

Suez Cement Company (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
TOGETHER WITH THE AUDITOR'S REPORT

Suez Cement Company (S.A.E)
SEPARATE Financial Statements
For the Year ended 31 December 2016

Table of Contents

	<u>Page</u>
Auditor's report	2-3
Statement of Financial Position	4
Statement of income (Profit or Loss)	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7 – 8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 37

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUEZ CEMENT COMPANY (S.A.E)

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of **Suez Cement Company (S.A.E)**, represented in the separate financial position as of 31 December 2016, and the related separate statements of income (profit or loss), separate Comprehensive income, separate changes in equity and separate cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate Financial Statements

These separate financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of **Suez Cement Company (S.A.E)**, as of 31 December 2016, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

As indicated in notes (1) and (14) of the notes to the separate financial statements, the company has investments in subsidiaries and prepared consolidated financial statements as of 31 December 2016 and for better understanding of the company's consolidated financial position as 31 December 2016 and its consolidated financial performance, and its consolidated cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the separate financial statements agree with the Company's records. The company maintains a costing system that meets the purpose and the physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Cairo: 28 February 2017



Nabil A. Istambouli

FESAA – FEST
(RAA. 5947)
(EFSAR .71)



Allied for Accounting & Auditing (EY)



Emad H. Ragheb

FESAA – FEST
(RAA. 3678)
(EFSAR .42)

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF FINANCIAL POSITION
As of 31 DECEMBER 2016

	Note	31 December 2016 EGP	31 December 2015 EGP Restated
Assets			
Non-current assets			
Fixed assets	(12)	791,032,429	825,746,310
Fixed assets under construction	(13)	191,150,317	161,452,239
Investments in subsidiaries	(14-a)	4,497,901,738	4,546,052,988
Investments in an associate and share in joint ventures	(14-b)	30,267,255	30,267,255
Available-for-sales investments	(14-c)	1,440,001	2,433,859
Amounts paid under investments in subsidiaries and other companies	(14-d)	1,000,000	1,186,791
Loan to subsidiaries	(15)	33,000,000	33,000,000
Total non-current assets		5,545,791,740	5,600,139,442
Current assets			
Inventory	(16)	598,079,172	425,954,425
Accounts and notes receivables	(17)	6,059,297	334,904
Due from related parties	(18)	250,533,210	5,846,008
Prepayments, other receivables and other debit balances	(19)	161,902,828	111,971,276
Cash at banks	(20)	572,331,494	479,795,867
Total current assets		1,588,906,001	1,023,902,480
Total assets		7,134,697,741	6,624,041,922
Equity and liabilities			
Equity			
Share capital	(21)	909,282,535	909,282,535
Legal reserve	(22)	454,641,267	454,641,267
Other reserves	(22)	2,214,245,360	2,214,173,360
Reserve of unrealized gains on available-for-sales investments		327,001	1,320,859
Reserves		2,101,952	(507,802)
Retained earnings		1,998,766,980	1,842,008,674
(Losses) /Profits for the year		(215,591,988)	361,893,092
Total equity		5,363,773,107	5,782,811,985
Non-current liabilities			
Other long term liabilities	(23)	24,777,587	29,866,010
Deferred tax liabilities	(11)	40,698,247	46,080,368
Total non-current liabilities		65,475,834	75,946,378
Current liabilities			
Provisions	(24)	241,029,275	167,863,788
Bank overdraft	(25)	36,616,846	24,265,314
Trade payables, accrued expenses and other credit balances	(26)	378,059,428	286,122,068
Due to related parties	(27)	818,758,612	154,795,392
Taxes payable	(28)	20,156,609	19,650,802
Advances from customers	(29)	141,960,776	84,583,880
Retention payables	(30)	6,821,515	5,120,155
Income tax for the year		62,045,739	22,882,160
Total current liabilities		1,705,448,800	765,283,559
Total liabilities		1,770,924,634	841,229,937
Total equity and liabilities		7,134,697,741	6,624,041,922

Auditors
Nabil A. Istanbuli
Emad H. Ragheb

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 financial statements.
- Auditor's Report attached.

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF INCOME (PROFIT OR LOSS)
FOR THE YEAR ENDED 31 December 2016

	Note	31 December 2016 EGP	31 December 2015 EGP Restated
Sales	(4)	2,117,257,834	2,002,600,352
Cost of Sales	(5)	(1,730,764,119)	(1,764,463,204)
GROSS PROFIT		386,493,715	238,137,148
General and administrative expenses	(6)	(143,640,224)	(163,984,045)
Finance income	(7)	56,562,168	45,658,712
Finance cost	(8)	(7,964,618)	(5,661,203)
Foreign exchange differences		(392,514,722)	(6,926,427)
Gain from sale of fixed assets	(12)	305,456	72,000
Provisions	(24)	(88,000,768)	(37,071,974)
Provisions no longer required		3,010,656	21,169,418
Reversal in decline of debit balances		-	423,613
Board of directors' remuneration and allowance		(165,000)	(141,000)
Dividends income	(9)	29,418,619	269,814,555
Liquidation investments losses		(13,091)	-
Impairment in value of investments		(47,701,250)	-
(Losses) of sale of obsolete inventory		(5,758,420)	-
Other income	(10)	50,281,439	35,983,561
PROFIT FOR THE YEAR BEFORE INCOME TAX		(159,686,040)	397,474,358
Deferred income taxes for the Year	(11)	6,139,791	(12,699,106)
Income taxes for the Year	(11)	(62,045,739)	(22,882,160)
PROFITS FOR THE YEAR		(215,591,988)	361,893,092
(LOSS) / Earnings Per Share - basic and diluted (LE)	(31)	(1.19)	1.86

