

Mr. HABIEB EL MAHDI – Statutory auditor
Licence N°: 3920 dated 23/12/2010, Registration N° in the **CNCC: 1671** dated 27/03/2016
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AUDITOR'S REPORT
FISCAL YEAR CLOSED ON 31 DECEMBER 2017

SARL DERWENT SAND
With a capital stock of **41 267 100.00 DA**
Corporate headquarters: lot Mohamed Boudiaf villa 172 Ouled Fayet
Algiers- Algeria.

April 2018

Mr. HABIEB EL MAHDI – Statutory auditor
Licence N°: **3920** dated 23/12/2010, Registration N° in the **CNCC: 1671** dated 27/03/2016

Appointed and acting as
Statutory auditor
Of the Company SARL DERWENT SAND

Algiers, 05/04/18

**To the President,
To the members of the Ordinary General Meeting
Of the company DERWENT SAND SARL**

Subject: Statutory audit – Fiscal year 2017

Mr. President,
Members of the Meeting,
Of the company DERWENT SAND SARL

In execution of the office of the auditor which was entrusted to us by your General Meeting dated **14 October 2014**, and in accordance with the provisions of the Commercial Code and the Act N ° **10-01** of **29/06/2010** relating to the professions of accountant, auditor and chartered accountant and executive decree N°**11-202** of **26/05/2011** laying down the standards of the auditor's reports, the terms and conditions for their transmission, we have the honour to present our Statutory audit report on your company's financial statements for the year ended at **31/12/2017**.

This report, which mentions the results of our mission, consists of the following parts:

Part I- The account certification report;
Part II-The special reports provided for in the Commercial Code and the regulations in force;

We are at your disposal, for any information you may request on the contents of this report, and we ask you, gentlemen, to believe in the expression of our perfect consideration.

Mr. HABIEB EL MAHDI
Statutory auditor

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Part I-

**GENERAL REPORT
(ACCOUNT CERTIFICATION REPORT)**

Appointed and acting as
Statutory auditor
Of the Company **SARL DERWENT SAND**

Algiers, 05/04/18

To the President,
To the members of the Ordinary General Meeting
Of the company DERWENT SAND SARL

Subject: Account certification report of the fiscal year closed on 31/12/2017

Reminder of the mission:

Sir,
In execution of the office of the auditor that has been entrusted to us by your General Assembly, we have the honour to report on the results of our work.

The annual accounts for the fiscal year 2017 were established and decided by the company's management.

Report of the review and opinion on annual accounts:

We conducted an examination of the accounts of the company DERWENT SAND SARL concerning the period from **01 January 2017** to **31 December 2017**.

The corporate accounts are presented in accordance with the SCF provisions and the evaluation and presentation rules did not change from the previous fiscal year.

We have done our audit according to the standards of the profession. These standards require the implementation of due diligence to obtain **reasonable assurance** that the annual accounts **do not have significant anomalies**.

Within the framework of the review work, we carried out the audit verifications that we found useful. Thus, we have examined the relevant evidence of the data contained in the accounts, on the one hand, the accounting principles followed and the method of presenting the final accounts, on the other hand.

The annual accounts of the fiscal year 2017 were decided with:

- A net total of the balance sheet of **470 966 146.08 DA**
- A deficit net income **-41 463 744.57 DA**

We have verified the sincerity of the information, relating to the financial situation and the accounts, given by the manager **in his management report** for the fiscal year 2017.

We confirm the accounting data and their concordance with the annual accounts for fiscal year 2017.

Opinion on the accounts:

We have carried out our audit according to the professional standards applicable in Algeria; these standards require the implementation of due diligence to obtain reasonable assurance that the annual accounts do not have significant anomalies. An audit consists of examining, by surveys, the evidence supporting the data contained in these accounts. It also involves appreciating the accounting principles followed and the significant estimates retained for the order of accounts and appreciating their overall presentation. We believe that our checks provide a reasonable basis for the opinion expressed below.

We have reservations on the following points:

- √ The net situation of the company is negative, i.e. **-229,309,879.65 DA**, this directly impacts the **business continuity** principle. The latter must comply with the current regulations, in particular article **589** of the Commercial Code;
- √ Since the regulated period of 4 months has elapsed, no capital increase has been made to date (as stipulated in the AGEX resolution held on 30/06/2017);
- √ Handle the other remarks mentioned in the technical report.

