

Suez Cement Company (S.A.E)
SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2016
TO 30 SEPTEMBER 2016
TOGETHER WITH THE REVIEW REPORT

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 financial position of **Suez Cement Company (S.A.E)** as of 30 September 2016 as well as the related separate interim statements of profit or loss, separate interim Comprehensive income, separate interim changes in equity and separate interim cash flows for the period from 1 January 2016 to 30 September 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

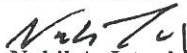
We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of separate interim Financial Statements Performed by the Independent Auditor of the Entity." A review of separate interim financial statements consists of making inquiries, primarily of persons responsible 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.

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 financial position of the entity as at 30 September 2016, and of its financial performance and its cash flows for the six months ended 30 September 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 2016 to 30 September 2016 in accordance with Egyptian Accounting Standards, for better understanding of the company's financial position as of 30 September 2016 and its financial performance, and its cash flows for the period from 1 January 2016 to 30 September 2016, the matter necessitates reference to the consolidated interim financial statements.

Cairo: 20 October 2016


Nabil A. Istanbuli

FESAA – FEST
(RAA. 5947)
(EFSAR .71)



Allied for Accounting & Auditing (EY)


Emad H. Ragheb

FESAA – FEST
(RAA. 3678)
(EFSAR .42)

Suez Cement Company (S.A.E)

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION
As of 30 SEPTEMBER 2016

	Note	30 September 2016 EGP	31 December 2015 EGP Restated
Assets			
Non-current assets			
Fixed assets			
Fixed assets under construction	(12)	812,291,549	825,746,310
Investments in subsidiaries	(13)	138,401,975	161,452,239
Investments in an associate and share in joint ventures	(14-a)	4,545,602,988	4,546,052,988
Available-for-sales investments	(14-b)	30,267,255	30,267,255
Amounts paid under investments in subsidiaries and other companies	(14-c)	1,440,001	2,433,859
Loan to subsidiaries	(14-d)	1,186,791	1,186,791
Total non-current assets	(15)	<u>33,000,000</u>	<u>33,000,000</u>
		<u>5,562,190,559</u>	<u>5,600,139,442</u>
Current assets			
Inventory	(16)	509,394,551	425,954,425
Accounts and notes receivables	(17)	281,278	334,904
Due from related parties	(18)	97,181,391	5,846,008
Dividends receivables		7,280,000	-
Prepayments, other receivables and other debit balances	(19)	168,445,931	111,971,276
Cash on hand and at banks	(20)	471,421,579	479,795,867
Total current assets		<u>1,254,004,730</u>	<u>1,023,902,480</u>
Total assets		<u>6,816,195,289</u>	<u>6,624,041,922</u>
Equity and liabilities			
Equity			
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		327,001	1,320,859
Accumulated actuarial gains/(losses) on defined benefit plans		(655,229)	(655,229)
Retained earnings		1,998,914,407	1,841,906,376
Profits for the period / year		171,051,970	362,142,817
Total equity		<u>5,747,807,311</u>	<u>5,782,811,985</u>
Non-current liabilities			
Other long term liabilities	(23)	28,190,946	29,866,010
Deferred tax liabilities	(11)	50,971,310	46,080,368
Total non-current liabilities		<u>79,162,256</u>	<u>75,946,378</u>
Current liabilities			
Provisions			
Bank overdraft	(24)	166,298,986	167,863,788
Trade payables, accrued expenses and other credit balances	(25)	5,981,444	24,265,314
Due to related parties	(26)	284,389,225	286,122,068
Taxes payable	(27)	370,468,623	154,795,392
Advances from customers	(28)	24,361,312	19,650,802
Retention payables	(29)	82,713,694	84,583,880
Income tax for the period / year	(30)	6,461,120	5,120,155
Estimated Income tax for the period		-	22,882,160
Total current liabilities		<u>48,551,318</u>	<u>-</u>
Total liabilities		<u>989,225,722</u>	<u>765,283,559</u>
Total equity and liabilities		<u>1,068,387,978</u>	<u>841,229,937</u>
		<u>6,816,195,289</u>	<u>6,624,041,922</u>

Auditors: Nabil A. Istambouli, Emad H. Ragheb
 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 interim financial statements.
- Review Report attached.

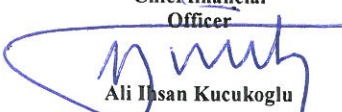
Suez Cement Company (S.A.E)

SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Note	For the period from 1 January 2016 To 30 September 2016 EGP	For the period from 1 January 2015 To 30 September 2015 EGP Restated	For the period from 1 July 2016 To 30 September 2016 EGP	For the period from 1 July 2015 To 30 September 2015 EGP Restated
Sales	(4)	1,466,918,200	1,454,466,834	502,355,249	453,472,725
Cost of Sales	(5)	(1,211,636,165)	(1,270,717,567)	(439,807,977)	(430,837,498)
GROSS PROFIT		255,282,035	183,749,267	62,547,272	22,635,227
General and administrative expenses	(6)	(100,410,661)	(112,646,957)	(34,956,206)	(35,688,597)
Finance income	(7)	37,982,035	36,025,825	11,847,071	12,632,578
Finance cost	(8)	(5,887,825)	(3,917,933)	(1,753,891)	(1,385,527)
Foreign exchange differences		(14,670,422)	(3,965,451)	(665,011)	(3,089,349)
Gain from sale of fixed assets	(12)	290,749	25,000	-	25,000
Provisions	(24)	(11,723,425)	(21,946,341)	(5,263,685)	(14,546,858)
Provisions no longer required		1,542,822	20,444,418	-	-
Board of directors' remuneration and allowance		(129,000)	(108,000)	(27,000)	(39,000)
Dividends income	(9)	29,418,619	269,814,555	7,280,000	-
Liquidation investments gain		173,700	-	-	-
(Losses) of sale of obsolete inventory		(5,758,420)	-	-	-
Other income	(10)	38,384,023	16,707,440	21,910,070	6,568,136
PROFIT FOR THE PERIOD BEFORE INCOME TAX		224,494,230	384,181,823	60,918,620	(12,888,390)
Deferred income taxes for the Period	(11)	(4,890,942)	(12,257,057)	(2,826,591)	1,320,812
Income taxes for the Period	(11)	(48,551,318)	(18,555,983)	(11,178,282)	16,059,917
PROFITS FOR THE PERIOD		171,051,970	353,368,783	46,913,747	4,492,339
Earnings Per Share - basic and diluted	(31)	0.84	1.82	0.22	0.02

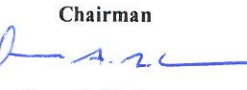
Accounting
Manager

Shereif El Masry

Chief financial
Officer

Ali Ihsan Kucukoglu

Managing
Director

Bruno Michel Carre

Chairman

Omar A. Mohanna

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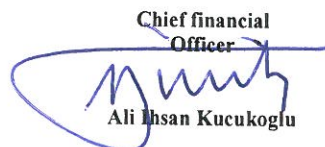
Suez Cement Company (S.A.E)

SEPARATE INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Note	For the period from 1 January 2016 To 30 September 2016 EGP	For the period from 1 January 2015 To 30 September 2015 EGP	For the period from 1 July 2016 To 30 September 2016 EGP	For the period from 1 July 2015 To 30 September 2015 EGP
PROFITS FOR THE PERIOD	171,051,970	353,368,783	46,913,747	4,492,339
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Net (loss)/gain on available-for-sales (AFS) financial assets	(993,858)	(109,908)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(993,858)	(109,908)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods, net of tax	-	-	-	-
Other comprehensive income/(loss), net of tax	(993,858)	(109,908)	-	-
Total comprehensive income, net of tax	170,058,112	353,258,875	46,913,747	4,492,339

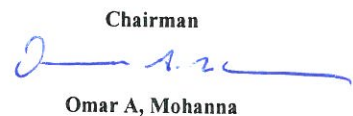
Accounting
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Chairman

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 CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 SEPTEMBER 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
Balance as of 31 December 2015 as issued	909,282,535	454,641,267	2,214,173,360	1,320,859	-	1,842,361,036	361,032,928	5,782,811,985
Effects of change in accounting policies	-	-	-	-	(655,229)	(454,660)	1,109,889	-
Restated Balance as of 1 January 2016	909,282,535	454,641,267	2,214,173,360	1,320,859	(655,229)	1,841,906,376	362,142,817	5,782,811,985
Profit for the period	-	-	-	-	-	-	171,051,970	171,051,970
Other comprehensive income, net of tax	-	-	-	(993,858)	-	-	-	(993,858)
Total comprehensive income, net of tax	-	-	-	(993,858)	-	-	171,051,970	170,058,112
Transferred to retained earnings	-	-	-	-	-	362,142,817	(362,142,817)	-
Dividends and transferred to other reserves	-	-	72,000	-	-	(205,134,786)	-	(205,062,786)
Balance as of 30 September 2016	909,282,535	454,641,267	2,214,245,360	327,001	(655,229)	1,998,914,407	171,051,970	5,747,807,311
Balance as of 31 December 2014 as issued	909,282,535	454,641,267	2,211,709,171	1,430,767	-	1,888,562,499	471,824,836	5,937,451,075
Taxes adjustments	-	-	-	-	-	-	7,157,634	7,157,634
Effects of change in accounting policies	-	-	-	-	454,660	793,108	(1,247,768)	-
Restated Balance as of 1 January 2015	909,282,535	454,641,267	2,211,709,171	1,430,767	454,660	1,889,355,607	477,734,702	5,944,608,709
Profit for the period	-	-	-	-	-	-	353,368,783	353,368,783
Other comprehensive (loss), net of tax	-	-	-	(109,908)	-	-	-	(109,908)
Total comprehensive income, net of tax	-	-	-	(109,908)	-	-	353,368,783	353,258,875
Transferred to retained earnings	-	-	-	-	-	477,734,702	(477,734,702)	-
Dividends and transferred to other reserves	-	-	2,464,189	-	-	(525,183,933)	-	(522,719,744)
Restated balance as of 30 September 2015	909,282,535	454,641,267	2,214,173,360	1,320,859	454,660	1,841,906,376	353,368,783	5,775,147,840

- 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 PERIOD ENDED 30 SEPTEMBER 2016

