

**Suez Cement Company (S.A.E)**  
**SEPARATE INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2017**  
**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 financial position of **Suez Cement Company (S.A.E)** as of 30 september 2017 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 2017 to 30 september 2017, 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

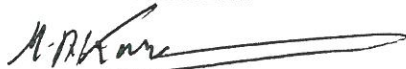
We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of separate interim Financial Statements Performed by the Independent Auditor of the Entity." A review of separate interim financial statements consists of making inquiries, primarily of persons responsible 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 2017, and of its financial performance and its cash flows for the period from 1 January 2017 to 30 september 2017 in accordance with Egyptian Accounting Standards.

As indicated in notes (1) & (14) 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 2017 to 30 september 2017 in accordance with Egyptian Accounting Standards, for better understanding of the company's financial position as of 30 september 2017 and its financial performance, and its cash flows for the period from 1 January 2017 to 30 september 2017, the matter necessitates reference to the consolidated interim financial statements.

Cairo: 13 November 2017



Mohamed Ahmed Abu Elkassim

FESAA – FEST  
(RAA. 17553)  
(EFSAR .359)





Ehab M. Azer

FESAA – FEST  
(RAA. 6537)  
(EFSAR .87)


Suez Cement Company (S.A.E)


SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION  
As of 30 SEPTEMBER 2017

	Note	30 September 2017 EGP	31 December 2016 EGP
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	(12)	826,145,666	791,032,429
Fixed assets under construction	(13)	192,029,376	191,150,317
Investments in subsidiaries	(14-a)	4,497,901,738	4,497,901,738
Investments in an associate and share in joint ventures	(14-b)	30,267,255	30,267,255
Available-for-sales investments	(14-c)	1,440,001	1,440,001
Amounts paid under investments in subsidiaries and other companies	(14-d)	1,000,000	1,000,000
Loan to subsidiaries	(15)	25,000,000	33,000,000
<b>Total non-current assets</b>		<b>5,573,784,036</b>	<b>5,545,791,740</b>
<b>Current assets</b>			
Inventory	(16)	516,161,385	598,079,172
Accounts and notes receivables	(17)	38,691	6,059,297
Due from related parties	(18)	669,940,160	250,533,210
Prepayments, other receivables and other debit balances	(19)	240,853,566	161,902,828
Cash on hand and at banks	(20)	141,331,573	572,331,494
<b>Total current assets</b>		<b>1,568,325,375</b>	<b>1,588,906,001</b>
<b>Total assets</b>		<b>7,142,109,411</b>	<b>7,134,697,741</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	(21)	909,282,535	909,282,535
Legal reserve	(22)	454,641,267	454,641,267
Other reserves	(22)	2,214,245,360	2,214,245,360
Reserve of unrealized gains on available-for-sales investments		327,001	327,001
Other comprehensive income		2,101,952	2,101,952
Retained earnings		1,768,900,360	1,998,766,980
Profits for the period / (Losses) the year		7,513,054	(215,591,988)
<b>Total equity</b>		<b>5,357,011,529</b>	<b>5,363,773,107</b>
<b>Non-current liabilities</b>			
Other long term liabilities	(23)	25,245,825	24,777,587
Deferred tax liabilities	(11)	46,251,060	40,698,247
<b>Total non-current liabilities</b>		<b>71,496,885</b>	<b>65,475,834</b>
<b>Current liabilities</b>			
Provisions	(24)	185,576,237	241,029,275
Bank overdraft	(25)	1,636,275	36,616,846
Trade payables, accrued expenses and other credit balances	(26)	357,669,562	378,059,428
Due to related parties	(27)	971,274,405	818,758,612
Taxes payable	(28)	23,278,134	20,156,609
Advances from customers	(29)	167,891,076	141,960,776
Retention payables	(30)	6,275,308	6,821,515
Accrued Income tax		-	62,045,739
<b>Total current liabilities</b>		<b>1,713,600,997</b>	<b>1,705,448,800</b>
<b>Total liabilities</b>		<b>1,785,097,882</b>	<b>1,770,924,634</b>
<b>Total equity and liabilities</b>		<b>7,142,109,411</b>	<b>7,134,697,741</b>

Auditors  
  
 Mohamed Ahmed Elkassim  
  
 Ehab M. Azer

Accounting Manager  
  
 Shereif El Masry

Chief Financial Officer  
  
 Ali Ihsan Kucukoglu

Managing Director  
  
 Jose Maria Magrina

Chairman  
 Omar A. Mohanna

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

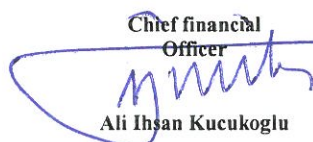


Suez Cement Company (S.A.E)

SEPARATE INTERIM STATEMENT OF INCOME (PROFIT OR LOSS)  
FOR THE PERIOD ENDED IN 30 SEPTEMBER 2017

	Note	For the period from 1 January 2017 To 30 September 2017 EGP	For the period from 1 January 2016 To 30 September 2016 EGP	For the period from 1 July 2017 To 30 September 2017 EGP	For the period from 1 July 2016 To 30 September 2016 EGP
Sales	(4)	1,775,932,719	1,466,918,200	547,949,578	502,355,249
Cost of Sales	(5)	(1,732,016,693)	(1,211,636,165)	(587,509,300)	(439,807,977)
<b>GROSS PROFIT</b>		<b>43,916,026</b>	<b>255,282,035</b>	<b>(39,559,722)</b>	<b>62,547,272</b>
General and administrative expenses	(6)	(144,603,320)	(100,410,661)	(56,076,055)	(34,956,206)
Finance income	(7)	24,344,344	37,982,035	924,201	11,847,071
Finance cost	(8)	(6,253,109)	(5,887,825)	(2,473,026)	(1,753,891)
Foreign exchange differences		14,547,671	(14,670,422)	20,151,254	(665,011)
Gain from sale of fixed assets	(12)	38,240,395	290,749	51,660,876	-
Provisions	(24)	(29,058,943)	(11,723,425)	-	(5,263,685)
Provisions no longer required		27,215,349	1,542,822	-	-
Board of directors' remuneration and allowance		(129,000)	(129,000)	(24,000)	(27,000)
Dividends income	(9)	10,765,000	29,418,619	-	7,280,000
Liquidation investments gain		-	173,700	-	-
Losses of sale of obsolete inventory		-	(5,758,420)	-	-
Other Expenses		(15,468,818)	-	(14,781,460)	-
Other income	(10)	49,550,272	38,384,023	21,530,362	21,910,070
<b>PROFIT FOR THE PERIOD BEFORE INCOME TAX</b>		<b>13,065,867</b>	<b>224,494,230</b>	<b>(18,647,570)</b>	<b>60,918,620</b>
Deferred income taxes for the Period	(11)	(5,552,813)	(4,890,942)	(5,047,345)	(2,826,591)
Income taxes for the Period	(11)	-	(48,551,318)	10,390,019	(11,178,282)
<b>PROFITS / (LOSSES) FOR THE Period</b>		<b>7,513,054</b>	<b>171,051,970</b>	<b>(13,304,896)</b>	<b>46,913,747</b>
Earnings Per Share - basic and diluted (LE)	(31)	0.04	0.94	(0.05)	0.26

