

Suez Cement Company (S.A.E)
SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015
TOGETHER WITH 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 balance sheet of **Suez Cement Company (S.A.E)** as of 30 June 2015 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 2015 to 30 June 2015, 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 30 June 2015, and of its separate interim financial performance and its separate interim cash flows for the period from 1 January 2015 to 30 June 2015 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 2015 to 30 June 2015 in accordance with Egyptian Accounting Standards, for better understanding of the company's financial position as of 30 June 2015 and its financial performance, and its cash flows for the period from 1 January 2015 to 30 June 2015, the matter necessitates reference to the consolidated interim financial statements.

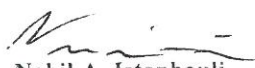
Cairo: 16 July 2015


Emad H. Ragheb

FESAA – FEST
(RAA. 3678)
(EFSAR .42)



Allied for Accounting & Auditing (EY)


Nabil A. Istanbouli






FESAA – FEST
(RAA. 5947)
(EFSAR .71)

Suez Cement Company (S.A.E)

SEPARATE INTERIM BALANCE SHEET

As of 30 June 2015

	Note	30/6/2015 LE	31/12/2014 LE (Restated)
Non-current assets			
Fixed assets	(3)	846,844,707	670,153,431
Projects under construction	(4)	126,971,272	336,940,011
Investments in subsidiaries	(5-a)	4,546,052,988	4,546,052,988
Investments in associates and share in joint ventures	(5-b)	30,267,255	30,267,255
Available-for-sale investments	(5-c)	2,433,859	2,543,767
Amounts paid under investments in subsidiaries and other companies	(5-d)	1,186,791	1,186,791
Loan to subsidiaries	(6)	39,000,000	43,000,000
Total non-current assets		5,592,756,872	5,630,144,243
Current assets			
Inventory	(7)	441,583,335	442,115,519
Accounts receivable	(8)	1,212,563	658,136
Due from related parties	(9)	48,768,712	2,688,688
Prepayments and other receivables	(10)	163,274,386	161,636,494
Cash on hand and at banks	(11)	633,706,727	668,081,707
Total current assets		1,288,545,723	1,275,180,544
Current liabilities			
Provisions	(12)	139,261,298	152,979,726
Bank overdraft	(13)	44,851,486	50,715,612
Accounts payable		336,021,800	315,820,434
Due to related parties	(14)	29,922,583	63,094,375
Dividends payable		300,063,237	-
Accrued income taxes		-	63,085,707
Income tax for the period / year		34,615,900	-
Accrued expenses and other payables	(15)	164,187,710	267,817,826
Total current liabilities		1,048,924,014	913,513,680
Working capital		239,621,709	361,666,864
Total investment		5,832,378,581	5,991,811,107
Financed as follows:			
Equity			
Issued and paid up capital	(16-a)	909,282,535	909,282,535
Legal reserve	(16-b)	454,641,267	454,641,267
Other reserves	(16-b)	2,214,173,360	2,211,709,171
Reserve of unrealized gains on available-for-sale investments		1,320,859	1,430,767
Retained earnings		1,842,361,036	1,888,562,499
Profits for the period / year		348,876,444	478,982,470
Total equity		5,770,655,501	5,944,608,709
Non-current liabilities			
Other long term liabilities	(17)	14,514,224	13,571,411
Deferred tax liabilities	(18)	47,208,856	33,630,987
Total non-current liabilities		61,723,080	47,202,398
Total finance of working capital and non-current assets		5,832,378,581	5,991,811,107

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

-The accompanying notes from (1) to (28) are an integral part of these separate interim financial statements,
- Review report attached.

