A.E *	49.66	100	<u>3,621,100</u>	3,621,100
Impairment loss			<u>(1,688,102)</u>	(1,688,102)
<b>Total share in joint ventures</b>			<u>1,932,998</u>	1,932,998
<b>Total investments in an associate and share in joint ventures</b>			<u>30,267,255</u>	30,267,255

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

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

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

##### C) Available-for-sales investments

	% of Ownership	Par value EGP	31/3/2016 EGP	31/12/2015 EGP
Lafarge Cement Company – Egypt S.A.E	0.137	10	<u>1,113,000</u>	1,113,000
Reserve of unrealized gains on available-for-sales investments			<u>1,320,859</u>	1,320,859
			<u>2,433,859</u>	2,433,859

##### D) Amounts paid under investments in subsidiaries and other companies

	% of Ownership	Par value EGP	31/3/2016 EGP	31/12/2015 EGP
Suez Bosphorus Cimento Sanayi Ve Ti	99.9	3.64	<u>186,791</u>	186,791
Italgin Egypt For Energy S.A.E	1	100	<u>650,000</u>	650,000
Italgin Gulf el Zeit S.A.E	1	100	<u>350,000</u>	350,000
			<u>1,186,791</u>	1,186,791

#### 15 LOAN TO SUBSIDIARIES

On 20 October 2006. Suez Cement Company's Board of Directors approved to lend Ready Mix Concrete Al alamia (RMC)" S.A.E and its subsidiaries an amount of EGP 300 Million at annual interest rate 10.54%.

The balance of the loan as of 31 March 2016 amounted to EGP 15 Million; due from Ready Mix Concrete Al alamia (RMC)" S.A.E, and EGP 18 Million; due from Development and Construction Materials Company (DECOM) S.A.E (subsidiary company by 52%).

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 16 INVENTORY

	31/3/2016	31/12/2015
	EGP	EGP
Raw materials	11,909,063	12,160,501
Spare parts and supplies	166,733,255	153,101,366
Fuel	88,471,051	114,661,395
Packing materials	4,724,754	4,647,860
Work in progress	100,091,018	106,192,958
Finished goods	49,742,479	49,852,790
Goods in transit	8,842,582	34,518,171
	<u>430,514,202</u>	<u>475,135,041</u>
<b>less:</b>		
Decline in value of obsolete (spare parts) inventory	(48,810,528)	(48,810,528)
Decline in value of obsolete (packing -bags) inventory	(370,088)	(370,088)
	<u>(49,180,616)</u>	<u>(49,180,616)</u>
	<u><b>381,333,586</b></u>	<u><b>425,954,425</b></u>

#### 17 Accounts and notes receivables

	31/3/2016	31/12/2015
	EGP	EGP
Accounts receivable	1,085,295	826,415
	<u>1,085,295</u>	<u>826,415</u>

	<i>31 March 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
<b>Amounts receivable within 12 months</b>	1,085,295	826.415
<b>Amounts receivable after 12 months</b>	-	-
<b>Unamortised discount</b>		
<b>Amounts receivable, net</b>		
<b>Accounts receivables, hotels</b>		
	<u>1,085,295</u>	<u>826.415</u>

#### 18 DUE FROM RELATED PARTIES

	31/3/2016	31/12/2015
	EGP	EGP
Tourah Portland Cement Company S.A.E	16,650,428	2,177,389
Helwan Cement Company S.A.E	1,634,586	-
Ready Mix Concrete Al alamia (RMC) S.A.E	3,425,997	2,418,788
Suez For Import and Export S.A.E	3,915	3,915
EL Helal Cement Company-		
Kuwait ( Kuwaiti Joint Stock Company)	14,396	14,396
Development and Construction Materials Company (DECOM) S.A.E	1,046,793	427,855
	<u>22,776,115</u>	<u>5,042,343</u>



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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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#### 19 PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	31/3/2016 EGP	31/12/2015 EGP
Prepaid expenses	24,927,399	12,491,842
Advances to suppliers	20,908,944	17,140,281
Deposits with others	45,322,333	45,112,699
Tax authority	699,050	7,534,752
Refunded tax	12,655,325	10,184,371
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	23,058,133	14,920,407
	<u>127,826,439</u>	<u>107,639,607</u>
Accrued interest	6,409,198	5,467,004
Less: Impairment in value of other debit balances	(823,182)	(823,182)
	<u>133,412,455</u>	<u>112,283,429</u>