Accounting
Manager

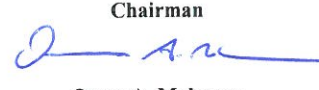
Shereif El Masry

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 financial statements

Suez Cement Company (S.A.E)

SEPARATE CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 EGP	31 December 2015 EGP Restated
(LOSSES) / PROFITS FOR THE YEAR		<u>(215,591,988)</u>	<u>361,893,092</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent year (net of tax):			
Net (loss)/gain on available-for-sales (AFS) financial assets		(993,858)	(109,908)
Net other comprehensive income to be reclassified to profit or loss in subsequent years, net of tax		<u>(993,858)</u>	<u>(109,908)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent year (net of tax):			
Remeasurement gains/(losses) on defined benefit plans	(23)	3,367,424	(1,109,889)
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent year, net of tax		<u>(757,670)</u>	<u>249,725</u>
Other comprehensive income/(loss), net of tax		<u>2,609,754</u>	<u>(860,164)</u>
Total comprehensive income, net of tax		<u>(213,976,092)</u>	<u>360,923,020</u>

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 financial statements

Suez Cement Company (S.A.E)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED IN 31 DECEMBER 2016

	Issued and paid up capital	Legal reserve	Other Reserves	Reserve of unrealized gains on available- for-sales investments	Accumulated actuarial gains/(losses) on defined benefit plans	Retained earnings	(Losses)/Profits for the year	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2016 as issued	909,282,535	454,641,267	2,214,173,360	1,320,859	-	1,842,361,036	361,032,928	5,782,811,985
Effects of change in accounting policies	-	-	-	-	(507,802)	(352,362)	860,164	-
Restated Balance	909,282,535	454,641,267	2,214,173,360	1,320,859	(507,802)	1,842,008,674	361,893,092	5,782,811,985
Losses for the year	-	-	-	-	-	-	(215,591,988)	(215,591,988)
Reserve of unrealized gains on available-for-sales investments	-	-	-	(993,858)	2,609,754	-	-	(993,858)
Other comprehensive income, net of tax	-	-	-	-	2,609,754	-	-	2,609,754
Total comprehensive income, net of tax	-	-	-	(993,858)	2,609,754	-	(215,591,988)	(213,976,092)
Transferred to retained earnings	-	-	-	-	-	362,142,817	(362,142,817)	-
Dividends and transferred to other reserves	-	-	72,000	-	-	(205,134,786)	-	(205,062,786)
Balance as of 31 December 2016	909,282,535	454,641,267	2,214,245,360	327,001	2,101,952	1,998,766,980	(215,591,988)	5,363,773,107
Balance as of 1 January 2015 as issued	909,282,535	454,641,267	2,211,709,171	1,430,767	-	1,888,562,499	471,824,836	5,937,451,075
Taxes adjustments	-	-	-	-	-	-	7,157,634	7,157,634
Effects of change in accounting policies	-	-	-	-	352,362	895,406	(1,247,768)	-
Restated Balance	909,282,535	454,641,267	2,211,709,171	1,430,767	352,362	1,889,457,905	477,734,702	5,944,608,709
Transferred to retained earnings	-	-	-	-	-	477,734,702	(477,734,702)	-
Dividends and transferred to other reserves	-	-	2,464,189	-	-	(525,183,933)	-	(522,719,744)
Reserve of unrealized gains on available-for-sales investments	-	-	-	(109,908)	-	-	-	(109,908)
Other comprehensive (loss), net of tax	-	-	-	-	(860,164)	-	860,164	-
Profit for the year	-	-	-	-	-	-	361,032,928	361,032,928
Restated balance as of 31 December 2015	909,282,535	454,641,267	2,214,173,360	1,320,859	(507,802)	1,842,008,674	361,893,092	5,782,811,985

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

Suez Cement Company (S.A.E)

SEPARTE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 EGP	31 December 2015 EGP
Cash flows from operating activities			
(Losses) / Profit before income tax		(159,686,040)	397,474,358
Dividends income	(9)	(29,418,619)	(269,814,555)
Liquidation investments Losses		13,091	-
Impairment in value of investments		47,701,250	-
Depreciation of fixed assets	(12)	135,774,179	137,182,463
Provisions	(24)	88,000,768	37,071,974
Provisions no longer required	(24)	(3,010,656)	(21,169,418)
Decline in value of obsolete inventory		(5,024,965)	(1,804,800)
Reversal of decline in value of obsolete inventory		-	(423,613)
Reversal of decline in debit balances		5,416,268	16,534,710
Liabilities against end of service plan	(23)	7,964,618	5,661,203
Finance costs		(56,562,168)	(45,658,712)
Credit interests	(12)	(305,456)	(72,000)
Gain on disposal of fixed assets	(13)	1,407,715	-
Foreign exchange differences		392,514,722	6,926,427
Cash from operations before working capital changes:		424,784,707	261,908,037
Change in inventory	(16)	(167,099,782)	17,965,894
Changes in accounts and notes receivables	(17)	(5,724,393)	169,016
Change in due from related parties	(18)	(244,687,202)	(2,353,655)
Changes in prepayments, other receivables and other debit balances	(19)	(48,089,797)	52,634,208
Changes in advances from customers	(29)	57,376,896	(118,830,013)
Changes in trade payables, accrued expenses and other credit balances	(26)	91,937,360	(78,992,313)
Change in taxes payable	(28)	505,807	10,127,716
Change in due to related parties	(27)	663,963,220	91,701,017
Changes in retentions payable	(30)	1,701,360	(466,747)
Finance expense paid	(8)	(7,964,618)	(5,661,203)
Income taxes paid		(22,882,160)	(63,085,707)
Provisions used	(24)	(11,824,625)	(1,018,494)
Decline in debit balances from provisions used		(325,418)	(694,074)
Decline in accounts and notes receivables from provisions used		-	(337,295)
Payments in respect of End of service plan	(23)	(7,137,267)	(1,350,000)
Net cash from operating activities		724,534,088	161,716,387
Cash flows from investing activities			
Finance income received		55,045,831	43,495,257
Payments to acquire fixed assets	(12)	(3,002)	-
Proceeds from sale of fixed assets	(12)	305,456	72,000
Payments in fixed assets under construction	(13)	(132,163,089)	(117,287,570)
Dividends paid		29,418,619	269,814,555
Proceeds from liquidation of investments	(14)	623,700	-
Net cash from investing activities		(46,772,485)	196,094,242
Cash flows from financing activities			
Proceeds from loan to subsidiaries		-	10,000,000
Dividends paid		(205,062,786)	(522,719,744)
NET CAH (USED IN) FINANCING ACTIVITIES		(205,062,786)	(512,719,744)
Net increase (decrease) in cash and cash equivalent during the year		472,698,817	(154,909,115)
Cash and cash equivalent- beginning of the year		455,530,553	617,366,095
Foreign exchange differences		(392,514,722)	(6,926,427)
Cash and cash equivalent- end of the year		535,714,648	455,530,553
For the purpose of preparing the statement of cash flows; cash and cash equivalent comprise of the following:			
Cash at banks	(20)	572,331,494	479,795,867
less:			
Bank overdraft	(25)	(36,616,846)	(24,265,314)
Cash and cash equivalent		535,714,648	455,530,553