Accounting  
Manager  
  
Shereif El Masry

Chief financial  
Officer  
  
Ali Ihsan Kucukoglu

Managing  
Director  
  
Jose Maria Magrina

Chairman  
Omar A. Mohanna


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

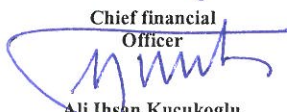


Suez Cement Company (S.A.E)

SEPARATE INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED IN 30 SEPTEMBER 2017

Note	For the period from 1 January 2017 To 30 September 2017 EGP	For the period from 1 January 2016 To 30 September 2016 EGP	For the period from 1 July 2017 To 30 September 2017 EGP	For the period from 1 July 2016 To 30 September 2016 EGP
<b>(LOSSES) / PROFITS FOR THE PERIOD</b>	<b>7,513,054</b>	<b>171,051,970</b>	<b>(13,304,896)</b>	<b>46,913,747</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</b>				
Net (loss)/gain on available-for-sales (AFS) financial assets	-	(993,858)	-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>-</b>	<b>(993,858)</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</b>				
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-
<b>Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods, net of tax</b>	<b>-</b>	<b>(993,858)</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income/(loss), net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income, net of tax</b>	<b>7,513,054</b>	<b>170,058,112</b>	<b>(13,304,896)</b>	<b>46,913,747</b>

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-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 CHANGES IN EQUITY FOR THE PERIOD ENDED IN 30 SEPTEMBER 2017

	Issued and paid up capital	Legal reserve	Other Reserves	Reserve of unrealized gains on available- for-sales investments	Reserves accumulated actuarial gains/(losses) on defined benefit plans	Retained earnings	Profits for the period	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Restated Balance as of 1 January 2017</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,245,360</b>	<b>327,001</b>	<b>2,101,952</b>	<b>1,998,766,980</b>	<b>(215,591,988)</b>	<b>5,363,773,107</b>
Transferred to retained earnings	-	-	-	-	-	(215,591,988)	215,591,988	(18,610,357)
Adjustment profit share in advance	-	-	-	-	-	4,835,725	-	4,835,725
Adjustments of taxes variances	-	-	-	-	-	(500,000)	-	(500,000)
Independent BOD members bonus	-	-	-	-	-	-	7,513,054	7,513,054
Profit for the period	-	-	-	-	-	-	7,513,054	7,513,054
<b>Balance as of 30 September 2017</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,245,360</b>	<b>327,001</b>	<b>2,101,952</b>	<b>1,768,900,360</b>	<b>7,513,054</b>	<b>5,357,011,529</b>
<b>Balance as of 31 December 2015 as issued</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,173,360</b>	<b>1,320,859</b>	<b>-</b>	<b>1,842,361,036</b>	<b>361,032,928</b>	<b>5,782,811,985</b>
Effects of change in accounting policies	-	-	-	-	(655,229)	(454,660)	1,109,889	-
<b>Restated Balance as of 1 January 2016</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,173,360</b>	<b>1,320,859</b>	<b>(655,229)</b>	<b>1,841,906,376</b>	<b>362,142,817</b>	<b>5,782,811,985</b>
Transferred to retained earnings	-	-	-	-	-	362,142,817	(362,142,817)	-
Other comprehensive income ,net of tax	-	-	-	(993,858)	-	-	-	(993,858)
Dividends and transferred to other reserves	-	-	72,000	-	-	(205,134,786)	-	(205,062,786)
Profit for the period	-	-	-	-	-	-	171,051,970	171,051,970
<b>Restated balance as of 30 September 2016</b>	<b>909,282,535</b>	<b>454,641,267</b>	<b>2,214,245,360</b>	<b>327,001</b>	<b>(655,229)</b>	<b>1,998,914,407</b>	<b>171,051,970</b>	<b>5,747,807,311</b>

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

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

### SEPARTE INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED IN 30 SEPTEMBER 2017

	Note	30 September 2017 EGP	30 September 2016 EGP
<b>Cash flows from operating activities</b>			
Profit before income tax		13,065,867	224,494,230
Dividends income	(9)	(10,765,000)	(29,418,619)
Liquidation investments Losses		-	(173,700)
Depreciation of fixed assets	(12)	101,980,682	101,551,670
Provisions	(24)	29,058,943	11,723,425
Provisions no longer required		(27,215,349)	(1,542,822)
Decline in value of obsolete inventory	(24)	11,992,972	-
Reversal of decline of obsolete inventory		-	(4,620,445)
Liabilities against end of service plan	(23)	3,962,626	4,062,203
Taxes adjustments		4,835,725	-
Finance costs		6,253,109	5,887,825
Credit interests		(24,344,344)	(37,982,035)
Losses / (Gain) on disposal of fixed assets		(38,240,395)	(290,749)
Foreign exchange differences		(14,547,671)	14,670,422
<b>Cash from operations before working capital changes:</b>		<b>56,037,165</b>	<b>288,361,406</b>
Changes in inventory	(16)	69,924,815	(78,819,681)
Changes in accounts and notes receivables	(17)	6,020,606	53,626
Changes in due from related parties	(18)	(419,406,950)	(91,335,383)
Changes in prepayments, other receivables and other debit balances	(19)	(85,379,944)	(55,737,669)
Changes in advances from customers		25,930,300	(1,870,186)
Changes in trade payables, accrued expenses and other credit balances	(29)	(20,389,866)	(1,732,844)
Changes in taxes payable	(26)	3,121,525	4,710,510
Changes in due to related parties	(28)	152,515,793	215,673,231
Changes in retentions payable	(27)	(546,207)	1,340,965
Finance expense paid	(30)	(6,253,109)	(5,887,825)
Income taxes paid	(7)	(62,045,739)	(22,882,160)
Provisions used	(24)	(57,296,632)	(11,745,405)
Decline in debit balances from provisions used		(343,935)	(325,419)
Payments in respect of End of service plan		(3,494,388)	(5,737,267)
<b>Net cash from operating activities</b>		<b>(341,606,566)</b>	<b>234,065,899</b>
<b>Cash flows from investing activities</b>			
Finance income received		31,117,485	37,570,467
Payment from purchase of fixed assets		-	(3,002)
Proceeds from sale of fixed assets	(12)	51,635,146	290,749
Payments in fixed assets under construction	(13)	(151,367,729)	(65,043,643)
Dividends paid		10,765,000	22,138,619
Proceeds from liquidation of investments		-	623,700
<b>Net cash from investing activities</b>		<b>(57,850,098)</b>	<b>(4,423,109)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans from subsidiaries		8,000,000	-
Dividends paid		(19,110,357)	(205,062,786)
<b>NET CAH FROM FINANCING ACTIVITIES</b>		<b>(11,110,357)</b>	<b>(205,062,786)</b>
<b>Net increase (decrease) in cash and cash equivalent during the period</b>		<b>(410,567,021)</b>	<b>24,580,004</b>
Cash and cash equivalent- beginning of the period		535,714,648	455,530,553
Foreign exchange differences		14,547,671	(14,670,422)
<b>Cash and cash equivalent- end of the period</b>		<b>139,695,298</b>	<b>465,440,135</b>