	Note	30 September 2016 EGP	30 September 2015 EGP
Cash flows from operating activities			
Profit before income tax		224,494,230	384,181,823
Dividends income	(9)	(29,418,619)	(269,814,555)
Liquidation investments gain		(173,700)	-
Depreciation of fixed assets	(12)	101,551,670	102,218,051
Provisions	(24)	11,723,425	21,946,341
Provisions no longer required	(24)	(1,542,822)	(20,444,418)
Decline in value of obsolete inventory		-	500,000
Reversal of decline in value of obsolete inventory		(4,620,445)	-
Liabilities against end of service plan	(23)	4,062,203	2,089,220
Finance costs		5,887,825	3,917,933
Credit interests		(37,982,035)	(36,025,825)
Gain on disposal of fixed assets		(290,749)	(25,000)
Foreign exchange differences		14,670,422	3,965,451
Cash from operations before working capital changes:		288,361,406	192,509,021
Change in inventory	(16)	(78,819,681)	(63,697,480)
Changes in accounts and notes receivables	(17)	53,626	(3,278,600)
Change in due from related parties	(18)	(91,335,383)	(10,568,240)
Changes in prepayments, other receivables and other debit balances	(19)	(55,737,669)	39,727,521
Changes in advances from customers	(29)	(1,870,186)	(84,711,293)
Changes in trade payables, accrued expenses and other credit balances	(26)	(1,732,843)	9,862,765
Change in taxes payable	(28)	4,710,510	11,753,210
Change in due to related parties	(27)	215,673,231	(37,825,962)
Changes in retentions payable	(30)	1,340,965	1,389,790
Finance expense paid	(8)	(5,887,825)	(3,917,933)
Income taxes paid		(22,882,160)	(63,085,707)
Provisions used	(24)	(12,070,824)	(883,493)
Payments in respect of End of service plan	(23)	(5,737,267)	(900,000)
Net cash from operating activities		234,065,900	(13,626,401)
Cash flows from investing activities			
Finance income received		37,570,467	36,029,541
Payments to acquire fixed assets	(12)	(3,002)	-
Proceeds from sale of fixed assets	(12)	290,749	25,000
Payments in fixed assets under construction	(13)	(65,043,643)	(45,104,403)
Dividends paid		22,138,619	269,814,555
Proceeds from liquidation of investments		623,700	-
Net cash from investing activities		(4,423,110)	260,764,693
Cash flows from financing activities			
Proceeds from loan to subsidiaries		-	4,000,000
Dividends paid		(205,062,786)	(522,719,744)
NET CAH FROM FINANCING ACTIVITIES		(205,062,786)	(518,719,744)
Net increase (decrease) in cash and cash equivalent during the period		24,580,004	(271,581,452)
Cash and cash equivalent- beginning of the period		455,530,553	617,366,095
Foreign exchange differences		(14,670,422)	(3,965,451)
Cash and cash equivalent- end of the period		465,440,135	341,819,192
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)	471,421,579	418,590,534
less:			
Bank overdraft	(25)	(5,981,444)	(76,771,342)
Cash and cash equivalent		465,440,135	341,819,192

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 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 30 June 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 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 30 September 2016 were authorized for issuance in accordance with the Board of Directors' resolution on 20 October 2016,

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

The separate interim financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS") issued according to Investments minister dicesion Num. 110 for year 2015.

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

30 SEPTEMBER 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:

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

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

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

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

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

2-5 Projects under construction

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

2-6 Investments

Investments in subsidiaries

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

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 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)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 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)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 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)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 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)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 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 30 September 2016 were reported under one segment in the financial statements,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2016

4 Sales

	30 September 2016 EGP	30 September 2015 EGP
Bulk Cement Sales (Domestic)	237,221,809	182,958,231
Bagged Cement Sales (Domestic)	1,133,059,433	1,241,043,408
Discount of Bagged Cement (Domestic)	(17,675,531)	(12,979,076)
Bagged Cement Sales (foreign)	-	2,947,426
Clinker Saless (Domestic)	114,312,489	40,496,845
	<u>1,466,918,200</u>	<u>1,454,466,834</u>

5 Cost of Sales

	30 September 2016 EGP	30 September 2015 EGP
Fuels	407,534,731	439,845,405
Electricity	182,755,480	154,378,009
Raw Material and Rent of Limestone quarries	184,585,683	154,118,676
Packages	65,474,723	71,176,569
Depreciation	96,017,805	96,480,360
Salaries	105,076,911	94,925,516
Maintenance	112,538,491	99,064,647
Other	57,652,341	160,728,385
	<u>1,211,636,165</u>	<u>1,270,717,567</u>

6 GENERAL AND ADMINSTRATIVE EXPENSES

	30 September 2016 EGP	30 September 2015 EGP
Technical assistance fees	15,826,023	14,392,589
Salaries	37,963,548	41,206,462
End of service benefits plan- current and past service costs (Note 23)	1,017,684	683,969
Communication expenses	15,048,110	16,127,619
Other general and administrative expenses	29,444,129	26,745,590
Tax on dividends	1,111,167	13,490,728
	<u>100,410,661</u>	<u>112,646,957</u>

7 FINANCE INCOME

	30 September 2016 EGP	30 September 2015 EGP
Interest from Loan to subsidiaries	2,885,076	3,192,875
Interest from time deposits	35,096,959	32,832,950
	<u>37,982,035</u>	<u>36,025,825</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2016