#### 20 CASH ON HAND AND AT BANKS

	31/3/2016 EGP	31/12/2015 EGP
<b>a- Egyptian Pound</b>	<b>160,000</b>	-
Cash on hand	160,000	-
Current accounts	98,356,550	54,814,662
Treasury bills (mature in three months)	413,391,004	332,573,828
<b>b- Foreign currencies</b>		
Cash on hand	98,685	-
Current accounts	3,741,693	3,893,314
Time deposits (mature in three months)	41,259,706	88,514,063
	<u>557,007,638</u>	<u>479,795,867</u>

#### 21 SHARE CAPITAL

	31 March 2016 EGP	31 December 2015 EGP
Authorised capital	<u>3,600,000,000</u>	<u>3,600,000,000</u>
Issued and fully paid-up	<u>909,282,535</u>	<u>909,282,535</u>
Number of shares	<u>181856507</u>	<u>181856507</u>

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

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

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

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

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

31 MARCH 2016

#### 22 RESERVES

	31/3/2016 EGP	31/12/2015 EGP
Legal reserve	<u>454,641,267</u>	454,641,267
Special reserve – Share premium	<u>2,013,865,903</u>	2,013,865,903
Special reserve	<u>185,853,347</u>	185,853,347
Capital reserve	<u>14,526,110</u>	14,454,110
<b>Total other reserves</b>	<u><b>2,214,173,360</b></u>	<u>2,214,173,360</u>
<b>Total reserve</b>	<u><b>2,668,886,627</b></u>	<u>2,668,814,627</u>

#### Legal reserve

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

#### Special reserve – Share premium

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

#### Special reserve

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

#### Capital reserve

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

#### 23 OTHER LONG TERM LIABILITIES

##### Liabilities – Defined benefit plan

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

	<b>31/3/2016</b>
Discount rate	<b>14.60 %</b>
Average salary increase	<b>8 %</b>
Annuity schedule	<b>60</b>

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

	31/3/2016 EGP	31/12/2015 EGP
Present value of the defined benefit liability	<u>30,332,437</u>	29,866,010
<b>Actuarial Present value of the defined benefit liability at the balance sheet</b>	<u><b>30,332,437</b></u>	<u>29,866,010</u>

The movement of liability as per the balance sheet

	31/3/2016 EGP	31/12/2015 EGP
Liability - beginning of the period / year	<b>29,866,010</b>	13,571,411
Past service cost	-	13,543,309
Current service cost	<b>339,228</b>	923,906
Interest cost	<b>1,014,839</b>	2,067,495
Payments from the plan	<b>(887,640)</b>	(1,350,000)
Actuarial losses / (gains)	-	1,109,889
<b>Liability – end of the period / year</b>	<u><b>30,332,437</b></u>	<u>29,866,010</u>

Defined benefit plan cost as per income statement

	31/3/2016 EGP	31/3/2015 EGP
Current service cost	<b>339,228</b>	227,990

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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Interest cost	<b>1,014,839</b>	468,417
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The analysis of defined benefit plan cost as per income statement

	<b>31/3/2016</b>	31/3/2015
	<b>EGP</b>	EGP
General and administrative expense	<b>339,228</b>	227,990
Finance expense	<b>1,014,839</b>	468,417
	<b><u>1,354,067</u></b>	<u>696,407</u>

#### 24 PROVISIONS

	Balance as of 1 January 2016 EGP	Charged during the period EGP	Utilized during the period EGP	Provisions no longer required EGP	<b>Balance as of 31 March 2016 EGP</b>
Tax claims	126,639,910	2,332,166	(2,430,947)	(1,242,822)	<b>125,298,307</b>
Judicial disputes	13,066,237	-	-	-	<b>13,066,237</b>
Training support fund	27,165,349	787,355	-	-	<b>27,952,704</b>
Other claims	992,292	-	(992,292)	-	-
	<u>167,863,788</u>	<u>3,119,521</u>	<u>(3,423,239)</u>	<u>(1,242,822)</u>	<b><u>166,317,248</u></b>
	Balance as of 1 January 2015 EGP	Charged during the period EGP	Utilized during the period EGP	Provisions no longer required EGP	<b>Balance as of 31 March 2015 EGP</b>
Tax claims	93,826,404	2,000,000	-	-	<b>95,826,404</b>
Judicial disputes	12,821,837	-	-	-	<b>12,821,837</b>
Training support fund	46,331,485	790,821	-	-	<b>47,122,306</b>
	<u>152,979,726</u>	<u>2,790,821</u>	<u>-</u>	<u>-</u>	<b><u>155,770,547</u></b>

#### 25 Bank Overdraft

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

Total usage of these lines of credit as of 31 March 2016 amounted to EGP 43,352.