For the purpose of preparing the statement of cash flows; cash and cash equivalent comprise of the following:

Cash at banks and on hand	(20)	141,331,573	471,421,579
<b>less:</b>			
Bank overdraft	(25)	(1,636,275)	(5,981,444)
<b>Cash and cash equivalent</b>		<b>139,695,298</b>	<b>465,440,135</b>

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



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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

#### 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

HeidelbergCement, which acquired 100% of Italcementi's share capital, through its subsidiaries, owns 55% of Suez Cement's outstanding shares as of 30 September 2017 .

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 2017 were authorized for issuance in accordance with the Board of Directors' resolution on 13 November 2017.

#### 2.1 BASIS OF PREPARATION

The separate interim financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS").

The separate interim financial statements have been prepared in Egyptian pounds (EGP), which is the Company's functional and presentation currency.

The separate interim 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.

#### 2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

##### **Impairment of trade and other receivables**

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

#### 2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

##### **Useful lives of fixed assets and investment properties**

The Company's management determines the estimated useful lives of its fixed assets and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

##### **Taxes**

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

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

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

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

##### **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.

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

The specific recognition criteria described below 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 profit or loss.

- **Dividends**

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

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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

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#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Rental income**

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

#### **Borrowing**

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

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

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

#### **Borrowing cost**

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

#### **Income tax**

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

#### **Current income tax**

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

#### **Deferred income tax**

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the 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 profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.



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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Fixed assets

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 recognized 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 statement of 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 to 10

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 derecognizing of the asset is included in the statement of profit or loss 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 balance sheet 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. Impairment losses are recognized in the statement of profit or loss.

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 profit or loss.

##### Fixed assets under construction

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

##### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months.

##### Suppliers and accrued expenses

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

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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **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.

##### **Social insurance and Employees' End-of-services**

**a- Social Insurance:** The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

##### **b- Employees' End-of-services:**

###### **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 recognized immediately in the statement of Profit or loss in the period in which they occur.

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate prevailing at 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 profit or loss.

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

Nonmonetary 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.

##### **Contingent Liabilities and Assets**

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

##### **Related party transactions**

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

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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

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#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Statement of cash flows

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

##### Expenses

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

##### 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. The impairment loss is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the period in which it occurs.

##### 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 profit or loss 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.

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 profit or loss 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 profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of profit or loss, 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 profit or loss, Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in the fair value after impairment are recognized directly in equity.



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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

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#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of profit or loss 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 statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

#### **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.

#### **Fair value measurement**

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

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

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

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

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

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

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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

#### 2-1 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 profit or loss 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 profit or loss in the period in which the reversal occurs,

#### Legal reserve

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

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

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### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

#### **2.4 CHANGES IN ACCOUNTING POLICISE AND DISCLOSURES**

The accounting policies adopted this year are consistent with those of the previous year according to the new Egyptian Accounting Standards issued during the year 2015.

#### **3 SEGMENT INFORMATION**

Currently the Company's main business segment is to produce all types of cement and other products stemming from the cement industry. Revenues, profits and investments in other business segments are currently immaterial and are not separately disclosed in the financial statements. Accordingly, under EAS 41. All revenues of the Company in the period ended 30 September 2017 were reported under one segment in the financial statements.

Suez Cement Company (S.A.E)

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

4 Sales

	30 September 2017	30 September 2016
	EGP	EGP
Bulk Cement Sales (Domestic)	517,280,698	237,221,809
Bagged Cement Sales (Domestic)	1,022,065,931	1,133,059,433
Discount of Bagged Cement (Domestic)	(3,571,370)	(17,675,531)
Bagged Cement Sales (foreign )	14,221,476	114,312,489
Bulk Cement Sales (foreign)	237,827	-
Clinker Sales (Domestic)	177,471,288	-
Clinker Sales (foreign)	48,226,869	-
	<u>1,775,932,719</u>	<u>1,466,918,200</u>

5 Cost of Sales

	30 September 2017	30 September 2016
	EGP	EGP
Clinker purchase	18,801,358	227,563
Fuels	663,870,085	407,534,731
Electricity	223,655,021	182,755,480
Raw Material and Rent of Limestone quarries	133,263,507	184,585,683
Maintenance	110,541,446	112,538,491
Salaries	101,305,183	105,076,911
Packages	84,408,596	65,474,723
Depreciation	94,957,964	96,017,805
Other	301,213,533	57,424,778
	<u>1,732,016,693</u>	<u>1,211,636,165</u>

6 GENERAL AND ADMINSTRATIVE EXPENSES

	30 September 2017	30 September 2016
	EGP	EGP
Technical assistance fees	17,213,273	15,826,023
Salaries	57,681,945	37,963,548
End of service benefits plan- current and past service costs	1,052,710	1,017,684
Communication expenses	3,780,658	15,048,110
Other general and administrative expenses	64,446,734	29,444,129
Tax on dividends	428,000	1,111,166
	<u>144,603,320</u>	<u>100,410,660</u>