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

1 BACKGROUND

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

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

The main objective of the Company is to produce all types of cement and other products stemming from the cement industry and related thereto and the production of other building materials and construction requirements and trading therein, utilization 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 year ended 31 December 2016 were authorized for issuance in accordance with the Board of Directors' resolution on 28 February 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

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

Statement of compliance

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

2-2 Changes in accounting policies

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

2-3 Foreign currency translation

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

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

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

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

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-4 Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses, Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met, Likewise, when a major inspection is performed, its cost is 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 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 derecognition of the asset is included in the statement of income when the asset is derecognized,

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

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

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

2-5 Projects under construction

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

2-6 Investments

Investments in subsidiaries

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

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

Investments in associates

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

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

Available for sales investments

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

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

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

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

Interest in joint ventures

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

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

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-7 Inventory

The inventory elements are valued as follows:

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

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

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

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

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

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

2-8 Accounts receivable and other debit balances

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

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

2-9 Provisions

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

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

2-10 Legal reserve

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-11 Borrowings

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

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

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

2-12 Employees' benefits

End of service benefits

Defined benefit plan

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

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

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

2-13 Income taxes

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

Current income tax

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

Deferred income tax

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

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

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-14 Revenue recognition

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

- **Sales of goods**

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

- **Interest income**

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

- **Dividends**

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

- **Rental income**

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

2-15 Expenses

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

2-16 Borrowing costs

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

2-17 Related party transactions

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

2-18 Accounting estimates

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

2 SIGNIFICANT ACCOUNTING POLICIES – Cont'd

2-19 Impairment

Impairment of financial assets

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

Impairment of non financial assets

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

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

2-20 Statement of cash flows

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

2-21 Cash and cash equivalent

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

3 SEGMENT INFORMATION

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

4 Sales

	31 December 2016 EGP	31 December 2015 EGP
Bulk Cement Sales (Domestic)	384,397,040	269,125,321
Bagged Cement Sales (Domestic)	1,499,830,935	1,659,175,500
Discount of Bagged Cement (Domestic)	(15,158,283)	(12,979,076)
Bagged Cement Sales (foreign)	5,146,779	11,503,727
Clinker Saless (Domestic)	243,041,363	75,774,880
	<u>2,117,257,834</u>	<u>2,002,600,352</u>

5 Cost of Sales

	31 December 2016 EGP	31 December 2015 EGP
Clinker Purchase	227,563	22,993,516
Fuels	572,938,594	558,683,551
Electricity	252,302,824	214,089,215
Raw Material and Rent of Limestone quarries	189,515,440	157,913,770
Clay Fees	51,039,386	56,576,595
Maintenance	148,725,596	145,904,695
Marketing	71,878,469	59,125,176
Salaries	140,412,220	125,853,794
Packages	88,189,322	98,047,106
Depreciation	128,469,721	129,333,208
Other	87,064,984	195,942,578
	<u>1,730,764,119</u>	<u>1,764,463,204</u>

6 GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2016 EGP	31 December 2015 EGP
Technical assistance fees	22,857,569	20,938,897
Salaries	51,303,167	54,670,647
End of service benefits plan- current and past service costs (Note 23)	1,356,913	14,467,215
Communication expenses	20,392,034	21,810,018
Other general and administrative expenses	46,255,375	38,606,540
Tax on dividends	1,475,166	13,490,728
	<u>143,640,224</u>	<u>163,984,045</u>

7 FINANCE INCOME

	31 December 2016 EGP	31 December 2015 EGP
Interest from Loan to subsidiaries	4,428,020	4,148,375
Interest from time deposits	52,134,148	41,510,337
	<u>56,562,168</u>	<u>45,658,712</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

8 FINANCE COST

	31 December 2016 EGP	31 December 2015 EGP
Interest on benefit plan – (note 23)	4,059,355	2,067,495
Interest on credit facilities and loans	-	519,080
Other bank charges	3,905,263	3,074,628
	<u>7,964,618</u>	<u>5,661,203</u>

9 DIVIDENDS INCOME

	31 December 2016 EGP	31 December 2015 EGP
Helwan Cement Company S,A,E	-	261,380,365
Ready Mix Concrete Al alamia (RMCA)- S,A,E	15,210,000	4,160,000
Suez Bags Company S,A,E	11,661,410	-
Suez for Transport and Trade – Egypt S,A,E	1,225,000	2,100,000
Lafarge Cement Company – Egypt S,A,E	84,709	1,049,190
Techno Gravel For Quarries-Egypt S,A,E	1,237,500	1,125,000
	<u>29,418,619</u>	<u>269,814,555</u>