#### 26 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	<b>31/3/2016</b>	31/12/2015
	<b>EGP</b>	EGP
Trade payables	<b>386,559,192</b>	345,389,649
Accrued expenses	<b>29,415,459</b>	40,064,104
Social and medical security	<b>1,249,853</b>	1,140,938
Other payables	<b>26,601,736</b>	20,281,664
	<b><u>443,826,240</u></b>	<u>406,876,355</u>

#### 27 DUE TO RELATED PARTIES

	<b>31/3/2016</b>	31/12/2015
	<b>EGP</b>	EGP
Ciments Francais (major shareholder)	<b>12,051,587</b>	15,321,688
Italcementi S.P.A	-	2,728,483
Helwan Cement Company S.A.E	-	2,037,341
Suez Bags Company S.A.E.	<b>6,733,475</b>	4,969,642
Suez For Transport and Trade S.A.E	<b>8,521,260</b>	8,983,950

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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	<u>27,306,322</u>	<u>34,041,104</u>
	<b>31/3/2016</b>	<b>31/12/2015</b>
	<b>EGP</b>	<b>EGP</b>
<b>28 TAXES PAYABLES</b>		
Tax authority – salary tax	1,974,246	1,807,047
Tax authority – withholding taxes	1,877,216	2,559,152
Tax authority-saless tax	13,454,824	10,482,218
Tax authority-Clay fees	4,313,787	4,802,385
	<u>21,620,073</u>	<u>19,650,802</u>

### 29 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the three months ended ... and ... is as follows:

	<i>31 March 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Balance at the beginning of the period	84,583,880	203,413,893
Add: amounts collected during the period	603,138,287	2,147,470,963
Less: delivered units during the period	(627,277,407)	(2,266,300,976)
Balance at the end of the period	<u>60,444,760</u>	<u>84,583,880</u>

	<i>31 March 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
<b>List advances by customers:</b>		
Reliance Logistics	6,315,902	2,289,273
Safa company for trade and investment	1,897,508	1,733,454
El Motahada for trade and transportation	1,251,784	5,487,777
Ashraf Mohamed Sayed Ali	1,336,117	892,279
El Asala for trade and commercial agencies	1,062,607	2,149,950
Other	48,580,842	72,031,147
	<u>60,444,760</u>	<u>84,583,880</u>

### 30 RETENTIONS PAYABLE (Deposits form others)

	<i>31 March 2016</i>	<i>31 December 2015</i>
	<i>EGP</i>	<i>EGP</i>
Retentions payable within 12 months	5,654,778	5,120,155
Retentions payable after 12 months	-	-
	<u>5,654,778</u>	<u>5,120,155</u>

### 31 EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The company has no dilutive shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>31 March 2016</i>	<i>31 March 2015</i>
	<i>EGP</i>	<i>EGP</i>
Net profit for the period	71,987,558	302,171,314

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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Employees share (estimated )	<u>(5,926,570)</u>	(5,926,570)
Net profit attributable to the ordinary equity holders	<u>66,060,988</u>	296,244,744
Weighted average number of ordinary shares for basic and diluted earnings	<u>181856507</u>	181856507
EPS – basic and diluted	<u>0,36</u>	<u>1,63</u>

### 32 CONTINGENT LIABILITIES

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

Bank name	Amount in issued currency	Equivalent in EGP	Cash margin EGP
QNB AL AHLI	10,000	10,000	10,000
Bank of Alexandria	5,265,068	5,265,068	19,763
	<u>5,275,068</u>	<u>5,275,068</u>	<u>29,763</u>

The outstanding balance of issued letters of credit in favor of Suez Cement Company by Al Mashreq Bank, HSBC – Egypt, QNB Al Ahli, and National Bank of Egypt as of 31 March 2016 amounted to EGP 245,140, EGP 2,079,736, EGP 951,460, and EGP 33,606,324 respectively.