7 FINANCE INCOME

	30 September 2017	30 September 2016
	EGP	EGP
Credit interest from Loan to subsidiaries	3,675,577	2,885,076
Credit interest from time deposits and treasury bills	20,668,767	35,096,959
	<u>24,344,344</u>	<u>37,982,035</u>

8 FINANCE COST

	30 September 2017	30 September 2016
	EGP	EGP
Interest on benefit plan	2,909,917	3,044,519
Other bank charges	3,343,192	2,843,306
	<u>6,253,109</u>	<u>5,887,825</u>



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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

#### 9 DIVIDENDS INCOME

	30 September 2017 EGP	30 September 2016 EGP
Ready Mix Concrete Al alamia (RMCA)- S,A,E	6,760,000	7,930,000
Suez Bags Company S,A,E	-	18,941,410
Suez for Transport and Trade – Egypt S,A,E	2,205,000	1,225,000
Lafarge Cement Company – Egypt S,A,E	-	84,709
Techno Gravel For Quarries-Egypt S,A,E	1,800,000	1,237,500
	<u>10,765,000</u>	<u>29,418,619</u>

#### 10 OTHER INCOME

	30 September 2017 EGP	30 September 2016 EGP
Management fees	9,639,749	9,621,274
Adjustments clay fees	-	16,802,973
Other materials	22,108,147	2,676,127
Other income	<u>17,802,376</u>	<u>9,283,649</u>
	<u>49,550,272</u>	<u>38,384,023</u>

#### 11 INCOME TAX

##### RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	30 September 2017 EGP	30 September 2016 EGP
Net profits before income taxes	<u>13,065,867</u>	<u>224,494,230</u>
<b>Add:</b>		
Accounting depreciation	101,980,682	101,551,670
Donations	1,031,364	9,543,033
Board of directors' allowance	2,667,299	1,420,682
Provisions	45,014,541	11,165,183
Indemnities and fines	716,025	2,093,359
Previous year expenses	14,133,277	4,283,424
Tax on dividends	428,000	1,111,166
Labors Club	-	1,028,728
Dividend costs	10,215	-
Unrealized foreign exchange losses	<u>184,840,336</u>	<u>80,350,750</u>
<b>Net profit as per tax law</b>	<b>363,887,606</b>	<b>437,042,225</b>
<b>less:</b>		
Tax depreciation	(110,330,918)	(109,532,354)
Suez Cement Company's share in the Board of directors' bonuses of Suez Bag Company and Tourah Cement Company	-	(450,000)
Donations	(300,000)	(7,772,000)
Capital Gains - Cars	(982,743)	(290,749)
Used provisions	(61,134,955)	(8,359,894)
Provisions no longer required	(27,215,349)	(1,542,822)
Unrealized foreign exchange gains	(162,390,315)	(63,892,150)
Dividends received (credit)	<u>(10,765,000)</u>	<u>(29,418,619)</u>
<b>Taxable income</b>	<b>(373,119,280)</b>	<b>215,783,637</b>
<b>Income tax at the effective tax rate 22,50%</b>	<u>-</u>	<u>48,551,318</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

DEFERRED INCOME TAX LIABILITIES

	30 September 2017 EGP	31 December 2016 EGP
Depreciation of fixed assets / Unrealized FOREX losses	(70,939,076)	(78,720,573)
Provisions	24,688,016	38,022,326
<b>Net deferred income tax (liability)</b>	<b>(46,251,060)</b>	<b>(40,698,247)</b>

11 INCOME TAX

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 from 2012 to 2014 :**

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

- **From 1 January 2015 till 31 December 2016**

No inspections took place for such period.

The Company has files the tax declaration within the legal grace period to tax authority.

b) Value Added Tax (VAT)

- **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 & 2013 :**

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.

- **From 1 January 2014 till 31 December 2016**

No inspections took place for such period.

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

### NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2017

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#### 11 INCOME TAX (continued)

##### 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,

- **From Year 2014 to 2016:**

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.

- **From 1 January 2015 till 31 December 2016**

No inspections took place for such period.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

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	EGP	EGP	EGP	EGP	EGP	EGP
Cost												
As of 1 January 2017	398,503	547,866,949	1,972,349,425	43,113,218	91,854,797	2,655,582,892						
Transfer from fixed assets under construction (Note 13)	-	12,861,552	132,713,565	-	4,913,553	150,488,670						
Disposals	(70,817)	(13,153,394)	(41,486,672)	(1,808,975)	(30,140,423)	(86,660,281)						
<b>As of 30 September 2017</b>	<b>327,686</b>	<b>547,575,107</b>	<b>2,063,576,318</b>	<b>41,304,243</b>	<b>66,627,926</b>	<b>2,719,411,281</b>						
Accumulated depreciation												
As of 1 January 2017	-	(429,089,710)	(1,324,775,638)	(35,577,804)	(75,107,311)	(1,864,550,463)						
Depreciation for the period	-	(15,208,182)	(79,246,189)	(819,130)	(6,707,181)	(101,980,682)						
Disposals	-	3,442,704	39,144,117	572,842	30,105,867	73,265,530						
<b>As of 30 September 2017</b>	<b>-</b>	<b>(440,855,188)</b>	<b>(1,364,877,710)</b>	<b>(35,824,092)</b>	<b>(51,708,625)</b>	<b>(1,893,265,615)</b>						
Net book value as of												
<b>30 September 2017</b>	<b>327,686</b>	<b>106,719,919</b>	<b>698,698,608</b>	<b>5,480,151</b>	<b>14,919,302</b>	<b>826,145,666</b>						
Net book value as of												
<b>31 December 2016</b>	<b>398,503</b>	<b>118,777,239</b>	<b>647,573,787</b>	<b>7,535,414</b>	<b>16,747,486</b>	<b>791,032,429</b>						



Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

First:

	Total EGP
Proceeds from sale of fixed assets (A)	51,635,146
Cost of fixed assets	86,660,281
Accumulated depreciation of fixed assets	(73,265,530)
Net book value (B)	13,394,751
Gain from sale of fixed assets (A) - (B)	<u>38,240,395</u>

Second:

- Fixed Assets as of 30 September 2017 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	183,096,739
Machinery, equipment and tools	695,890,504
Motor vehicles	32,675,785
Furniture and office equipment	25,822,419
Total	<u>937,485,447</u>