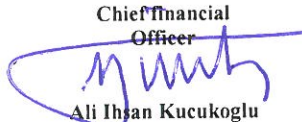
Suez Cement Company (S.A.E)

SEPARATE INTERIM STATEMENT OF INCOME
FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015

	Note	For the period from 1 January 2015 To 30 June 2015 LE	For the period from 1 January 2014 To 30 June 2014 LE	For the period from 1 April 2015 To 30 June 2015 LE	For the period from 1 April 2014 To 30 June 2014
Sales		1,000,994,109	1,012,833,351	540,782,566	526,550,973
Cost of sales		(839,880,069)	(814,842,877)	(443,419,826)	(413,150,534)
GROSS PROFIT		161,114,040	197,990,474	97,362,740	113,400,439
General and administrative expenses	(20)	(76,958,360)	(48,740,047)	(46,265,957)	(27,638,108)
Provisions	(12)	(7,399,483)	(13,204,333)	(4,608,662)	(7,776,778)
Provisions no longer required		20,444,418	197,336	20,444,418	197,336
Board of directors' remuneration and allowance		(69,000)	(63,750)	(42,000)	(27,750)
Dividends income	(22)	269,814,555	297,981,926	739,231	6,805,524
Other income	(21)	10,139,304	23,114,067	4,790,294	4,554,676
OPERATING PROFITS		377,085,474	457,275,673	72,420,064	89,515,339
Finance expenses		(2,532,406)	(1,418,241)	(1,308,686)	(789,542)
Credit interests		23,393,247	21,860,489	11,253,699	7,287,479
Gain from sale of fixed assets		-	466,068	-	466,068
Foreign exchange differences		(876,102)	15,355,822	(2,807,414)	13,915,112
PROFITS BEFORE INCOME TAXES		397,070,213	493,539,811	79,557,663	110,394,456
Deferred income taxes for the period	(18)	(13,577,869)	(1,782,027)	(21,222,854)	(3,866,639)
Income taxes for the period	(19)	(34,615,900)	(75,651,920)	(11,629,679)	(49,404,701)
PROFITS FOR THE PERIOD		348,876,444	416,105,864	46,705,130	57,123,116
EARNINGS PER SHARE	(26)	1,81	2,18	0,20	0,26

Accounting
Manager

Shereif El Masry

Chief financial
Officer

Ali Ihyan Kucukoglu

Managing
Director

Bruno Michel Carre

Chairman

Omar A. Mohanna

-The accompanying notes from (1) to (28) 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 2015 TO 30 JUNE 2015

	Issued and paid up capital	Legal reserve	Other Reserves	Reserve of unrealized gains on available- for-sale investments	Retained earnings	Profits for the period	Total
	LE	LE	LE	LE	LE	LE	LE
Balance as of 1 January 2015	909,282,535	454,641,267	2,211,709,171	1,430,767	1,888,562,499	471,824,836	5,937,451,075
Tax differences (Note 28)	-	-	-	-	-	7,157,634	7,157,634
Restated balance as of 1 January 2015	909,282,535	454,641,267	2,211,709,171	1,430,767	1,888,562,499	478,982,470	5,944,608,709
Transferred to retained earnings	-	-	-	-	478,982,470	(478,982,470)	-
Dividends and transferred to other reserves	-	-	2,464,189	-	(525,183,933)	-	(522,719,744)
Net unrealized loss on available for sale investment	-	-	-	(109,908)	-	-	(109,908)
Profits for the period	-	-	-	-	-	348,876,444	348,876,444
Balance as of 30 June 2015	909,282,535	454,641,267	2,214,173,360	1,320,859	1,842,361,036	348,876,444	5,770,655,501
Balance as of 1 January 2014	909,282,535	454,641,267	2,211,524,361	2,748,405	1,785,348,568	628,473,258	5,992,018,394
Transferred to retained earnings	-	-	-	-	628,473,258	(628,473,258)	-
Dividends and transferred to other reserves	-	-	184,810	-	(525,259,327)	-	(525,074,517)
Net unrealized loss on available for sale investment	-	-	-	(1,317,638)	-	-	(1,317,638)
Profits for the period	-	-	-	-	-	416,105,864	416,105,864
Balance as of 30 June 2014	909,282,535	454,641,267	2,211,709,171	1,430,767	1,888,562,499	416,105,864	5,881,732,103

- The accompanying notes from (1) to (28) 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 FROM 1 JANUARY 2015 TO 30 JUNE 2015