8 FINANCE COST

	30 September 2016 EGP	30 September 2015 EGP
Interest on credit facilities and loans	3,044,519	1,924,331
Other bank charges	2,843,306	1,993,602
	<u>5,887,825</u>	<u>3,917,933</u>

9 DIVIDENDS INCOME

	30 September 2016 EGP	30 September 2015 EGP
Helwan Cement Company S,A,E	-	261,380,365
Ready Mix Concrete Al alamia (RMCA)- S,A,E	15,210,000	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	84,709	1,049,190
Techno Gravel For Quarries-Egypt S,A,E	1,237,500	1,125,000
	<u>29,418,619</u>	<u>269,814,555</u>

10 OTHER INCOME

	30 September 2016 EGP	30 September 2015 EGP
Management fees	9,621,274	8,025,074
Settlement value of clay development contribution fees	16,802,973	-
Other income	11,959,776	8,682,366
	<u>38,384,023</u>	<u>16,707,440</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2016

11 INCOME TAX
RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	30 September 2016 EGP	30 September 2015 EGP
Net profits before income taxes	224,494,230	384,181,823
Add:		
Accounting depreciation	101,551,670	102,218,051
Donations	9,543,033	11,035,339
Board of directors' allowance	1,420,682	1,287,245
Provisions	11,165,183	24,535,562
Indemnities and fines	2,093,359	785,705
Previous year expenses- un-supported documents	4,283,424	2,503,896
Tax on dividends	1,111,166	13,490,728
Labors Club	1,028,728	1,744,382
Hilal Cement Company - Chairman Salary	-	319,867
Unrealized foreign exchange losses	80,350,750	-
Net profit as per tax law	437,042,225	542,102,598
less:		
Tax depreciation	(109,532,354)	(158,862,703)
Suez Cement Company's share in the Board of directors' bonuses of Suez Bag Company and Tourah Cement Company	(450,000)	(450,000)
Donations	(7,772,000)	(8,276,395)
Capital Gains	(290,749)	-
Used provisions	(8,359,894)	(1,783,493)
Provisions no longer required	(1,542,822)	(20,444,418)
Unrealized foreign exchange gains	(63,892,150)	-
Dividends received	(29,418,619)	(269,814,555)
Taxable income	215,783,637	82,471,034
Income tax at the effective tax rate 22,50%	48,551,318	18,555,983

DEFERRED INCOME TAX LIABILITIES

	30 September 2016 EGP	31 December 2015 EGP
Depreciation of fixed assets	(78,107,187)	(75,028,102)
Provisions	27,135,877	28,947,734
Net deferred income tax (liability)	(50,971,310)	(46,080,368)

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

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 2008 & 2009 :**

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

- **Years 2010 & 2011 :**

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

- **Years from 2012 to 2014 :**

The tax authority sent sample 19 to the company for this period was estimated . The company objected to the form

b) Sales tax

- **Years 2008 & 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 2010 & 2011 :**

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

- **Years 2012 & 2013 :**

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

The company prepares tax return monthly and pays due taxes during the legal period.

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 2014 & 2015:**

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

d) Stamp duty tax

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

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

- **Years from 2006 to 2010 :**

The company paid the items that have been agreed upon with the internal committee

- **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
30 SEPTEMBER 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
Cost						
As of 1 January 2016	398,503	535,131,298	1,889,801,695	43,837,947	86,910,658	2,556,080,101
Additions	-	-	-	-	3,002	3,002
Transfer from fixed assets under construction (Note 13)	-	12,740,121	72,178,495	202,786	2,972,505	88,093,907
Disposals	-	-	-	(1,542,800)	-	(1,542,800)
As of 30 September 2016	398,503	547,871,419	1,961,980,190	42,497,933	89,886,165	2,642,634,210
Accumulated depreciation						
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	-	(14,882,271)	(80,314,939)	(1,189,811)	(5,164,649)	(101,551,670)
Disposals	-	-	-	1,542,800	-	1,542,800
As of 30 September 2016	-	(424,126,010)	(1,297,506,713)	(35,233,587)	(73,476,351)	(1,830,342,661)
Net book value as of 30 September 2016	398,503	123,745,409	664,473,477	7,264,346	16,409,814	812,291,549
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:

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2016

Second:

- Fixed Assets as of 30 September 2016 include assets that are fully depreciated and still in use, The acquisition cost for these assets are as follows:

Assets	Cost
Building, construction, infrastructure and roads	180,958,417
Machinery, equipment and tools	672,154,409
Motor vehicles	32,655,185
Furniture and office equipment	50,919,087
Total	936,687,098

- 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
30 SEPTEMBER 2016

13 FIXED ASSETS UNDER CONSTRUCTION

	30 September 2016	31 December 2015
	EGP	EGP
Coal project for Suez plant	-	10,374,998
Raw mill filter kiln 2	10,232,218	
Spare parts for coal project	9,308,018	4,363,980
Civil works project	-	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	107,674,005	133,398,523
	<u>138,401,975</u>	<u>161,452,239</u>

The fixed assets under construction during the nine months ended in 30 of September 2016

	30 September 2016	30 September 2015
	EGP	EGP
Balance as of beginning of the period	161,452,239	336,940,011
Additions during the period	65,043,643	45,104,403
Transferred to fixed assets during the period	(88,093,907)	(263,264,158)
Balance as of end of the period	<u>138,401,975</u>	<u>118,780,256</u>