### 33 RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

#### Related party transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Company	Nature	Technical assistances fees K EGP	Expatriates fees K EGP	Purchase bags K EGP	31 March 2016			
					Portion from Corporate redistribution K EGP	Purchase cement / clinker K EGP	Sold cement / clinker K EGP	Transportation service K EGP
Ciments Francais	Major shareholder	5,830	6,037	-	-	-	-	
Suez Bags Company	Subsidiary	-	-	22,874	1,267	-	-	
Tourah Portland Cement	Subsidiary	-	-	-	7,850	-	-	
Helwan Cement Company	Subsidiary	-	-	-	16,028	188	-	
Ready Mix Concrete Al alamia (RMC)	Subsidiary	-	-	-	-	-	446	
Decom	Subsidiary	-	-	-	-	-	3,599	
Suez For Transport	Subsidiary	-	-	-	-	-	12,057	<b>18.371</b>
Company	Nature	Technical assistances fees K EGP	Expatriates fees K EGP	Purchase bags K EGP	31 March 2015			
					Portion from Corporate redistribution K EGP	Purchase cement / clinker K EGP	Sold cement / clinker K EGP	Transportation service K EGP
Ciments Francais	Major shareholder	<b>4.907</b>	<b>6.048</b>	-	-	-	-	
Suez Bags Company	Subsidiary	-	-	22,567	1,245	-	-	
Tourah Portland	Subsidiary	-	-	-	8,435	-	-	

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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Cement						
Helwan Cement Company	Subsidiary	-	14,674	-	-	
Ready Mix Concrete Al alamia (RMC)	Subsidiary	-			1,357	
Decom	Subsidiary	-			935	
Suez For Transport	Subsidiary	-			1,396	<b>10,868</b>

\*Financing transactions represents funds transferred from XYZ Properties PJSC to XYZ Misr for Development Company and the related foreign exchange differences.

\*\*Sold units transactions represent sales contracts signed with related parties during the year.

### 33 RELATED PARTY DISCLOSURES (continued)

The related parties' transactions described above resulted in the following balances:

#### a) Related party balances

Significant related party balances are as follows:

	31 March 2016					
	Due from related parties	Due to related parties	Trade payables and accrued exp	Advance payment / debit balances	Credit balances/ advanced customers	Receivables
	EGP	EGP	EGP	EGP	EGP	EGP
Tourah Portland Cement Company S.A.E	16.650.428	-	(444.542)	17.094.970		-
Helwan Cement Company S.A.E	1.634.586	-	(5.177.826)	6.812.412		-
Ready Mix Concrete Al alamia (RMC)" S.A.E	3.425.997	-	-	3.596.431	(170.434)	-
Suez For Import and Export S.A.E	3,915	-	-	3,915		-
EL Helal Cement Company- Kuwait ( Kuwaiti Joint Stock Company)	14.396	-	-	-		14.396
Development and Construction Materials Company (DECOM) S.A.E	1.046.793	-	-	3.090.710	(2.043.917)	-
Ciments Francais (major shareholder)		(12.051.587)	(12.076.582)	24.995	-	-
Suez Bags Company S.A.E.		(6.733.475)	(6.733.475)	-	-	-
Suez For Transport and Trade S.A.E		(8.521.260)	(8.375.460)	-	(305.657)	159.855
	<u>22.776.115</u>	<u>(27.306.322)</u>	<u>(32.807.885)</u>	<u>30.623.433</u>	<u>(2.520.008)</u>	<u>174.251</u>

	31 December 2015					
	Due from related parties	Due to related parties	Trade payables and accrued exp	Advance payment / debit balances	Credit balances/ advanced customers	Receivables
	EGP	EGP	EGP	EGP	EGP	EGP
Tourah Portland Cement Company S.A.E	2.177.389	-	(1.379.463)	3.556.852	-	-
Ready Mix Concrete Al alamia (RMC)" S.A.E	2.418.788	-	-	2.728.915	(310.127)	-
Suez For Import and Export S.A.E	3.915	-	-	3,915	-	-
EL Helal Cement Company- Kuwait ( Kuwaiti Joint Stock Company)	14.396	-	-	-	-	14.396
Development and Construction Materials Company (DECOM) S.A.E	427.855	-	-	1.863.350	(1.435.495)	-
Ciments Francais (major shareholder)	-	(15.321.688)	(15.700.605)	378.917	-	-
Italicemnti (partner)	-	(2.728.483)	(2.728.483)	-	-	-
Helwan Cement Company S.A.E	-	(2.037.341)	(2.037.341)	-	-	-
Suez Bags Company S.A.E.	-	(4.969.642)	(4.969.642)	-	-	-
Suez For Transport and Trade S.A.E	-	(8.983.950)	(8.008.912)	-	(1.056.398)	81.360
	<u>5.042.343</u>	<u>(34.041.104)</u>	<u>(34.824.446)</u>	<u>8.531.949</u>	<u>(2.802.020)</u>	<u>95.756</u>