	Note	30/6/2015 LE	30/6/2014 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income taxes		397,070,213	493,539,811
Dividends income	(22)	(269,814,555)	(297,981,926)
Depreciation of fixed assets	(3)	68,148,182	53,618,149
Provisions	(12)	7,399,483	13,204,333
Provisions no longer required		(20,444,418)	(197,336)
Reversal of decline in value of obsolete inventory		-	(269,885)
Decline in value obsolete of inventory		2,000,000	-
Liabilities against end of service plan	(17)	1,392,813	1,374,000
Finance expenses		2,532,406	1,418,241
Credit interests		(23,393,247)	(21,860,489)
(Gain) from sale of fixed assets		-	(466,068)
Operating profits before changes in working capital		<u>164,890,877</u>	<u>242,378,830</u>
Change in inventory	(7)	(1,467,816)	(127,277,976)
Change in accounts receivable	(8)	(554,427)	(74,202)
Change in due from related parties	(9)	(46,080,024)	(15,480,813)
Change in prepayments and other receivables	(10)	3,247,994	(147,027,896)
Change in accounts payable		20,201,366	173,330,792
Change in due to related parties	(14)	(33,171,792)	20,528,905
Change in accrued expenses and other payables	(15)	<u>(103,630,116)</u>	<u>92,604,265</u>
Cash from operations		<u>3,436,062</u>	<u>238,981,905</u>
Finance expense paid		(2,532,406)	(1,418,241)
Income taxes paid		(63,085,707)	(97,533,354)
Provisions used		(673,493)	(2,000,000)
Payments in respect of End of service plan		<u>(450,000)</u>	<u>(600,000)</u>
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		<u>(63,305,544)</u>	<u>137,430,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets			505,778
Payments in respect of projects under construction	(4)	(34,870,719)	(165,177,450)
Payments under investments in subsidiaries and other companies	(5-d)	-	(160,002)
Dividends received		269,814,555	297,981,926
Credit Interests received		<u>18,507,360</u>	<u>22,796,646</u>
NET CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		<u>253,451,196</u>	<u>155,946,900</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan to subsidiary		4,000,000	3,000,000
Dividends paid		(222,656,507)	(225,011,281)
NET CAH FLOWS (USED IN) FINANCING ACTIVITIES		<u>(218,656,507)</u>	<u>(222,011,281)</u>
Net (decrease) increase in cash and cash equivalent during the period		<u>(28,510,855)</u>	<u>71,365,929</u>
Cash and cash equivalent- beginning of the period		<u>617,366,096</u>	<u>1,058,608,637</u>
Cash and cash equivalent- end of the period		<u><u>588,855,241</u></u>	<u><u>1,129,974,566</u></u>
For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise of the following:			
Cash on hand and at banks	(11)	633,706,727	1,129,974,566
Less:			
Bank overdraft	(13)	<u>(44,851,486)</u>	-
		<u><u>588,855,241</u></u>	<u><u>1,129,974,566</u></u>

-The accompanying notes from (1) to (28) are an integral part of these separate interim financial statements,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

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 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 30 June 2015 were authorized for issuance in accordance with a resolution of the directors on 16 July 2015.

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 sale 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

30 JUNE 2015

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,

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,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

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 sale investments

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

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

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

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

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 JUNE 2015

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 sale,

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in the statement of income in the 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 JUNE 2015

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 JUNE 2015

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:

- **Sale of goods**

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

- **Interest income**

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

- **Dividends**

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

- **Rental income**

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

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 sale 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 directors,

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

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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,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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3 FIXED ASSETS

	Lands LE	Buildings, constructions, infrastructure and roads LE	Machinery, equipment and Tools LE	Motor Vehicles LE	Furniture and office equipment LE	Total LE
Cost						
As of 1 January 2015	398,503	526,090,129	1,613,896,531	38,526,155	84,694,001	2,263,605,319
Transfer from Projects under construction (Note 4)	-	4,533,271	238,837,909	-	1,468,278	244,839,458
As of 30 June 2015	398,503	530,623,400	1,852,734,440	38,526,155	86,162,279	2,508,444,777
Accumulated depreciation						
As of 1 January 2015	-	(390,102,111)	(1,108,621,678)	(33,994,617)	(60,733,482)	(1,593,451,888)
Depreciation for the period	-	(9,523,953)	(54,130,169)	(715,939)	(3,778,121)	(68,148,182)
As of 30 June 2015	-	(399,626,064)	(1,162,751,847)	(34,710,556)	(64,511,603)	(1,661,600,070)
Net book value as of 30 June 2015	398,503	130,997,336	689,982,593	3,815,599	21,650,676	846,844,707
Net book value as of 31 December 2014	398,503	135,988,018	505,274,853	4,531,538	23,960,519	670,153,431