14 INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value EGP	30 September 2016	31 December 2015
		EGP	EGP	EGP
<u>Subsidiary companies</u>				
Helwan Cement Company S,A,E	99,55	5	2,832,496,952	2,832,496,952
Tourah Portland Cement Company S,A,E	66,12	5	1,287,617,992	1,287,617,992
EL Helal Cement Company- Kuwait (Kuwaiti Joint Stock Company)	51	15,29	270,415,816	270,415,816
Ready Mix Concrete Al alamia (RMC)" S,A,E	52	100	81,432,859	81,432,859
Suez Bags Company S,A,E	53,32	10	22,438,108	22,438,108
Development for Industries Company S,A,E	98,28	100	-	225,000
Axim Egypt Company S,A,E	98,28	100	-	225,000
International City Company for Ready Mix (LLC) - KSA	50		47,701,250	47,701,250
<u>Subsidiary companies through indirect investments *</u>				
Suez For Transport and Trade S,A,E Development and Construction	96,37	100	3,500,000	3,500,000
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>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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

- Suez cement company indirect share (through Helwan Cement S,A,E – subsidiary company by 99,55% and Tourah Portland Cement Company S,A,E – subsidiary company by 66,12%) in Suez for Transport and Trade (S,A,E) by 96,37%.
- Suez cement company indirect share (through Ready Mix Concrete Al alamia (RMC)" S,A,E – subsidiary company by 52%) in Development and Construction Materials Co (DECOM) (S,A,E) by 52%.
- Suez cement company indirect share (through Development for Industries Company S,A,E – subsidiary company by 98,28% and Axim Egypt Company S,A,E – subsidiary company by 98,28% and Suez For Transport and Trade S,A,E – subsidiary company by 96,37%) in Suez for import and export (S,A,E) by 96,37 %.

B) Investments in an associate and joint ventures

	% of Ownership	Par value EGP	30 September 2016 EGP	31 December 2015 EGP
Investment in an associate				
Techno Gravel For Quarries-Egypt S,A,E	45	10	28,334,257	28,334,257
Total investment in an associate			28,334,257	28,334,257
Share in joint ventures				
Suez Lime Company S,A,E *	49,66	100	3,621,100	3,621,100
Impairment loss			(1,688,102)	(1,688,102)
Total share in joint ventures			1,932,998	1,932,998
Total investments in an associate and share in joint ventures			30,267,255	30,267,255

* Suez Cement Company S,A,E has a 49,66 % interest in Suez Lime Company S,A,E ; a jointly controlled entity, The entity is jointly managed along with Unicalce company (an Italian company that holds 50 % interest) and Tourah Portland Cement Company S,A,E (that holds 1%)

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

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

C) Available-for-sales investments

	% of Ownership	Par value EGP	30 September 2016 EGP	31 December 2015 EGP
Lafarge Cement Company – Egypt S,A,E	0,137	10	1,113,000	1,113,000
Reserve of unrealized gains on available-for-sales investments			327,001	1,320,859
			1,440,001	2,433,859

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2016

D) Amounts paid under investments in subsidiaries and other companies

	% of Ownersi p	Par value EGP	30 September 2016 EGP	31 December 2015 EGP
Suez Bosphorus Cimento Sanayi Ve Ti	99,9	3,64	186,791	186,791
Italgin Egypt For Energy S,A,E	1	100	650,000	650,000
Italgin Gulf el Zeit S,A,E	1	100	350,000	350,000
			<u>1,186,791</u>	<u>1,186,791</u>

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 30 September 2016 amounted to EGP 33 Million as follows:

- EGP 15 Million; due from Ready Mix Concrete Al alamia (RMC)" S,A,E (subsidiary company by 52%).
- EGP 18 Million; due from Development and Construction Materials Company (DECOM) S,A,E (subsidiary company by 52%).

16 INVENTORY

	30 September 2016 EGP	31 December 2015 EGP
Raw materials	6,797,924	12,160,501
Spare parts and supplies	160,611,628	153,101,366
Fuel	112,576,327	114,661,395
Packing materials	5,328,153	4,647,860
Work in progress	171,366,065	106,192,958
Finished goods	51,528,927	49,852,790
Goods in transit	45,745,698	34,518,171
	<u>553,954,722</u>	<u>475,135,041</u>
less:		
Decline in value of obsolete (spare parts) inventory	(44,279,083)	(48,810,528)
Decline in value of obsolete (packing -bags) inventory	(281,088)	(370,088)
	<u>(44,560,171)</u>	<u>(49,180,616)</u>
	<u>509,394,551</u>	<u>425,954,425</u>
*Decline in the value of inventory		
	30 September 2016 EGP	31 December 2015 EGP
Beginning balance	49,180,616	50,985,416
Reverse the decline in the value of inventory during the period	(4,620,445)	(1,804,800)
Ending balance	<u>44,560,171</u>	<u>49,180,616</u>

17 Accounts and notes receivables

	30 September 2016 EGP	31 December 2015 EGP
Accounts receivable	281,278	334,904
	<u>281,278</u>	<u>334,904</u>
	30 September 2016 EGP	31 December 2015 EGP
Amounts receivable within 12 months	281,278	334,904
	<u>281,278</u>	<u>334,904</u>