10 OTHER INCOME

	31 December 2016 EGP	31 December 2015 EGP
Management fees	12,659,449	10,241,172
Settlement value of clay development contribution fees	16,802,973	-
Other income	20,819,017	25,742,389
	<u>50,281,439</u>	<u>35,983,561</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

11 INCOME TAX
RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	31 December 2016 EGP	31 December 2015 EGP
Net (Losses)/profits before income taxes	<u>(159,686,040)</u>	<u>397,474,358</u>
Add:		
Accounting depreciation	135,774,179	137,182,463
Donations	2,764,172	14,713,951
Board of directors' allowance	2,014,551	1,689,864
Provisions	93,417,036	53,887,683
Indemnities and fines	2,325,980	941,211
Previous year expenses- un-supported documents	6,473,743	2,485,103
Tax on dividends	1,475,166	13,490,728
Labors Club	620,691	1,744,382
Dividend costs	110,666	-
Losses from liquidation of investments	13,091	-
Impairment in value of investments	47,701,250	-
Hilal Cement Company - Chairman Salary	-	430,242
Unrealized foreign exchange losses	<u>551,297,527</u>	<u>87,077,259</u>
Net profit as per tax law	684,302,014	711,117,244
less:		
Tax depreciation	(151,879,701)	(224,317,835)
Suez Cement Company's share in the Board of directors' bonuses of Suez Bag Company and Tourah Cement Company	(450,000)	(450,000)
Donations	(272,000)	(11,627,907)
Capital Gains	(305,456)	(72,000)
Used provisions	(9,839,114)	(3,062,568)
Provisions no longer required	(11,403,045)	(24,016,126)
Unrealized foreign exchange gains	(204,975,239)	(76,057,765)
Dividends received	<u>(29,418,619)</u>	<u>(269,814,555)</u>
Taxable income	275,758,838	101,698,488
Income tax at the effective tax rate 22,50%	62,045,739	22,882,160

DEFERRED INCOME TAX LIABILITIES

	31 December 2016 EGP	31 December 2015 EGP
Depreciation of fixed assets	(78,720,573)	(75,028,102)
Provisions	<u>38,632,569</u>	<u>28,800,307</u>
Net deferred income tax (liability)	(40,088,004)	(46,227,795)

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

11 INCOME TAX (continued)

The company's tax position is as follows:

a) Corporate taxes

- **Period until Year 2007:**

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

- **Years 2008 & 2011 :**

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

- **Years from 2012 to 2014 :**

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

- **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 & 2011 :**

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

- **Years 2012 & 2013 :**

The tax authority has assessed the company for this period, The Company objected against the inspection results,
The company prepares tax return monthly and pays due taxes during the legal period.

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

No inspections took place for such period.

c) Salary tax

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

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

- **Years from 1999 to 2013 :**

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

- **Years 2014 & 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,

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 FINANCIAL STATEMENTS
31 DECEMBER 2016

12 FIXED ASSETS

	Lands	Buildings, constructions, infrastructure and roads	Machinery, equipment and Tools	Motor Vehicles	Furniture and office equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost						
As of 1 January 2016	398,503	535,131,298	1,889,801,695	43,837,947	86,910,658	2,556,080,101
Additions	-	-	-	-	3,002	3,002
Transfer from fixed assets under construction (Note 13)	-	12,735,651	82,562,437	818,071	4,941,136	101,057,295
Disposals	-	-	(14,707)	(1,542,800)	-	(1,557,507)
As of 31 December 2016	<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>
Accumulated depreciation						
As of 1 January 2016	-	(409,243,739)	(1,217,191,774)	(35,586,576)	(68,311,702)	(1,730,333,791)
Depreciation for the year	-	(19,845,971)	(107,598,570)	(1,534,028)	(6,795,609)	(135,774,179)
Disposals	-	-	14,707	1,542,800	-	1,557,507
As of 31 December 2016	<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>
Net book value as of 31 December 2016	<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	<u>398,503</u>	<u>125,887,559</u>	<u>672,609,921</u>	<u>8,251,371</u>	<u>18,598,956</u>	<u>825,746,310</u>

First:

	EGP
Proceeds from sale of fixed assets (A)	305,456
Cost of fixed assets sold	1,557,507
Accumulated depreciation of fixed assets sold	(1,557,507)
Net book value (B)	-
Gain from sale of fixed assets (A) - (B)	<u>305,456</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

Second:

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

Assets	Cost
Building, construction, infrastructure and roads	182,723,542
Machinery, equipment and tools	720,059,335
Motor vehicles	32,675,785
Furniture and office equipment	52,769,124
Total	988,227,786

- 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 FINANCIAL STATEMENTS 31 DECEMBER 2016

13 FIXED ASSETS UNDER CONSTRUCTION

	31 December 2016	31 December 2015
	EGP	EGP
Raw mill filter kiln 2	41,026,579	-
Coal project for Suez plant	-	10,374,998
Spare parts for coal project	10,565,232	4,363,980
Civil works project	-	2,127,004
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	3,452,696
Other	122,489,838	133,398,523
	<u>191,150,317</u>	<u>161,452,239</u>

The fixed assets under construction during the year ended in 31 of December 2016

	31 December 2016	31 December 2015
	EGP	EGP
Balance as of beginning of the year	161,452,239	336,940,011
Additions during the year	132,163,089	117,287,570
Transferred to fixed assets during the year	(101,057,295)	(292,775,342)
Disposals	(1,407,715)	-
Balance as of end of the year	<u>191,150,317</u>	<u>161,452,239</u>