- 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 2017

12 FIXED ASSETS "Continued"

	Lands		Buildings, constructions, infrastructure and roads		Machinery, equipment and Tools		Motor Vehicles		Furniture and office equipment		Total	
		EGP		EGP		EGP		EGP		EGP		EGP
<b>Cost</b>												
As of 1 January 2016	398,503		535,131,298		1,889,801,695		43,837,947		86,910,658		2,556,080,101	
Additions	-		-		-		-		3,002		3,002	
Transfer from fixed assets under construction (Note 13)	-		12,735,651		82,562,437		818,071		4,941,136		101,057,295	
Disposals	-		-		(14,707)		(1,542,800)		-		(1,557,507)	
<b>As of 31 December 2016</b>	<u>398,503</u>		<u>547,866,949</u>		<u>1,972,349,425</u>		<u>43,113,218</u>		<u>91,854,796</u>		<u>2,655,582,891</u>	
<b>Accumulated depreciation</b>												
As of 1 January 2016	-		(409,243,739)		(1,217,191,774)		(35,586,576)		(68,311,702)		(1,730,333,791)	
Depreciation for the year	-		(19,845,971)		(107,598,571)		(1,534,028)		(6,795,609)		(135,774,179)	
Disposals	-		-		14,707		1,542,800		-		1,557,507	
<b>As of 31 December 2016</b>	<u>-</u>		<u>(429,089,710)</u>		<u>(1,324,775,638)</u>		<u>(35,577,804)</u>		<u>(75,107,311)</u>		<u>(1,864,550,463)</u>	
<b>Net book value as of 31 December 2016</b>	<u>398,503</u>		<u>118,777,239</u>		<u>647,573,787</u>		<u>7,535,414</u>		<u>16,747,486</u>		<u>791,032,429</u>	
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	

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

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13 FIXED ASSETS UNDER CONSTRUCTION

	30 September 2017	31 December 2016
	EGP	EGP
Raw mill filter kilns	9,407,074	41,026,579
Spare parts for coal project	13,194,423	5,667,559
Environmental measuring stations to dust	-	5,880,934
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
Reduction of emissions to cooler	20,445,730	-
Other	141,247,111	127,387,511
	<u>192,029,376</u>	<u>191,150,317</u>

The fixed assets under construction during the period ended in 30 of September 2017

	30 September 2017	30 September 2016
	EGP	EGP
Balance as of beginning of the period	191,150,317	161,452,239
Additions during the year	151,367,729	65,043,642
Transferred to fixed assets during the period	(150,488,670)	(88,093,906)
Balance as of end of the period	<u>192,029,376</u>	<u>138,401,975</u>

14 INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value EGP	30 September 2017 EGP	31 December 2016 EGP
<b><u>Subsidiary companies</u></b>				
Helwan Cement Company S,A,E	99,55	5	2,832,496,952	2,832,496,952
Tourah Portland Cement Company S,A,E	66,12	5	1,287,617,992	1,287,617,992
EL Helal Cement Company- Kuwait ( Kuwaiti Joint Stock Company)	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
International City Company for Ready Mix (LLC) - KSA	50		47,701,250	47,701,250
Impairment in value of investments			(47,701,250)	(47,701,250)
<b><u>Subsidiary companies through indirect investments *</u></b>				
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
			<u>4,497,901,738</u>	<u>4,497,901,738</u>

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

#### 14 INVESTMENTS "Continued"

- \* 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 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 2017 EGP	31 December 2016 EGP
<b>Investment in an associate</b>				
Techno Gravel For Quarries-Egypt S,A,E	45	10	<u>28,334,257</u>	<u>28,334,257</u>
<b>Total investment in an associate</b>			<u>28,334,257</u>	<u>28,334,257</u>
<b>Share in joint ventures</b>				
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>
<b>Total share in joint ventures</b>			<u>1,932,998</u>	<u>1,932,998</u>
<b>Total investments in an associate and share in joint ventures</b>			<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;p;; 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 2017 EGP	31 December 2016 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			<u>327,001</u>	<u>327,001</u>
			<u>1,440,001</u>	<u>1,440,001</u>



Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

14 INVESTMENTS "Continued"

D) Amounts paid under investments in subsidiaries and other companies

	% of Ownersh p	Par value EGP	30 September 2017 EGP	31 December 2016 EGP
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>1,000,000</u>	<u>1,000,000</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 2017 amounted to EGP 25 Million as follows:

- EGP 12 Million; due from Ready Mix Concrete Al alamia (RMC)" S,A,E (subsidiary company by 52%).
- EGP 13 Million; due from Development and Construction Materials Company (DECOM) S,A,E (subsidiary company by 52%).

16 INVENTORY

	30 September 2017 EGP	31 December 2016 EGP
Raw materials	18,362,368	12,232,048
Spare parts and supplies	216,021,908	170,287,364
Fuel	206,540,233	103,930,495
Packing materials	5,640,015	3,068,621
Work in progress	78,165,493	134,868,813
Finished goods	43,899,290	42,887,399
Goods in transit	3,680,701	174,960,083
	<u>572,310,008</u>	<u>642,234,823</u>
less:		
Decline in value of obsolete (spare parts) inventory	(55,867,535)	(43,874,563)
Decline in value of obsolete (packing -bags) inventory	(281,088)	(281,088)
	<u>(56,148,623)</u>	<u>44,155,651</u>
	<u>516,161,385</u>	<u>598,079,172</u>

\*Decline in the value of inventory

	30 September 2017 EGP	31 December 2016 EGP
Beginning balance of the period / year	44,155,651	49,180,616
Reverse the decline in the value of inventory during the period/year	11,992,972	(5,024,965)
Ending balance	<u>56,148,623</u>	<u>44,155,651</u>

17 Accounts and notes receivables

	30 September 2017 EGP	31 December 2016 EGP
Accounts receivable	<u>38,691</u>	<u>6,059,297</u>
	<u>38,691</u>	<u>6,059,297</u>
	30 September 2017 EGP	31 December 2016 EGP
Amounts receivable within 12 months	<u>38,691</u>	<u>6,059,297</u>
	<u>38,691</u>	<u>6,059,297</u>

- There are no impairment on accounts and notes receivables on 30 September 2017 and 31 December 2016.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