- There are no impairment on accounts and notes receivables on 30 September 2016 and 31 December 2015.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

18 DUE FROM RELATED PARTIES

	30 September 2016 EGP	31 December 2015 EGP
Tourah Portland Cement Company S,A,E	50,719,033	2,177,389
Helwan Cement Company S,A,E	43,157,029	-
Ready Mix Concrete Al alamia (RMC)" S,A,E	1,700,205	2,418,788
Suez For Import and Export S,A,E	16,434	3,915
Inter bulk S.A.E Company (Related Party)	268,647	312,153
Asia Cement (Related Party)	437,831	491,512
Italgin Egypt For Energy S,A,E (Related Party)	77,100	-
Italgin Gulf el Zeit S,A,E	103,000	-
EL Helal Cement Company-		
Kuwait (Kuwaiti Joint Stock Company)	14,396	14,396
Suez For Lime S.A.E	7,684	-
Development and Construction Materials Company (DECOM) S,A,E	680,032	427,855
	<u>97,181,391</u>	<u>5,846,008</u>

19 PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	30 September 2016 EGP	31 December 2015 EGP
Prepaid expenses	17,102,786	12,491,842
Advances to suppliers	49,222,179	16,828,128
Deposits with others	46,119,559	45,112,699
Tax authority	9,354,620	7,534,752
Refunded tax	3,256,817	10,184,371
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	37,753,908	14,920,407
	<u>163,065,124</u>	<u>107,327,454</u>
Accrued interest	5,878,571	5,467,004
Less: Impairment in value of other debit balances	(497,764)	(823,182)
	<u>168,445,931</u>	<u>111,971,276</u>

20 CASH ON HAND AND AT BANKS

	30 September 2016 EGP	31 December 2015 EGP
a- Egyptian Pound		
Cash on hand	92,956	-
Current accounts *	71,857,192	54,814,662
Treasury bills (mature in three months)	389,820,596	332,573,828
b- Foreign currencies		
Cash on hand	83,937	-
Current accounts *	9,288,327	3,893,314
Time deposits (mature in three months)	278,571	88,514,063
	<u>471,421,579</u>	<u>479,795,867</u>

*Banks current accounts include a hold amounts as of 30 September 2016, to purchase foreign goods by foreign currencies amounted EGP 47,468,847

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

21 SHARE CAPITAL

	30 September 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,

22 RESERVES

	30 September 2016 EGP	31 December 2015 EGP
Legal reserve	<u>454,641,267</u>	<u>454,641,267</u>
Special reserve – Share premium	<u>2,013,865,903</u>	<u>2,013,865,903</u>
Special reserve	<u>185,853,347</u>	<u>185,853,347</u>
Capital reserve	<u>14,526,110</u>	<u>14,454,110</u>
Total other reserves	<u>2,214,245,360</u>	<u>2,214,173,360</u>
Total reserve	<u>2,668,886,627</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,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS
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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:

	30 September 2016
Discount rate	14,60 %
Average salary increase	8 %
Annuity schedule	60

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

	30 September 2016	31 December 2015
	EGP	EGP
Present value of the defined benefit liability	28,190,946	29,866,010
Actuarial Present value of the defined benefit liability at the balance sheet	28,190,946	29,866,010

The movement of liability as per the balance sheet

	30 September 2016	31 December 2015
	EGP	EGP
Liability - beginning of the period / year	29,866,010	13,571,411
Past service cost	-	13,543,309
Current service cost	1,017,684	923,906
Interest cost	3,044,519	2,067,495
Payments from the plan	(5,737,267)	(1,350,000)
Actuarial losses / (gains)	-	1,109,889
Liability – end of the period / year	28,190,946	29,866,010

Defined benefit plan cost as per income statement

	30 September 2016	30 September 2015
	EGP	EGP
Current service cost	1,017,684	683,969
Interest cost	3,044,519	1,405,251

The analysis of defined benefit plan cost as per income statement

	30 September 2016	30 September 2015
	EGP	EGP
General and administrative expense	1,017,684	683,969
Finance expense	3,044,519	1,405,251
	4,062,203	2,089,220

24 PROVISIONS

	Balance as of 1 January 2016 EGP	Charged during the period EGP	Utilized during the period EGP	Provisions no longer required EGP	Balance as of 30 September 2016 EGP
Tax claims	126,639,910	9,764,733	(10,753,113)	(1,242,822)	124,408,708
Judicial disputes	13,066,237	-	-	(300,000)	12,766,237
Training support fund	27,165,349	1,958,692	-	-	29,124,041
Other claims	992,292	-	(992,292)	-	-
	167,863,788	11,723,425	(11,745,405)	(1,542,822)	166,298,986

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

	Balance as of 1 January 2015 EGP	Charged during the period EGP	Utilized during the period EGP	Provisions no longer required EGP	Balance as of 30 September 2015 EGP
Tax claims	93,826,404	18,500,000	(673,493)	-	111,652,911
Judicial disputes	12,821,837	1,314,400	(210,000)	-	13,926,237
Training support fund	46,331,485	1,139,650	-	(20,444,418)	27,026,717
Other	-	992,292			992,292
	<u>152,979,726</u>	<u>21,946,342</u>	<u>(883,493)</u>	<u>(20,444,418)</u>	<u>153,598,157</u>

No other material contingent liabilities other than what was provided for in the provisions above or what was disclosed in note 11 in respect of tax position.