14 INVESTMENTS

A) Investments in subsidiaries

	% of Ownership	Par value EGP	31 December 2016	31 December 2015
			EGP	EGP
<u>Subsidiary companies</u>				
Helwan Cement Company S,A,E	99,55	5	2,832,496,952	2,832,496,952
Tourah Portland Cement Company S,A,E	66,12	5	1,287,617,992	1,287,617,992
EL Helal Cement Company- Kuwait (Kuwaiti Joint Stock Company)	51	15,29	270,415,816	270,415,816
Ready Mix Concrete Al alamia (RMC) S,A,E	52	100	81,432,859	81,432,859
Suez Bags Company S,A,E	53,32	10	22,438,108	22,438,108
Development for Industries Company S,A,E	98,28	100	-	225,000
Axim Egypt Company S,A,E	98,28	100	-	225,000
International City Company for Ready Mix (LLC) - KSA	50		47,701,250	47,701,250
Impairment in value of investments			(47,701,250)	-
<u>Subsidiary companies through indirect investments *</u>				
Suez For Transport and Trade S,A,E Development and Construction	96,37	100	3,500,000	3,500,000
Materials Company (DECOM) S,A,E	52	10	11	11
Suez for import and export (S,A,E)	96,37		-	-
			<u>4,497,901,738</u>	<u>4,546,052,988</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

- * In addition to the company's share in the subsidiary companies, The company owns indirect shares through its subsidiaries, Hence, these companies are qualified to be subsidiary companies; consequently it has been included in investments in subsidiaries item, These indirect shares comprise the following:
- Suez cement company indirect share (through Helwan Cement S,A,E – subsidiary company by 99,55% and Tourah Portland Cement Company S,A,E – subsidiary company by 66,12%) in Suez for Transport and Trade (S,A,E) by 96,37%.
 - Suez cement company indirect share (through Ready Mix Concrete Al alamia (RMC)" S,A,E – subsidiary company by 52%) in Development and Construction Materials Co (DECOM) (S,A,E) by 52%.
 - Suez cement company indirect share (through Development for Industries Company S,A,E – subsidiary company by 98,28% and Axim Egypt Company S,A,E – subsidiary company by 98,28% and Suez For Transport and Trade S,A,E – subsidiary company by 96,37%) in Suez for import and export (S,A,E) by 96,37 %.

B) Investments in an associate and joint ventures

	% of Ownership	Par value EGP	31 December 2016 EGP	31 December 2015 EGP
Investment in an associate				
Techno Gravel For Quarries-Egypt S,A,E	45	10	28,334,257	28,334,257
Total investment in an associate			<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;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	31 December 2016 EGP	31 December 2015 EGP
Lafarge Cement Company – Egypt S,A,E	0,137	10	1,113,000	1,113,000
Reserve of unrealized gains on available-for-sales investments			<u>327,001</u>	<u>1,320,859</u>
			<u>1,440,001</u>	<u>2,433,859</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

D) Amounts paid under investments in subsidiaries and other companies

	% of Ownersi p	Par value EGP	31 December 2016 EGP	31 December 2015 EGP
Suez Bosphorus Cimento Sanayi Ve Ti	99,9	3,64	-	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>1,000,000</u>	<u>1,186,791</u>

15 LOAN TO SUBSIDIARIES

On 20 October 2006, Suez Cement Company's Board of Directors approved to lend Ready Mix Concrete Al alamia (RMC)" S,A,E and its subsidiaries an amount of EGP 300 Million at annual interest rate 10,54%,
The balance of the loan as of 31 December 2016 amounted to EGP 33 Million as follows:

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

16 INVENTORY

	31 December 2016 EGP	31 December 2015 EGP
Raw materials	12,232,048	12,160,501
Spare parts and supplies	170,287,364	153,101,366
Fuel	103,930,495	114,661,395
Packing materials	3,068,621	4,647,860
Work in progress	134,868,813	106,192,958
Finished goods	42,887,399	49,852,790
Goods in transit	174,960,083	34,518,171
	<u>642,234,823</u>	<u>475,135,041</u>
less:		
Decline in value of obsolete (spare parts) inventory	(43,874,563)	(48,810,528)
Decline in value of obsolete (packing -bags) inventory	(281,088)	(370,088)
	<u>(44,155,651)</u>	<u>(49,180,616)</u>
	<u>598,079,172</u>	<u>425,954,425</u>

*Decline in the value of inventory

	31 December 2016 EGP	31 December 2015 EGP
Beginning balance	49,180,616	50,985,416
Reverse the decline in the value of inventory during the year	(5,024,965)	(1,804,800)
Ending balance	<u>44,155,651</u>	<u>49,180,616</u>

17 Accounts and notes receivables

	31 December 2016 EGP	31 December 2015 EGP
Accounts receivable	6,059,297	334,904
	<u>6,059,297</u>	<u>334,904</u>
	31 December 2016 EGP	31 December 2015 EGP
Amounts receivable within 12 months	6,059,297	334,904
	<u>6,059,297</u>	<u>334,904</u>

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

18 DUE FROM RELATED PARTIES

	31 December 2016 EGP	31 December 2015 EGP
Tourah Portland Cement Company S.A.E	57,001,601	2,177,389
Helwan Cement Company S.A.E	187,458,983	-
Suez For Bags S.A.E	367,921	-
Ready Mix Concrete Al alamia (RMC)" S.A.E	1,953,937	2,418,788
Suez For Import and Export S,A,E	-	3,915
Inter bulk S.A.E Company (Related Party)	389,131	312,153
Asia Cement (Related Party)	915,151	491,512
EL Helal Cement Company-	1,185,119	14,396
Kuwait (Kuwaiti Joint Stock Company)	10,900	-
Suez For Lime S.A.E	1,250,467	427,855
Development and Construction Materials Company (DECOM) S.A.E	<u>250,533,210</u>	<u>5,846,008</u>