Suez Cement Company (S.A.E)

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First:

- Fixed Assets as of 30 June 2015 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	179,688,781
Machinery, equipment and tools	602,373,674
Motor vehicles	29,886,471
Furniture and office equipment	41,300,838
Total	853,249,764

- No pledged 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 JUNE 2015

4 PROJECTS UNDER CONSTRUCTION

Balance as of 1 January 2015	Additions during the period	Transferred to fixed assets during the period (note 3)	Balance as of 30 June 2015
LE	LE	LE	LE
336,940,011	34,870,719	(244,839,458)	126,971,272

5 INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value LE	30/6/2015 LE	31/12/2014 LE
Subsidiary companies				
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	56.31	10	22,438,108	22,438,108
Development for Industries Company S.A.E	98.28	100	225,000	225,000
Axim Egypt Company S.A.E	98.28	100	225,000	225,000
International City Company for Ready Mix (LLC) - KSA **	50		47,701,250	47,701,250
Subsidiary companies through indirect investments ***				
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
			4,546,052,988	4,546,052,988

* Ready Mix Production Company (SAE) (subsidiary company by 52%) and Ready Mix Concrete Al alamia S.A.E (subsidiary company by 52%) were merged to form Universal for ready mix production company " S.A.E where the percentage contribution of Suez Cement in the new emerged company is 52%.

On 26 February 2012 .the extraordinary General Assembly meeting amended article no. 2 of the Statute to modify the company's name to Ready Mix Concrete Al alamia (RMC)" S.A.E.

** On 21 January 2014; Suez Cement Company S.A.E. acquired 50% of the total 1.000.000 shares of International City for Ready Mix Company (K.S.A) with a par value of SR 100. with a total cost amounted to EGP 47,701,250.

On 31 March 2014; Italcementi S.P.A which owns the other 50% of the total shares of International City for Ready Mix Company (K.S.A) agreed with Suez Cement Company S.A.E in relation to their powers over International City for Ready Mix Company. hence Suez Cement Company will have effective control over International City for Ready Mix Company (K.S.A).

On 18 December 2014; Italcementi S.P.A and Suez Cement Company S.A.E decided to increase their share Capital of International City Company for Concrete LLC – K.S.A by an amount of 50 million SAR; out of which Suez Cement Company shall subscribe 25 million SAR paid in cash.

*** 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 (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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- 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 97.88%.

B) Investments in an associates and joint ventures

	% of Ownership	Par value LE	30/6/2015 LE	31/12/2014 LE
Investments in an associate				
Techno Gravel For Quarries-Egypt S.A.E	45	10	<u>28,334,257</u>	<u>28,334,257</u>
Total investments in an associate			<u>28,334,257</u>	<u>28,334,257</u>
Share in joint ventures				
Suez Lime Company S.A.E *	49.66	100	3,621,100	3,621,100
Impairment loss			<u>(1,688,102)</u>	<u>(1,688,102)</u>
Total share in joint ventures			<u>1,932,998</u>	<u>1,932,998</u>
Total investments in an associate and share in joint ventures			<u>30,267,255</u>	<u>30,267,255</u>

* 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-sale investments

	% of Ownership	Par value LE	30/6/2015 LE	31/12/2014 LE
Lafarge Cement Company – Egypt S.A.E (Previously : Egyptian company for Cement S.A.E)	0.137	10	1,113,000	1,113,000
Reserve on available-for-sale investment			<u>1,320,859</u>	<u>1,430,767</u>
			<u>2,433,859</u>	<u>2,543,767</u>

D) Amounts paid under investments in subsidiaries and other companies

	% of Ownership	Par value LE	30/6/2015 LE	31/12/2014 LE
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>

6 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 LE 300 Million at annual interest 10.54%. The loan's balance as of 30 June 2015 amounted to LE 18 Million from Ready Mix Concrete Al alamia (RMC)" S.A.E and LE 21 Million 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