25 Bank Overdraft

Suez Cement Company S,A,E obtained lines of credit from banks capped at EGP 633 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 30 September 2016 amounted to EGP 5,981,444

26 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	30 September 2016 EGP	31 December 2015 EGP
Trade payables	221,812,102	224,635,362
Accrued expenses	38,073,565	40,064,104
Social and medical security	1,262,190	1,140,938
Other payables	23,241,368	20,281,664
	<u>284,389,225</u>	<u>286,122,068</u>

27 DUE TO RELATED PARTIES

	30 September 2016 EGP	31 December 2015 EGP
Ciments Francais (major shareholder)	25,736,259	15,321,688
Italcementi S,P,A	17,797,172	2,728,483
Helwan Cement Company S,A,E	-	2,037,341
Suez Bags Company S,A,E,	2,991,014	4,969,642
Suez For Transport and Trade S,A,E	9,321,995	8,983,950
Inter bulk Logano (Related party)	313,912,844	120,754,288
Ciments Calcia(Related party)	709,339	-
	<u>370,468,623</u>	<u>154,795,392</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2016

28 TAXES PAYABLES

	30 September 2016 EGP	31 December 2015 EGP
Tax authority – salary tax	1,832,778	1,807,047
Tax authority – withholding taxes	2,026,702	2,559,152
Tax authority-saless tax	20,501,832	10,482,218
Tax authority-Clay fees	-	4,802,385
	<u>24,361,312</u>	<u>19,650,802</u>

29 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the Nine months ended 2016 and 2015 is as follows:

	30 September 2016 EGP	30 September 2015 EGP
Balance at the beginning of the period	84,583,880	203,413,893
Add: amounts collected during the period	1,465,048,014	1,369,755,541
Less: delivered units during the period	(1,466,918,200)	(1,454,466,834)
Balance at the end of the period	<u>82,713,694</u>	<u>118,702,600</u>

	30 September 2016 EGP	31 December 2015 EGP
List advances by customers:		
Reliance Logistics	4,748,082	2,289,273
Safa company for trade and investment	1,176,404	1,733,454
El Motahada for trade and transportation		5,487,777
Ashraf Mohamed Sayed Ali	827,117	892,279
El Asala for trade and commercial agencies	2,604,073	2,149,950
El Negma for Trade	1,583,375	-
Other	71,774,643	72,031,147
	<u>82,713,694</u>	<u>84,583,880</u>

30 RETENTIONS PAYABLE (Deposits form others)

	30 September 2016 EGP	31 December 2015 EGP
Retentions payable within 12 months	6,461,120	5,120,155
Retentions payable after 12 months	-	-
	<u>6,461,120</u>	<u>5,120,155</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

31 EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net profit 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,

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

	30 September 2016 EGP	30 September 2015 EGP
Net profit for the period	171,051,970	348,876,444
Employees & Board of director share (estimated)	<u>(17,779,710)</u>	<u>(17,779,710)</u>
Net profit attributable to the ordinary equity holders	<u>153,272,260</u>	<u>331,096,734</u>
Weighted average number of ordinary shares for basic and diluted earnings	181856507	181856507
EPS – basic and diluted	<u>0,84</u>	<u>1,82</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	<u>7,123,068</u>	<u>7,123,068</u>	<u>19,763</u>
	<u>7,133,068</u>	<u>7,133,068</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, Alex Bank, and National Bank of Egypt as of 30 September 2016 amounted to EGP 2,900,609, EGP 1,267,538, EGP 12,625,072 and EGP 4,110,736 respectively,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

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	Expatriates fees	Purchases commissior	Purchase Fuels	Purchase bags	Portion from Corporate redistributio	Purchase cement / clinker	Sold cement / clinker	30 September 2016		
										K EGP	K EGP	K EGP
Ciments Francais	Major shareholder	5,830	13,905	-	-	-	-	-	-	-	-	-
Suez Bags	Subsidiary	-	-	-	-	60,553	3,744	-	-	-	-	-
Italcementi	Major shareholder for Ciments Francais	13,533	-	5,066	-	-	-	-	-	-	-	-
Tourah Cement	Subsidiary	-	-	-	-	-	24,473	-	27,527	-	-	249
Helwan Cement	Subsidiary	-	-	-	-	-	46,224	-	-	-	-	-
Ready Mix Concrete	Subsidiary	-	-	-	-	-	-	188	-	-	-	-
Al alamia (RMC)	Subsidiary	-	-	-	-	-	-	-	8,991	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	-	23,931	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	-	-	-	28,421	-	-	-
Interbulk Lugano	Related party	-	-	-	172,183	-	-	-	-	-	-	-
Ciment Calcia	Related party	-	709	-	-	-	-	-	-	-	58,935	-