19 PREPAYMENTS, OTHER RECEIVABLES, AND OTHER DEBIT BALANCES

	31 December 2016 EGP	31 December 2015 EGP
Prepaid expenses	10,222,231	12,491,842
Advances to suppliers	39,332,159	16,828,128
Deposits with others	51,989,833	45,112,699
Tax authority	6,588,945	7,534,752
Refunded tax	13,813,030	10,184,371
Blocked current account at QNB AL AHLI in favor of Tax authority	255,255	255,255
Other debit balances	<u>33,215,798</u>	<u>14,920,407</u>
	155,417,251	107,327,454
Accrued interest	6,983,341	5,467,004
Less: Impairment in value of other debit balances	<u>(497,764)</u>	<u>(823,182)</u>
	<u>161,902,828</u>	<u>111,971,276</u>

20 CASH AT BANKS

	31 December 2016 EGP	31 December 2015 EGP
a- Egyptian Pound		
Current accounts *	74,515,550	54,814,662
Treasury bills (mature in three months)	495,934,974	332,573,828
b- Foreign currencies		
Current accounts *	1,316,361	3,893,314
Time deposits (mature in three months)	564,609	88,514,063
	<u>572,331,494</u>	<u>479,795,867</u>

*Banks current accounts include a hold amounts as of 31 December 2016, to purchase foreign goods by foreign currencies amounted EGP 30,395,304

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

21 SHARE CAPITAL

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

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

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

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

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

22 RESERVES

	31 December 2016 EGP	31 December 2015 EGP
Legal reserve	<u>454,641,267</u>	<u>454,641,267</u>
Special reserve – Share premium	<u>2,013,865,903</u>	<u>2,013,865,903</u>
Special reserve	<u>185,853,347</u>	<u>185,853,347</u>
Capital reserve	<u>14,526,110</u>	<u>14,454,110</u>
Total other reserves	<u>2,214,245,360</u>	<u>2,214,173,360</u>
Total reserve	<u>2,668,886,627</u>	<u>2,668,814,627</u>

Legal reserve

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

Special reserve – Share premium

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

Special reserve

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

Capital reserve

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

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:

	2016
Discount rate	17.5 %
Average salary increase	12 %

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

	31 December 2016	31 December 2015
	EGP	EGP
Present value of the defined benefit liability	<u>24,777,587</u>	<u>29,866,010</u>
Actuarial Present value of the defined benefit liability at the balance sheet	<u>24,777,587</u>	<u>29,866,010</u>

The movement of liability as per the balance sheet

	31 December 2016	31 December 2015
	EGP	EGP
Liability - beginning of the year	29,866,010	13,571,411
Past service cost - (note 6)	-	13,543,309
Current service cost - (note 6)	1,356,913	923,906
Interest cost	4,059,355	2,067,495
Payments from the plan	(7,137,267)	(1,350,000)
Actuarial losses / (gains)	(3,367,424)	1,109,889
Liability – end of the year	<u>24,777,587</u>	<u>29,866,010</u>

Defined benefit plan cost as per income statement

	31 December 2016	31 December 2015
	EGP	EGP
Previous service cost - (note 6)	-	13,543,309
Current Accrued service cost - (note 6)	1,356,913	923,906
Interest cost	4,059,355	2,067,495

The analysis of defined benefit plan cost as per income statement

	31 December 2016	31 December 2015
	EGP	EGP
General and administrative expense	1,356,913	14,467,215
Finance expense	4,059,355	2,067,495
	<u>5,416,268</u>	<u>16,534,710</u>

24 PROVISIONS

	Balance as of 1 January 2016	Charged during the year	Utilized during the year	Provisions no longer required	Balance as of 31 December 2016
	EGP	EGP	EGP	EGP	EGP
Tax claims	126,639,910	35,760,768	(10,832,333)	(2,710,656)	148,857,689
Judicial disputes	13,066,237	50,000	-	(300,000)	12,816,237
Earlier retirement	-	52,190,000	-	-	52,190,000
Training support fund	27,165,349	-	-	-	27,165,349
Other claims	992,292	-	(992,292)	-	-
	<u>167,863,788</u>	<u>88,000,768</u>	<u>(11,824,625)</u>	<u>(3,010,656)</u>	<u>241,029,275</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

	Balance as of 1 January 2015 EGP	Charged during the year EGP	Utilized during the year EGP	Provisions no longer required EGP	Balance as of 31 December 2015 EGP
Tax claims	93,826,404	33,487,000	(673,493)	-	126,639,910
Judicial disputes	12,821,837	1,314,400	(345,000)	(725,000)	13,066,237
Training support fund	46,331,485	1,278,282	-	(20,444,418)	27,165,349
Other	-	992,292			992,292
	<u>152,979,726</u>	<u>37,071,974</u>	<u>(1,018,494)</u>	<u>(21,169,418)</u>	<u>167,863,788</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 634 million in the form of overdraft facility in Egyptian pounds or its equivalent in foreign currencies to finance the company's working capital requirements and imported goods with average interest rate 17.9% for Egyptian currency and 4.82% for equivalent foreign currencies.