18 DUE FROM RELATED PARTIES

	30 September 2017 EGP	31 December 2016 EGP
Tourah Portland Cement Company S,A,E	110,636,864	57,001,601
Helwan Cement Company S,A,E	537,414,221	187,458,983
Suez For Bags S,A,E	-	367,921
Ready Mix Concrete Al alamia (RMC)" S,A,E	6,617,866	1,953,937
Inter bulk S.A.E Company ( Subsidiary to parent company )	1,293,381	389,131
Asia Cement (Subsidiary to parent company )	-	915,151
EL Helal Cement Company- Kuwait ( Kuwaiti Joint Stock Company)	1,193,838	1,185,119
Suez For Lime S.A.E	-	10,900
Heidelberg Cement AG (holding for cement francias ) (parent company)	158,377	-
Techno	15,036	-
Tanzania Portland Cement Company	2,529	-
Cimenteries CBR Cementbedrijven N.V	42,373	-
Development and Construction Materials Company (DECOM) S,A,E	12,565,675	1,250,467
	<u>669,940,160</u>	<u>250,533,210</u>

19 PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	30 September 2017 EGP	31 December 2016 EGP
Prepaid expenses	29,249,561	10,222,231
Advances to suppliers	52,443,231	39,332,159
Debtors – Sale of assets	38,610,000	-
Deposits with others	61,107,145	51,989,833
Tax authority	5,778,570	6,588,945
Refunded tax	9,937,190	13,813,030
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	43,416,243	33,215,798
	<u>240,797,195</u>	<u>155,417,251</u>
Accrued interest	210,200	6,983,341
Less: Impairment in value of other debit balances	(153,829)	(497,764)
	<u>240,853,566</u>	<u>161,902,828</u>

20 CASH AT BANKS AND ON HAND

	30 September 2017 EGP	31 December 2016 EGP
<b>a- Egyptian Pound</b>		
Cash on Hand	69,119	-
Current accounts *	76,170,133	74,515,550
Treasury bills (mature in three months)	-	495,934,974
<b>b- Foreign currencies</b>		
Cash on Hand	176,543	-
Current accounts *	15,456,294	1,316,361
Time deposits (mature in three months)	49,459,484	564,609
	<u>141,331,573</u>	<u>572,331,494</u>

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

#### 21 SHARE CAPITAL

	30 September 2017 EGP	31 December 2016 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 2017 EGP	31 December 2016 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>14,526,110</u>
<b>Total other reserves</b>	<u><b>2,214,245,360</b></u>	<u><b>2,214,245,360</b></u>
<b>Total reserve</b>	<u><b>2,668,886,627</b></u>	<u><b>2,668,886,627</b></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

30 SEPTEMBER 2017

23 OTHER LONG TERM LIABILITIES

**Liabilities – Defined benefit plan**

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

	<b>30 September 2017</b>
Discount rate	14,60 %
Average salary increase	8 %
Annuity schedule	60

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

	<b>30 September 2017</b>	<b>31 December 2016</b>
	<b>EGP</b>	<b>EGP</b>
Present value of the defined benefit liability	<u>25,245,825</u>	<u>24,777,587</u>
<b>Actuarial Present value of the defined benefit liability at the balance sheet</b>	<b><u>25,245,825</u></b>	<b><u>24,777,587</u></b>

The movement of liability as per the balance sheet

	<b>30 September 2017</b>	<b>31 December 2016</b>
	<b>EGP</b>	<b>EGP</b>
Liability - beginning of the period / year	24,777,587	29,866,010
Current service cost	1,052,710	1,356,913
Interest cost	2,909,916	4,059,355
Payments from the plan	(3,494,388)	(7,137,267)
Actuarial losses / (gains)	-	(3,367,424)
Liability – end of the period / year	<u>25,245,825</u>	<u>24,777,587</u>

**Defined benefit plan cost as per income statement**

	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>EGP</b>	<b>EGP</b>
Current service cost	1,052,710	1,017,684
Interest cost	2,909,916	3,044,519

The analysis of defined benefit plan cost as per income statement

	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>EGP</b>	<b>EGP</b>
General and administrative expense	1,052,710	1,017,684
Finance expense	<u>2,909,916</u>	<u>3,044,519</u>
	<u>3,962,626</u>	<u>4,062,203</u>



Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

24 PROVISIONS

	Balance as of 1 January 2017 EGP	Charged during the period EGP	Utilized during the period EGP	Provisions no longer required EGP	Balance as of 30 September 2017 EGP
Tax claims	148,857,689	22,058,943	(5,106,632)	-	165,810,000
Judicial disputes	12,816,237	7,000,000	-	(50,000)	19,766,237
Restructing -social costs	52,190,000	-	(52,190,000)	-	-
Training support fund	27,165,349	-	-	(27,165,349)	-
	<u>241,029,275</u>	<u>29,058,943</u>	<u>(57,296,632)</u>	<u>(27,215,349)</u>	<u>185,576,237</u>
	Balance as of 1 January 2016 EGP	Charged during the year EGP	Utilized during the year 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	992,292	-	(992,292)	-	-
	<u>167,863,788</u>	<u>11,723,425</u>	<u>(11,745,405)</u>	<u>(1,542,822)</u>	<u>166,298,986</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 635 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 2017 amounted to EGP 1,636,275

26 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	30 September 2017 EGP	31 December 2016 EGP
Trade payables	305,906,126	290,863,275
Accrued expenses	28,468,567	44,708,980
Social and medical security	1,287,163	1,250,597
Other payables	22,007,706	41,236,576
	<u>357,669,562</u>	<u>378,059,428</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

27 DUE TO RELATED PARTIES

	30 September 2017 EGP	31 December 2016 EGP
Ciments Francais (major shareholder)	66,647,280	60,339,987
Italcementi ( holding for Ciments Francais)	68,567,806	38,138,202
Suez For Transport and Trade S,A,E	26,368,172	14,176,598
Ciments Calcia ( Subsidiary to parent company )	1,031,691	3,636,988
Heidelberg Cement Trading Malta Limited ( Subsidiary to parent company )	382,338,337	130,666,430
Heidelberg Cement AG ( holding for Italcementi ) (parent company)	-	81,603
Inter bulk Logano ( Subsidiary to parent company )	418,635,602	571,718,804
Suez For Bags S,A,E	549,898	-
Heidelberg Technology Center Leimen , Germany ( Subsidiary to parent company )	6,949,208	-
Devnya Cement AD Bulgaria ( Subsidiary to parent company )	20,800	-
Sociedad Financiera Y Minera S.A	165,611	-
	<u>971,274,405</u>	<u>818,758,612</u>