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

30 September 2015

Company	Nature	Technical assistances fees K EGP	Expatriate fees K EGP	Purchases commissio K EGP	Purchase Fuels K EGP	Purchase bags K EGP	Portion from Corporate redistribution K EGP	Purchase cement / clinker K EGP	Sold cement / clinker K EGP	Sold Transportation service K EGP	Purchase Transportation service K EGP	Purchase Raw Material K EGP	Purchase Spare Parts K EGP
Ciments Francais	Major shareholder	14,393	17,470										
Suez Bags Italcementi	Subsidiary Major shareholder for Ciments Francais			4,228		67,317	4,071						
Tourah Cement	Subsidiary												
Helwan Cement	Subsidiary	5,216			18,362		20,270	82				136	
Ready Mix Concrete Al alamia (RMC)	Subsidiary						45,288	3,629					1,012
Decom	Subsidiary												
Suez For Transport	Subsidiary							4,407					
Interbulk Lugano	Related party				193,437			2,896					
Interbulk Egypt	Related party							2,947					

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

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:

	Due from related parties	Due to related parties	30 September 2016 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	50,719,033	-	-	21,072,523	(34,016)	29,680,526
Helwan Cement Company S,A,E	43,157,029	-	-	43,157,029	-	-
Ready Mix Concrete Al alamia (RMC)" S,A,E	1,700,205	-	-	2,477,995	(777,790)	-
Suez For Import and Export S,A,E	16,434	-	-	-	-	16,434
EL Helal Cement Company- Kuwait (Kuwaiti Joint Stock Company)	14,396	-	-	-	-	14,396
Development and Construction Materials Company (DECOM) S,A,E	680,034	-	-	3,351,192	(2,671,158)	-
Suez For Lime S,A,E	7,684	-	-	7,684	-	-
Italgin Egypt For Energy S,A,E	77,100	-	-	77,100	-	-
Italgin Gulf el Zeit S,A,E	103,000	-	-	103,000	-	-
Inter bulk (Related party)	268,646	-	-	269,346	(700)	-
Asia Cement (Related party)	437,830	-	-	-	-	437,830
Ciments Francais (major shareholder)	-	(25,736,259)	(25,736,259)	-	-	-
Suez Bags Company S,A,E,	-	(2,991,014)	(2,991,014)	-	-	-
Italcementi (Major for Ciments Francais)	-	(17,797,172)	(17,797,172)	-	-	-
Suez For Transport and Trade S,A,E	-	(9,321,995)	(8,762,919)	224,276	(783,352)	-
Inter bulk (Related party)	-	(313,912,844)	(313,912,844)	-	-	-
Ciments Calcia (Related party)	-	(709,339)	(709,339)	-	-	-
	97,181,394	(370,468,623)	(369,909,547)	70,740,145	(4,267,016)	30,200,066

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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	31 December 2015			
	Due from related parties	Due to related parties	Trade payables and accrued exp	Advance payment / debit balances
	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
Suez For Import and Export S,A,E	3,915	-	-	3,915
EL Helal Cement Company-	14,396	-	-	-
Kuwait (Kuwaiti Joint Stock Company)	427,855	-	-	1,863,350
Development and Construction Materials Company (DECOM) S,A,E	-	-	-	(1,435,495)
Ciments Francais (major shareholder)	-	(15,321,688)	(15,700,605)	378,917
Italicemnti (major for Ciments Francais)	-	(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	312,153	(8,983,950)	(8,008,912)	-
Inter bulk Egypt (Related party)	-	-	-	312,153
Inter bulk Logano (Related party)	491,512	(120,754,288)	(120,754,288)	-
Asia Cement (Related party)	5,846,008	(154,795,392)	(155,578,734)	8,444,102
				(2,802,020)
				491,512
				587,268

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 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%,

	30 September 2016	31 December 2015
	EGP	EGP
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:

	30 September 2016	30 September 2015
	EGP	EGP
Salaries and benefits	2,648,691	2,730,794
	<u>2,648,691</u>	<u>2,730,794</u>

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,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

Other financial assets and cash deposits

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

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

Due from related parties

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

b) Market risk

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

Exposure to interest rate risk

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

Exposure to foreign currency risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, The total financial assets denominated in foreign currencies amounted to LE 14,647,182 whereas; the financial liabilities denominated in foreign currencies amounted to LE 353,038,531.

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,

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Financial liabilities

	Less than 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
As at 30 September 2016					
Advances from Customers	82,713,694		-	-	82,713,694
Banks overdraft	5,981,444		-	-	5,981,444
Retentions payable	1,936,855	4,524,265	-	-	6,461,120
Trade and other payables	246,315,660	38,073,565	-	-	284,389,225
Due to tax authority	24,361,312		-	-	24,361,312
Income tax payable		48,551,318	-	-	48,551,318
Due to related parties	370,468,623		-	-	370,468,623
Total undiscounted financial liabilities	<u>731,777,588</u>	<u>91,149,148</u>	<u>-</u>	<u>-</u>	<u>822,926,736</u>

	Less than 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
As at 31 December 2015					
Advances from Customers	84,583,880				84,583,880
Banks overdraft	24,265,314	-	-	-	24,265,314
Retentions payable	2,556,363	2,563,792	-	-	5,120,155
Trade and other payables	246,057,964	40,064,104	-	-	286,122,068
Due to tax authority	19,650,802	-	-	-	19,650,802
Income tax payable	-	22,882,160	-	-	22,882,160
Due to related parties	154,795,392	-	-	-	154,795,392
Total undiscounted financial liabilities	<u>531,909,715</u>	<u>65,510,056</u>	<u>-</u>	<u>-</u>	<u>597,419,771</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,