Total usage of these lines of credit as of 31 December 2016 amounted to EGP 36,616,846

	31 December 2016	31 December 2015
a- Egyptian Currency	20,759,299	-
b- Foreign Currencies	15,857,547	24,265,314

26 TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2016 EGP	31 December 2015 EGP
Trade payables	290,863,275	224,635,362
Accrued expenses	44,708,980	40,064,104
Social and medical security	1,250,597	1,140,938
Other payables	41,236,576	20,281,664
	<u>378,059,428</u>	<u>286,122,068</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

27 DUE TO RELATED PARTIES

	31 December 2016 EGP	31 December 2015 EGP
Ciments Francais (major shareholder)	60,339,987	15,321,688
Italcementi S,P,A	38,138,202	2,728,483
Helwan Cement Company S,A,E	-	2,037,341
Suez Bags Company S,A,E,	-	4,969,642
Suez For Transport and Trade S,A,E	14,176,598	8,983,950
Ciments Calcia(Related party)	3,636,988	-
Heidelberg Cement Trading Malta Limited	130,666,430	-
Heidelberg Cement AG	81,603	-
Inter bulk Logano (Related party)	571,718,804	120,754,288
	<u>818,758,612</u>	<u>154,795,392</u>

28 TAXES PAYABLES

	31 December 2016 EGP	31 December 2015 EGP
Tax authority – salary tax	1,953,512	1,807,047
Tax authority – withholding taxes	2,214,891	2,559,152
Tax authority- Value Added Tax (VAT)	12,230,895	10,482,218
Tax authority-Clay fees	3,757,311	4,802,385
	<u>20,156,609</u>	<u>19,650,802</u>

29 ADVANCES FROM CUSTOMERS

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

	31 December 2016 EGP	31 December 2015 EGP
Balance at the beginning of the year	84,583,880	203,413,893
Add: amounts collected during the year	2,174,634,730	1,883,770,339
Less: delivered units during the year	(2,117,257,834)	(2,002,600,352)
Balance at the end of the year	<u>141,960,776</u>	<u>84,583,880</u>

	31 December 2016 EGP	31 December 2015 EGP
<u>List advances by customers:</u>		
Reliance Logistics	4,646,337	2,289,273
Safa company for trade and investment	420,731	1,733,454
El Motahada for trade and transportation	3,129,844	5,487,777
Ashraf Mohamed Sayed Ali	645,675	892,279
El Asala for trade and commercial agencies	1,630,315	2,149,950
El Negma for Trade	658,621	2,051,118
Other	130,829,253	69,980,029
	<u>141,960,776</u>	<u>84,583,880</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS
31 DECEMBER 2016

30 RETENTIONS PAYABLE (Deposits form others)

	31 December 2016	31 December 2015
	EGP	EGP
Retentions payable within 12 months	6,821,515	5,120,155
	<u>6,821,515</u>	<u>5,120,155</u>

31 (LOSS) EARNING PER SHARE

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

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

	31 December 2016	31 December 2015
	EGP	EGP
Net (Loss) / profit for the year	(215,591,988)	361,893,092
Employees & Board of director share (estimated)	-	(23,706,279)
Net profit attributable to the ordinary equity holders	<u>(215,591,988)</u>	<u>338,186,813</u>
Weighted average number of ordinary shares for basic and diluted earnings	181856507	181856507
(LOSS)/ EPS – basic and diluted	<u>(1.19)</u>	<u>1.86</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	8,863,068	8,863,068	19,763
	<u>8,873,068</u>	<u>8,873,068</u>	<u>29,763</u>

The outstanding balance of issued letters of credit in favor of Suez Cement Company by Al Mashreq Bank, HSBC – Egypt, Alex Bank, and National Bank of Egypt as of 31 December 2016 amounted to EGP 3,576,866 EGP 1,267,538, EGP 14,849,159 and EGP 4,110,736 respectively.

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

33 RELATED PARTY DISCLOSURES

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

Related party transactions

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

31 December 2016

Company	Nature	Technical assistances fees	Expatriates fees	Purchases commissior	Purchase Fuels	Purchase bags	Portion from Corporate redistributio	Purchase cement / clinker	Sold cement / clinker	Sold Transportatio n service	Purchase Transportati on service	Purchase Raw Mater
		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	10,285	22,858	-	-	-	-	-	-	-	-	-
Suez Bags	Subsidiary	-	-	-	-	78,762	5,432	-	-	-	-	-
Italcementi	Major shareholder for Ciments Francais	12,573	-	10,522	-	-	-	-	-	-	-	-
Tourah Cement	Subsidiary	6,874	-	-	-	-	31,281	54,552	11,422	-	-	249
Helwan Cement	Subsidiary	-	-	-	-	-	55,981	87,664	21,129	-	-	197
Ready Mix Concrete	Subsidiary	-	-	-	-	-	-	-	-	-	-	-
Al alamia (RMC)	Subsidiary	-	-	-	-	-	-	12,792	-	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	34,314	-	-	-	-
Suez For Transport	Subsidiary	-	-	-	-	-	-	33,722	-	-	80,668	-
Interbulk Lugano	Related party	-	-	-	193,935	-	-	-	-	-	-	-
Ciment Calcia	Related party	-	3,659	-	-	-	-	-	-	-	-	-
Interbulk Egypt	Related party	-	-	-	-	-	-	14,040	-	-	-	-
Heidelberg Cement	Related party	-	-	-	129,917	-	-	5,147	-	-	-	-
Trading Malta Limited		-	-	-	-	-	-	-	-	-	-	-
Heidelberg Cement AG	Related party	-	82	-	-	-	-	-	-	-	-	-

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

31 December 2015

Company	Nature	Technical assistancess fees K EGP	Expatriate s fees K EGP	Purchases commissio K EGP	Purchase Fuels K EGP	Purchase bags K EGP	Portion from Corporate redistribution K EGP	Purchase cement / clinker K EGP	Sold cement / clinker K EGP	Sold Transportatio n service K EGP	Purchase Transportat ion service K EGP	Purchase Raw Material K EGP
Ciments Francais	Major shareholder	20,939	24,446	-	-	-	-	-	-	-	-	-
Suez Bags	Subsidiary	-	-	-	-	91,108	5,422	-	-	-	-	-
Italcementi	Major shareholder for Ciments Francais	-	-	8,186	-	-	-	-	-	-	-	-
Tourah Cement	Subsidiary	6,379	-	-	17,848	-	27,265	82	-	-	-	186
Helwan Cement	Subsidiary	-	-	-	-	-	61,181	-	-	-	-	-
Ready Mix Concrete	Subsidiary	-	-	-	-	-	-	4,707	-	-	-	-
Al alamia (RMC)	Subsidiary	-	-	-	-	-	-	8,881	-	-	-	-
Decom	Subsidiary	-	-	-	-	-	-	3,842	-	-	57,140	-
Suez For Transport	Related party	-	-	-	266,104	-	-	-	-	-	-	-
Interbulk Lugano	Related party	-	-	-	-	-	-	-	-	-	-	-
Interbulk Egypt	Related party	-	-	-	-	-	-	11,613	-	-	-	-