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7 INVENTORY

	30/6/2015	31/12/2014
	LE	LE
Raw materials	10,006,663	12,717,303
Spare parts and supplies	165,985,198	152,247,110
Fuel	69,655,598	64,406,618
Packing materials	4,750,654	3,905,052
Work in progress	175,483,239	178,053,129
Finished goods	52,875,055	66,652,479
Goods in transit	15,812,344	15,119,244
	<u>494,568,751</u>	<u>493,100,935</u>
Less:		
Decline in value of obsolete (spare parts) inventory	(52,896,328)	(50,896,328)
Decline in value of obsolete (packing -bags) inventory	(89,088)	(89,088)
	<u>(52,985,416)</u>	<u>(50,985,416)</u>
	<u>441,583,335</u>	<u>442,115,519</u>

* The decline in the value of obsolete inventory amounted to EGP 2,000,000 has been recognized among cost of sales

8 ACCOUNTS RECEIVABLE

	30/6/2015	31/12/2014
	LE	LE
Accounts receivable	1,549,858	995,431
Less:		
Impairment of accounts receivables	(337,295)	(337,295)
	<u>1,212,563</u>	<u>658,136</u>

9 DUE FROM RELATED PARTIES

	30/6/2015	31/12/2014
	LE	LE
Tourah Portland Cement Company S.A.E	13,893,242	-
Helwan Cement Company S.A.E	30,099,491	-
Ready Mix Concrete Al alamia (RMC)" S.A.E	2,524,798	1,515,128
Axim Egypt Company S.A.E	3,702	3,702
Suez For Import and Export S.A.E	24,642	8,834
Italgin Gulf el Zeit S.A.E	103,100	-
Italgin Misr S.A.E	89,682	-
Suez Lime S.A.E	3,809	-
Techno Gravel For Quarries-Egypt S.A.E	366	366
Development and Construction Materials Company (DECOM) S.A.E	2,025,880	1,160,658
	<u>48,768,712</u>	<u>2,688,688</u>

10 PREPAYMENTS AND OTHER RECEIVABLES

	30/6/2015	31/12/2014
	LE	LE
Prepaid expenses	27,969,973	8,510,264
Advances to suppliers	74,267,453	88,182,806
Deposits with others	38,471,667	37,155,013
Accrued revenues	527	527
Tax authority	6,533,825	7,416,710
Refunded tax	4,403,629	12,879,608
Blocked current account at QNB AL AHLI in favor of tax authority	255,255	255,255
Other debit balances	5,123,492	5,873,632
	<u>157,025,821</u>	<u>160,273,815</u>
Accrued interest	8,189,435	3,303,549
Less: Impairment in value of other debit balances	(1,940,870)	(1,940,870)
	<u>163,274,386</u>	<u>161,636,494</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 JUNE 2015

11 CASH ON HAND AND AT BANKS

	30/6/2015 LE	31/12/2014 LE
a- Egyptian Pound		
Cash on hand	114,347	-
Current accounts	36,210,562	60,120,483
Treasury bills (mature in three months)	483,644,660	442,686,018
b- Foreign currencies		
Cash on hand	80,420	-
Current accounts	5,571,652	2,936,386
Time deposits (mature in three months)	108,085,086	162,338,820
	<u>633,706,727</u>	<u>668,081,707</u>

12 PROVISIONS

	Balance as of 1 January 2015 LE	Charged during the period LE	Utilized during the period LE	Provisions no longer required LE	Balance as of 30 June 2015 LE
Tax claims	93,826,404	4,350,000	(673,493)	-	97,502,911
Judicial disputes	12,821,837	799,400	-	-	13,621,237
Training support fund	46,331,485	1,257,791	-	(20,444,418)	27,144,858
Other claims	-	992,292	-	-	992,292
	<u>152,979,726</u>	<u>7,399,483</u>	<u>(673,493)</u>	<u>(20,444,418)</u>	<u>139,261,298</u>

13 BANK OVERDRAFT

Suez Cement Company S.A.E obtained a line of credit from Crédit Agricole Egypt capped at 160 MEGP in the form of overdraft facility in Egyptian pounds to finance the company's working capital requirements.

Total usage of this line of credit as of 30 June 2015 amounted to 44,851,486 EGP.