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

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### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

**b) Related party borrowings**

On 20 October 2006. Suez Cement Company's Board of Directors approved to lend Ready Mix Concrete Al alamia (RMC)" S.A.E and its subsidiaries an amount of EGP 300 Million at annual interest rate 10.54%.

	<b>31 March 2016</b>	<b>31 December 2015</b>
	<b>EGP</b>	<b>EGP</b>
Loan to Ready Mix Concrete Al alamia (RMC)" S.A.E	15,000,000	15,000,000
Development and Construction Materials Company (DECOM) S.A.E	18,000,000	18,000,000
	<u>33,000,000</u>	<u>33,000,000</u>

**Compensation of key management personnel**

The remuneration of key management personnel during the period was as follows:

	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>EGP</b>	<b>EGP</b>
Salaries and benefits	1,965,646	1,416,180
	<u>1,965,646</u>	<u>1,416,180</u>

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 31 MARCH 2016

#### 34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### Overview

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

- A Credit risk,
- B Market risk, and
- C Liquidity risk.

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

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

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

##### a) Credit risk

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

##### Trade and notes receivables

The Company has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Company is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalment dues are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Company earns its revenues from a large number of customers.

##### 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.



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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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#### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### 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 held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

There is no impact on the Company's equity other than the profit impact stated below.

	31 March 2016		31 March 2015	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	4,876,507	+1%	4,528,059
	- 1%	(4,876,507)	- 1%	(4,528,059)
Financial liability	+1%	(440)	+1%	(322,196)
	- 1%	440	- 1%	322,196

The interest rates on loans from related parties are described in Note 32-b to 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, EUR, AED and SAR 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 March 2016		31 March 2015	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	(13,412,071)	+10%	-
	-10%	13,412,071	-10%	-
GBP	+10%	10,517	+10%	19,551
	-10%	(10,517)	-10%	(19,551)
EUR	+10%	(187,312)	+10%	(62,523)
	-10%	187,312	-10%	62,523
KWD	+10%	440,077	+10%	632,700
	-10%	(440,077)	-10%	(632,700)
CHF	+10%	-	+10%	3,501,634
	-10%	-	-10%	(3,501,634)

#### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

31 MARCH 2016

#### c) Liquidity risk

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

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

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

#### Financial liabilities

	<i>Less than 3 Months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
<i>As at 31 March 2016</i>					
Banks overdraft	43,352	-	-	-	43,352
Retentions payable	2,107,634	3,547,144	-	-	5,654,778
Trade and other payables	414,410,781	29,415,459	-	-	443,826,240
Due to tax authority	21,620,073	-	-	-	21,620,073
Income tax payable	22,882,160	-	-	-	22,882,160
Due to related parties	27,306,322	-	-	-	27,306,322
Total undiscounted financial liabilities	<u>488,370,322</u>	<u>32,962,603</u>	<u>-</u>	<u>-</u>	<u>521,332,925</u>

	<i>Less than 3 Months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
<i>As at 31 December 2015</i>					
Banks overdraft	24,265,314	-	-	-	24,265,314
Retentions payable	2,556,363	2,563,792	-	-	5,120,155
Trade and other payables	366,812,251	40,064,104	-	-	406,876,355
Due to tax authority	19,650,802	-	-	-	19,650,802
Income tax payable	-	22,882,160	-	-	22,882,160
Due to related parties	34,041,104	-	-	-	34,041,104
Total undiscounted financial liabilities	<u>447,325,834</u>	<u>65,510,056</u>	<u>-</u>	<u>-</u>	<u>512,835,890</u>

#### 35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

#### 36 COMPARATIVE FIGURES

Certain comparative figures for the year 2015 have been reclassified to conform to the presentation of these separate interim financial statements.