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS 31 DECEMBER 2016

34 RELATED PARTY DISCLOSURES (continued)

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

a) Related party balances

Significant related party balances are as follows:

	Due from related parties		Due to related parties		31 December 2016 Trade payables and accrued exp		Advance payment / debit balances		Credit balances/ advanced customers		Receivables	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	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)	(60,339,987)	(60,339,987)	-	-	-				
Suez Bags Company S,A,E,	367,921	-	-	-	-	367,921	-	-				
Italcementi (Major for Ciments Francais)	-	(38,138,202)	(38,138,202)	(38,138,202)	(38,138,202)	-	-	-				
Suez For Transport and Trade S,A,E	-	(14,176,598)	(14,176,598)	(14,600,108)	(14,600,108)	423,510	-	-				
Heidelberg Cement Trading Malta Limited	-	(130,666,430)	(130,666,430)	(130,666,430)	(130,666,430)	-	-	-				
Heidelberg Cement AG	-	(81,603)	(81,603)	(81,603)	(81,603)	-	-	-				
Inter bulk (Related party)	-	(571,718,804)	(571,718,804)	(571,718,804)	(571,718,804)	-	-	-				
Ciments Calcia (Related party)	-	(3,636,988)	(3,636,988)	(3,636,988)	(3,636,988)	-	-	-				
	250,533,210	(818,758,612)	(818,758,612)	(819,182,122)	(819,182,122)	64,893,680	(7,190,212)	193,253,252				

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

	31 December 2015					
	Due from related parties EGP	Due to related parties EGP	Trade payables and accrued exp EGP	Advance payment / debit balances EGP	Credit balances/ advanced customers EGP	Receivables EGP
Tourah Portland Cement Company S,A,E	2,177,389	-	(1,379,463)	3,556,852	-	-
Ready Mix Concrete Al alamia (RMC)" S,A,E	2,418,788	-	-	2,728,915	(310,127)	-
Suez For Import and Export S,A,E	3,915	-	-	3,915	-	-
EL Helal Cement Company-	14,396	-	-	-	-	14,396
Kuwait (Kuwaiti Joint Stock Company)						
Development and Construction Materials Company (DECOM) S,A,E	427,855	-	-	1,863,350	(1,435,495)	-
Ciments Francais (major shareholder)	-	(15,321,688)	(15,700,605)	378,917	-	-
Italicemnti (major for Ciments Francais)	-	(2,728,483)	(2,728,483)	-	-	-
Helwan Cement Company S,A,E	-	(2,037,341)	(2,037,341)	-	-	-
Suez Bags Company S,A,E,	-	(4,969,642)	(4,969,642)	-	-	-
Suez For Transport and Trade S,A,E	-	(8,983,950)	(8,008,912)	-	(1,056,398)	81,360
Inter bulk Egypt (Related party)	312,153	-	-	312,153	-	-
Inter bulk Logano (Related party)	-	(120,754,288)	(120,754,288)	-	-	-
Asia Cement (Related party)	491,512	-	-	-	-	491,512
	<u>5,846,008</u>	<u>(154,795,392)</u>	<u>(155,578,734)</u>	<u>8,844,102</u>	<u>(2,802,020)</u>	<u>587,268</u>

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

b) 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%,

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

Compensation of key management personnel

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

	31 December	31 December
	2016	2015
	EGP	EGP
Salaries and benefits	6,372,204	4,117,712
	<u>6,372,204</u>	<u>4,117,712</u>

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

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

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

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

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

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

a) Credit risk

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

Trade and notes receivables

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

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

Suez Cement Company (S.A.E)

NOTES TO THE SEPERATE FINANCIAL STATEMENTS

31 DECEMBER 2016

Other financial assets and cash deposits

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

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

Due from related parties

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

b) Market risk

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

Exposure to interest rate risk

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

Exposure to foreign currency risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, The total financial assets denominated in foreign currencies amounted to LE 47,852,928 whereas; the financial liabilities denominated in foreign currencies amounted to LE 866,641,671.

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 FINANCIAL STATEMENTS

31 DECEMBER 2016

Financial liabilities

	Less than 3 Months	3 to 12 Months	Total
As at 30 September 2016			
Advances from Customers	141,960,776	-	141,960,776
Banks overdraft	13,625,482	-	13,625,482
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>1,374,886,897</u>	<u>66,541,264</u>	<u>1,441,428,161</u>

	Less than 3 Months	3 to 12 Months	Total
As at 31 December 2015			
Advances from Customers	84,583,880	-	84,583,880
Banks overdraft	24,265,314	-	24,265,314
Retentions payable	2,556,363	2,563,792	5,120,155
Trade and other payables	286,122,068	-	286,122,068
Due to tax authority	19,650,802	-	19,650,802
Income tax payable	-	22,882,160	22,882,160
Due to related parties	154,795,392	-	154,795,392
Total undiscounted financial liabilities	<u>571,973,819</u>	<u>25,445,952</u>	<u>597,419,771</u>

35 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities,

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

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

36 COMPARATIVE FIGURES

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