14 DUE TO RELATED PARTIES

	30/6/2015 LE	31/12/2014 LE
Ciments Francais (major shareholder)	12,154,611	31,828,864
Italcementi S.P.A	1,641,073	2,205,253
Tourah Portland Cement Company S.A.E	-	11,178,418
Helwan Cement Company S.A.E	-	6,972,170
Suez Bags Company S.A.E.	8,871,071	5,019,257
Suez For Transport and Trade S.A.E	7,255,828	5,890,413
	<u>29,922,583</u>	<u>63,094,375</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 JUNE 2015

15 ACCRUED EXPENSES AND OTHER PAYABLES

	30/6/2015	31/12/2014
	LE	LE
Accrued expenses	22,652,386	30,693,775
Advances from customers	89,701,107	203,413,893
Tax authority – salary tax	1,983,015	1,717,927
Tax authority – withholding taxes	1,790,862	2,708,156
Tax authority-sales tax	12,870,455	1,533,228
Tax authority-Clay fees	4,522,185	3,563,775
Deposits from others	5,696,738	5,586,902
Social and medical security	1,115,496	1,013,761
Other payables	23,855,466	17,586,409
	<u>164,187,710</u>	<u>267,817,826</u>

16 CAPITAL AND RESERVES

16/a CAPITAL

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

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

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

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

16/b RESERVES

	30/6/2015	31/12/2014
	LE	LE
Legal reserve	454,641,267	454,641,267
Special reserve – Share premium	2,013,865,903	2,013,865,903
Special reserve	185,853,347	185,853,347
Capital reserve	14,454,110	11,989,921
Total other reserves	<u>2,214,173,360</u>	<u>2,211,709,171</u>
Total reserve	<u>2,668,814,627</u>	<u>2,666,350,438</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 sale of salvage fixed assets in value greater than its carrying amount.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

17 OTHER LONG TERM LIABILITIES

Liabilities - end of service plan

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

	30/6/2015
Discount rate	14.5 %
Average salary increase	9 %
Annuity schedule	60

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

	30/6/2015	31/12/2014
	LE	LE
Liability at present value	<u>14,514,224</u>	<u>13,571,411</u>
Liability at the balance sheet	<u>14,514,224</u>	<u>13,571,411</u>

The movement of liabilities as per the balance sheet

	30/6/2015	31/12/2014
	LE	LE
Liability - beginning of the period / year	13,571,411	13,496,517
Current service cost (note 20)	455,980	869,297
Interest cost	936,834	1,878,365
End of service benefits paid	(450,000)	(1,425,000)
Actuarial (gain) on obligation	-	(1,247,768)
Liability – end of the period /year	<u>14,514,224</u>	<u>13,571,411</u>

The cost as per income statement

	30/6/2015	30/6/2014
	LE	LE
Accrued cost of service	455,980	435,000
Cost of interest	936,833	939,000

The analysis of end of service cost as per income the statement

	30/6/2015	30/6/2014
	LE	LE
General and administrative expense	455,980	435,000
Finance expense	936,833	939,000
	<u>1,392,813</u>	<u>1,374,000</u>

18 DEFERRED INCOM TAXES LIABILITIES

	30/6/2015	31/12/2014
	LE	LE
Depreciation of fixed assets	(77,477,005)	(65,487,166)
Provisions	30,268,149	31,856,179
Net deferred income tax (liability)	<u>(47,208,856)</u>	<u>(33,630,987)</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 JUNE 2015

19 RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	30/6/2015	30/6/2014
	LE	LE
Net profits before income taxes	397,070,213	493,539,811
Add:		
Accounting Depreciation	68,148,182	53,618,149
Donations	5,011,136	2,475,765
Board of directors' allowance	393,005	985,165
Provisions	10,792,296	12,934,448
Indemnities and fines	290,601	403,800
Previous year expenses	5,152	5,151
Provision for pensions	-	687,000
Labors Club	1,510,857	1,200,000
Hilal Company - Chairman Salary	210,201	-
Net profit as per tax law	483,431,643	565,849,289
Less:		
Tax Depreciation	(102,705,508)	(42,003,734)
Suez cement share in Suez bag and Tourah for cement of directors bonuses	(450,000)	(2,123,182)
Approved Donations	(1,266,395)	(338,708)
Capital Gains	-	(466,067)
Used Provisions	(673,493)	(600,000)
Provisions no longer required	(20,894,418)	(197,336)
Dividends received - subsidiaries	(241,888,828)	(267,780,531)
Taxable income	115,553,001	252,339,731
Income tax using applicable tax rate (25%) = 115,553,001 X 25%	28,888,250	63,084,933
Additional income tax using applicable tax rate (5%) = 114,553,001X 5%	5,727,650	12,566,987
Income Tax at the effective tax rate 8.72 %	34,615,900	75,651,920