28 TAXES PAYABLES

	30 September 2017 EGP	31 December 2016 EGP
Tax authority – salary tax	1,718,278	1,953,512
Tax authority – withholding taxes	2,000,700	2,214,891
Tax authority-saless tax	15,928,954	12,230,895
Tax authority-Clay fees	3,630,202	3,757,311
	<u>23,278,134</u>	<u>20,156,609</u>

29 ADVANCES FROM CUSTOMERS

The movement of advances from customers during the period ended 30 September 2017 and 31 Dec. 2016 is as follows:

	30 June 2017 EGP	31 December 2016 EGP
Balance at the beginning of the period / Year	141,960,776	84,583,880
Add: amounts collected during the period	1,801,863,019	2,174,634,730
Less: delivered units during the period	(1,775,932,719)	(2,117,257,834)
Balance at the end of the period / Year	<u>167,891,076</u>	<u>141,960,776</u>

	30 September 2017 EGP	31 December 2016 EGP
<u>List advances by customers:</u>		
Reliance Logistics	1,292,218	4,646,337
Safa company for trade and investment	834,336	420,731
El Motahada for trade and transportation	3,442,737	3,129,844
Ashraf Mohamed Sayed Ali	644,764	645,675
El Asala for trade and commercial agencies	1,969,311	1,630,315
El Negma for Trade	1,454,575	658,621
Other	158,253,135	130,829,253
	<u>167,891,076</u>	<u>141,960,776</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
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30 RETENTIONS PAYABLE (Deposits form others)

	30 September 2017 EGP	31 December 2016 EGP
Retentions payable within 12 months	6,275,308	6,821,515
	<u>6,275,308</u>	<u>6,821,515</u>

31 PROFIT EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net (loss) 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 2017 EGP	30 September 2016 EGP
Net / profit for the period	7,513,054	171,051,970
Employees & Board of director share (estimated )	(1,126,305)	(375,000)
Net profit attributable to the ordinary equity holders	<u>6,386,749</u>	<u>171,676,970</u>
Weighted average number of ordinary shares for basic and diluted earnings	<u>181856507</u>	<u>181856507</u>
(LOSS)/ EPS – basic and diluted	<u>0.04</u>	<u>0.094</u>

\* Estimation only / subject to the BOD decision until the approval of the General Assembly.

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	7,348,868	7,348,868	19,763
	<u>7,358,868</u>	<u>7,358,868</u>	<u>29,763</u>

The outstanding balance of issued letters of credit in favor of Suez Cement Company as of 30 September 2017 by, HSBC Bank amounted to EGP 1,261,365, Alex Bank amounted to EGP 354,708, National Bank of Egypt amounted to EGP 528,688 ,Credit Agricole Egypt amounted to EGP 7,448,441 and Ahli united Bank amounted to EGP 2,041,039 .

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

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:

30 September 2017

Company	Nature	Technical assistances fees	Expatriate fees	Purchases commission	Purchase Fuels	Purchase bags	Portion from Corporate redistribution	Sold cement / clinker	Purchase cement / clinker	Sold Transportation service	Purchase Transportation service	Sold Spare parts & Fuel	Purchase Raw Material & SP
		KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP	KEGP
Suez Bags	Subsidiary	-	-	-	-	83,291	6,817	-	-	-	-	27	-
Italcementi	Major shareholder for Ciments Francais	17,213	3,716	-	-	-	-	-	-	-	-	-	-
Tourah Cement	Subsidiary	5,800	-	-	12,359	-	26,751	15,072	-	1,095	-	8	1,855
Helwan Cement	Subsidiary	-	-	-	-	-	38,322	162,400	17,928	3,520	-	256,949	137
Ready Mix Concrete Alalamia (RMC)	Subsidiary	-	-	-	-	-	-	17,004	-	-	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	42,219	-	-	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	-	-	3,610	-	-	61,104	-	-
Ciment Calcia	Related party	-	6,594	-	-	-	-	-	-	-	-	-	-
Heidelberg Cement Trading Malta Limited	Related party	-	-	-	584,219	-	-	48,227	-	-	-	-	-
Heidelberg Cement AG	Parent company	-	5,220	-	-	-	-	-	-	-	-	-	-
Inter bulk Trading Egy	Related party	-	-	-	-	-	-	480	-	-	-	-	-

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

33- RELATED PARTY DISCLOSURES "Continued"

**30 September 2016**

Company	Nature	Technical assistances fees	Expatriates fees	Purchases commission	Purchase Fuels	Purchase bags	Portion from Corporate redistribution	Purchase cement / clinker	Sold cement / clinker	Sold transportation services	Purchase transportation services	Purchase raw material
		K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP	K EGP
Ciments Francais	Major shareholder	5,830	13,905	-	-	-	-	-	-	-	-	-
Suez Bags Company	Subsidiary	-	-	-	-	60,553	3,744	-	-	-	-	-
Italcementi	Major shareholder for Ciments Francais	13,533	-	5,066	-	-	-	-	-	-	-	-
Tourah Portland Cement	Subsidiary	-	-	-	-	-	24,473	-	27,527	7,713	-	249
Helwan Cement Company	Subsidiary	-	-	-	-	-	46,224	188	-	13,217	-	-
Ready Mix Concrete Alalamia (RMC)	Subsidiary	-	-	-	-	-	-	-	8,991	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	-	23,931	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	-	-	-	28,421	-	58,935	-
Inter bulk Trading Logano	Related party	-	-	-	17,183	-	-	-	-	-	-	-
Ciment Calcia	Related party	-	709	-	-	-	-	-	-	-	-	-

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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:

30 September 2017

Description	Due from related parties		Due to related parties		Trade payables and accrued exp		Advance payment / debit balances		Credit balances/ advanced customers		Receivables	
	EGP		EGP		EGP		EGP		EGP		EGP	
Tourah Portland Cement Company S,A,E	110,636,864		-		(309,111)		53,151,710		-		57,794,265	
Helwan Cement Company S,A,E	537,414,221		-		-		-		-		537,414,221	
Suez For Bags S,A,E	-		(549,898)		(6,221,230)		-		-		5,671,332	
Ready Mix Concrete Al alamia (RMC)" S,A,E	6,617,866		-		-		-		(10,306,236)		16,924,102	
Inter bulk S.A.E Company ( Related Party )	1,293,381		-		(49,643)		-		(700)		1,343,724	
Tanzania Portland Cement Company	2,529		-		-		-		-		2,529	
EL Helal Cement Company Kuwait ( Kuwaiti Joint Stock Company)	1,193,838		-		-		-		-		1,193,838	
Techno	15,036		-		-		-		-		15,036	
Cimenteries CBR Cementbedrijven N.V	42,373		-		-		-		-		42,373	
Heidelberg Cement AG	158,377		-		-		-		-		158,377	
Development and Construction Materials Company (DECOM) S,A,E	12,565,675		-		-		-		(19,597,163)		32,162,838	
Ciments Francais (major shareholder)			(66,647,280)		(66,881,043)		-		-		233,763	
Italcementi (holding for Ciments Francais )			(68,567,806)		(68,567,806)		-		-		-	
Suez For Transport and Trade S,A,E	-		(26,368,172)		(27,758,086)		1,428,000		(442,544)		404,458	
Ciments Calcia(Related party)	-		(1,031,691)		(1,031,691)		-		-		-	
Heidelberg Cement Trading Malta Limited (Related party)	-		(382,338,337)		(404,953,737)		-		-		22,615,400	
Inter bulk Logano (Related party)	-		(418,635,602)		(418,635,602)		-		-		-	
Sociedad Financiera Y Minera S.A.	-		(165,611)		(165,611)		-		-		-	
Devnya Cement AD Bulgaria (Related party)	-		(20,800)		(20,800)		-		-		-	
Heidelberg Technology Center Leimen , Germany (Related party)	-		(6,949,208)		(6,949,208)		-		-		-	
	669,940,160		(971,274,405)		(1,001,543,568)		54,579,710		(30,346,643)		675,976,256	



Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

33 RELATED PARTY DISCLOSURES (continued)

31 December 2016

Description	Due from related parties		Due to related parties		Trade payables and accrued exp	Advance / payment / debit balances	Credit balances/ advanced customers	Receivables	
	EGP		EGP					EGP	
Tourah Portland Cement Company S,A,E	57,001,601		-		-	22,901,997	(3,882,861)	37,982,465	
Helwan Cement Company S,A,E	187,458,983		-		-	41,189,352	-	146,269,631	
Ready Mix Concrete Al alamia (RMC)" S,A,E	1,953,937		-		-	-	(773,214)	2,727,151	
EL Helal Cement Company Kuwait ( Kuwaiti Joint Stock Company)	1,185,119		-		-	-	-	1,185,119	
Development and Construction Materials Company (DECOM) S,A,E	1,250,467		-		-	-	(2,533,437)	3,783,904	
Suez For Lime S,A,E	10,900		-		-	10,900	-	-	
Inter bulk ( Related party)	389,131		-		-	-	(700)	389,831	
Asia Cement ( Related party)	915,151		-		-	-	-	915,151	
Ciments Francais (major shareholder)	-		(60,339,987)		(60,339,987)	-	-	-	
Suez Bags Company S,A,E,	367,921		-		-	367,921	-	-	
Italcementi (holding for Ciments Francais)	-		(38,138,202)		(38,138,202)	-	-	-	
Suez For Transport and Trade S,A,E	-		(14,176,598)		(14,600,108)	423,510	-	-	
Heidelberg Cement Trading Malta Limited ( Related party)	-		(130,666,430)		(130,666,430)	-	-	-	
Heidelberg Cement AG ( holding for Italcementi )	-		(81,603)		(81,603)	-	-	-	
Inter bulk ( Related party)	-		(571,718,804)		(571,718,804)	-	-	-	
Ciments Calcia ( Related party)	-		(3,636,988)		(3,636,988)	-	-	-	
	250,533,210		(818,758,612)		(819,182,122)	64,893,680	(7,190,212)	193,253,252	

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

**33 RELATED PARTY DISCLOSURES (continued)**

**b) Related party borrowings**

On 20 October 2006, Suez Cement Company's Board of Directors approved to lend Ready Mix Concrete Al alamia (RMC)" S,A,E and its subsidiaries an amount of EGP 300 Million at annual interest rate 10,54%,

	<b>30 September 2017</b>	31 December 2016
	<b>EGP</b>	EGP
Loan to Ready Mix Concrete Al alamia (RMC)" S,A,E	<b>12,000,000</b>	15,000,000
Development and Construction Materials Company (DECOM) S,A,E	<b>13,000,000</b>	18,000,000
	<b><u>25,000,000</u></b>	<u>33,000,000</u>

**Compensation of key management personnel**

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

	<b>30 September 2017</b>	30 September 2016
	<b>EGP</b>	EGP
Salaries and benefits	<b>6,908,714</b>	3,252,775
	<b><u>6,908,714</u></b>	<u>3,252,775</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.

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

### NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

#### 34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT "continued"

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

##### **Other financial assets and cash deposits**

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

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

##### **Due from related parties**

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

#### **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 optimizing 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 126,777,275 whereas; the financial liabilities denominated in foreign currencies amounted to LE 1,002,896,477.

#### **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.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE INTERIM FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT “continued”

Financial liabilities

	Less than 3 Months	3 to 12 Months	Total
<b>As at 30 September 2017</b>			
Advances from Customers	167,891,076	-	167,891,076
Banks overdraft	1,636,275	-	1,636,275
Retentions payable	2,039,724	4,235,584	6,275,308
Trade and other payables	329,200,995	28,468,567	357,669,562
Due to tax authority	23,278,134	-	23,278,134
Due to related parties	971,274,405	-	971,274,405
Total undiscounted financial liabilities	<u>1,495,320,609</u>	<u>32,704,151</u>	<u>1,528,024,760</u>

	Less than 3 Months	3 to 12 Months	Total
<b>As at 31 December 2016</b>			
Advances from Customers	141,960,776	-	141,960,776
Banks overdraft	36,616,846	-	36,616,846
Retentions payable	2,325,990	4,495,525	6,821,515
Trade and other payables	378,059,428	-	378,059,428
Due to tax authority	20,156,609	-	20,156,609
Income tax payable	-	62,045,739	62,045,739
Due to related parties	818,758,612	-	818,758,612
Total undiscounted financial liabilities	<u>1,397,878,261</u>	<u>66,541,264</u>	<u>1,464,419,525</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 2016 have been reclassified to conform to the presentation of these separate interim financial statements.