20 GENERAL AND ADMINISTRATIVE EXPENSES

	30/6/2015	30/6/2014
	LE	LE
Technical assistance fees (note 27-a)	10,320,810	6,024,619
Salaries	27,494,153	20,325,191
End of service benefits plan- current service cost (note 17)	455,980	435,000
Public relations . communications and advertising expenses	10,706,957	11,214,493
Other general and administrative expenses	14,489,732	10,740,744
Tax on dividends	13,490,728	-
	76,958,360	48,740,047

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

21 OTHER INCOME

	30/6/2015	30/6/2014
	LE	LE
Management fees	5,714,940	6,511,796
Settlement value of clay development contribution fees	-	12,228,384
Other income	<u>4,424,364</u>	<u>4,373,887</u>
	<u>10,139,304</u>	<u>23,114,067</u>

22 - DIVIDENDS INCOME

	30/6/2015	30/6/2014
	LE	LE
Helwan Cement Company S.A.E	261,380,365	243,933,398
Tourah Cement Company S.A.E	-	23,646,496
Ready Mix Concrete Al alamia (RMCA)- S.A.E	4,160,000	4,160,000
Suez Bags Company S.A.E	-	16,196,416
Suez for Transport and Trade – Egypt S.A.E	2,100,000	1,050,000
Lafarge Cement Company – Egypt S.A.E - (Previously : Egyptian company for Cement S.A.E)	1,049,190	448,002
Techno Gravel For Quarries-Egypt S.A.E	1,125,000	1,575,000
Development for Industrial Company SAE	-	6,342,614
El Helal Cement Company – Kuwait	-	-
Axim Egypt Company S.A.E	-	630,000
	<u>269,814,555</u>	<u>297,981,926</u>

23 CONTINGENT LIABILITIES

- The Company has credit facilities from several Egyptian banks with a maximum limit amounted to LE 670 million. Nothing used during the period ended at 30 June 2015. S.P.A
- The letters of guarantee issued at the Company's as follows:

Bank name	Amount in issued currency	Equivalent in LE	Cash margin LE
QNB AL AHLI	10,000	10,000	10,000
Alexandria Bank	<u>2,577,568</u>	<u>2,577,568</u>	<u>19,763</u>
	<u>2,587,568</u>	<u>2,587,568</u>	<u>29,763</u>

- The outstanding balance of issued letters of credit by Bank of Alexandria and Credit Agricole Egypt Bank as of 30 June 2015 amounted to LE 391,016 and LE 1,082,398

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 JUNE 2015

24 TAX SITUATION

a) Corporate taxes

- **Period since inception up to 2006 :**

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

- **Year 2007:**

The tax authority has assessed the company for this period. it was agreed by the Internal Committee and the required 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 2013 :**

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

b) Sales tax

- **Period since inception up to 2007:**

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

- **Years from 2008 to 2009 :**

The tax authority has assessed the company for this period. the company objected against the inspection results. As to thermal material Axim. the dispute is before the court but the rest of items have been settled.

- **Years from 2010 to 2011 :**

The tax authority has assessed the company for this period. the company objected against the inspection results. the results us currently under discussion.

- **Years from 2012 to 2013 :**

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

c) Salary tax

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

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

- **Years from 1999 to 2009:**

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

- **Years from 2010 to 2013:**

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. Tax due was settled and paid based on the internal committee decision.

- **Years from 2006 to 2010 :**

The company paid the items that have been agreed upon with the internal committee and Currently under re-inspecting the disputed items for this period.

- **Years from 2011 to 2013:**

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

- a) The Company's financial instruments are represented in financial assets and financial liabilities. The financial assets include cash on hand and at banks, accounts receivable, due from related parties, loans to subsidiaries, and other debit balances. The financial liabilities include bank overdraft, accounts payable, Dividends payable, due to related parties, and other payables.

The significant accounting policies applied for the recognition and measurement of the above-mentioned financial assets and liabilities and the related income and expenses are included in note (2) of the notes to the financial statements.

b) **Interest rate risk**

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

c) **Foreign Currency Risk**

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates. The total financial assets denominated in foreign currencies amounted to LE 119,396,990 whereas; the financial liabilities denominated in foreign currencies amounted to LE 73,157,253

d) **Fair Value**

The carrying amounts of the financial assets and liabilities referred to in note (2) above are not materially different from their fair values.

26 EARNING PER SHARE

Earnings per share were calculated by dividing the net profits for the period by the weighted average number of shares outstanding during the period as follows:

	30/6/2015	30/6/2014
	LE	LE
Net profits for the period	348,876,444	416,105,864
Less:		
Board of directors' dividends (estimated) */ actual	(1,500,000)	(1,500,000)
Employees' dividends (estimated) */ actual	(18,900,000)	(18,900,000)
Net profit available for shareholders	<u>328,476,444</u>	<u>395,705,864</u>
The weighted average number of outstanding shares	<u>181856507</u>	<u>181856507</u>
Earnings per share	<u>1,81</u>	<u>2,18</u>

* Estimation only / subject to the BOD decision until the approval of the General Assembly at the end of the year.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS 30 JUNE 2015

27 RELATED PARTY TRANSACTIONS

a) Ciments Francais (major shareholder)

The value of the technical assistance fees offered by Ciments Francais (major shareholder) for the period ended 30 June 2015 amounted to LE 13,352 Million which represents 1 % of Cement sales revenues of Tourah portland cement company and Suez cement company excluding inter transactions (the maximum fees are 1% according to the agreement), Suez Cement portion of this technical assistance amounted to LE 10,321 Million charged to statement of income (Note 20) and The Tourah Cement portion of this technical assistance amounted to LE 3,031

The value of the expatriate fees offered by Ciments Francais (major shareholder) for the period ended 30 June 2015 amounted to LE 11,246 Million.

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

The value of the purchasing commission agreement and other services provided by Italcementi S,P,A to Suez Cement Company for the period ended 30 June 2015 amounted to LE 3,651 million.

c) Suez Bags Company S.A.E (subsidiary)

The value of the supplied bags offered by Suez Bags S,A,E (subsidiary) for the period ended 30 June 2015 amounted to LE 44,880 million.

The value of the Suez Bags Company S.A.E portion from corporate redistribution services cost provided by Suez Cement Company for the period ended 30 June 2015 amounted to LE 2,550 Million.

d) Tourah Portland Cement Company S.A.E (subsidiary)

The value of the Tourah Cement Company S.A.E portion from corporate redistribution services cost provided by Suez Cement Company for the period ended 30 June 2015 amounted to LE 12,797 Million.

e) Helwan Cement Company S.A.E (subsidiary)

The value of the Helwan Cement Company S.A.E portion from corporate redistribution services cost provided by Suez Cement Company for period ended 30 June 2015 amounted to LE 32,101 Million.

f) Ready Mix Concrete Al alamia (RMC)" Company S.A.E (subsidiary)

The value of sold cement to Ready Mix Concrete Al alamia (RMC)" S.A.E (subsidiary) for period ended 30 June 2015 amounted to LE 2,586 million.

g) Egyptian development for construction materials Decom Company S.A.E (subsidiary)

The value of sold cement to Egyptian development for construction materials Decom Company S.A.E (subsidiary) for the period ended 30 June 2015 amounted to LE 2,576 million.

h) Suez for Transport And Trade S.A.E (subsidiary)

The value of sold cement to Suez for Transport and Trade S.A.E (subsidiary) for the period ended 30 June 2015 amounted to LE 2,834 million.

The value of transportation services offered by Suez Transport for Trade S.A.E (subsidiary) for period ended 30 June 2015 amounted to LE 22,956 million.

28 COMPARATIVE FIGURES

Certain comparative figures for the year 2014 have been reclassified to conform to the period presentation of these separate interim financial statements.

Comparative financial statements for the year 2014 was adjusted by increasing net profit for the year by EGP 7,157,634; which represents the effect of decreasing income tax for the year in light of the issuance of the executive statute of law no. 53 of 2014.