Formulation of the opinion

Under these reservations we certify that the annual accounts are regular and sincere in view of the Algerian rules and accounting principles and the regulations in force.

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Part II-

SPECIAL REPORTS

Mr. HABIEB EL MAHDI – Statutory auditor
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Algiers, 05/04/18

**To the President,
To the members of the Ordinary General Meeting
Of the company DERWENT SAND SARL**

Subject: Special report on the regulated agreements.

Ref: (Article **628** of legislative decree N° **93-08** of **25/04/1993**, amending and supplementing Ordinance N° **75-59** of **26** September **1975** on the Commercial Code and article **25** of Act N°**10-01** of **29/06/2010** and article 2 of Executive decree N°**11-202** of **26/05/2011**).

Gentlemen,

In accordance with the provisions referred to in the reference, we have the honour to inform you that, during our inspections, we have not been aware of any agreements referred to in this article. The manager of the company, on his part, has not reported to us any agreement that falls within this framework.

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**To the President,
To the members of the Ordinary General Meeting
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Subject: Standards on the internal investigation procedures.

Ref: (Executive decree N°11-202 of 26 May 2011, on the standards of the auditor's reports and the deadlines for their transmission)

In application of the provisions referred to in the reference, please find below our assessments on the internal investigation device set up by the Company:

We stress that the general environment of the internal investigation within the company **DERWENT SAND SARL** ensures sufficient security in accordance with the information given by the Management authority.

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Algiers, 05/04/18

To the President,
To the members of the Ordinary General Meeting
Of the company DERWENT SAND SARL

Subject: Special report on the remuneration and on the advantages in cash and in kind granted to the five main executives of the Company.

Ref: (Article 680-3° and 819–D of the legislative decree N° 93-08 of 25 April 1993 amending and supplementing Ordinance N° 75-59 of 26 December 1975 establishing the commercial Code, article 25 of Act N° 10-01 of 29/06/2010 and article 2 of the Executive decree N° 11-202 of 26/05/2011)

In application of the referenced provisions, we bring to the attention of the shareholders the following information relating to the remuneration of the persons mentioned in the subject:

We certify as the result of our investigations and as detailed on the following statement that these remunerations appearing on the payrolls are well established in gross at the sum of: **eight million three hundred thirty-six thousand three hundred and seventeen. 39 cts (8 336 317.39 DA)** and net at the sum of: **five million four hundred fifty-eight thousand one hundred forty seven dinars. 43 cts (5 458 147.43 DA)**.

BEST SALARIES

LAST NAME & FIRST NAME	FUNCTION	GROSS	NET TO
		SALARY	BE PAID
MEKERRI KHALED	FINANCE AND ACCOUNTS DIRECTOR	4 399 440.00	2 760 008.40
MESKOURI SOFIANE	SALES MANAGER	2 776 428.00	1 800 003.48
YAHIAOUI MUSTAPHA	DRIVER/DOOR-TO-DOOR SALESMAN	811 699.78	609 900.80
BERKOUNE WAHIBA	MAINTENANCE AGENT	348 749.61	288 234.75
GENERAL TOTAL – 4 SALARIES		8 336 317.39	5 458 147.43

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Algiers, 05/04/18

To the President,
To the members of the Ordinary General Meeting
Of the company DERWENT SAND SARL

Subject: Specific informations – Incomes of the last five fiscal years and of the share income;

Ref: (Article 585-paragraph 2 of the Commercial code, article 25 of the Act N°10-01 dated 29/06/2010 and the article 2 of the executive decree N°11-202 dated 26/05/2011)

Pursuant to the provisions referred to in the reference, please find below the incomes/results of the company for the last five (05) years:

Year	Gross income	Taxes/Profits	Net income	Number/Share	Income/Share
2013	-112 828 295	5 000	-112 828 295	26 650	-4 234
2014	-285 771 280	6 000	-285 771 280	26 650	-10 723
2015	-675 751 341	10 000	-675 751 341	26 650	-25 356
2016	-244 426 884.74	10 000	-244 426 884.74	18 156	-13463.15
2017	-41 453 744.57	10 000	-41 453 744.57	18 156	-2 283.75

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Algiers, 05/04/18

**To the President,
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Subject: Special report on the equity investments and subsidiaries of the SARL (Limited Liability Company)

Ref: (article **2** of Executive decree N°**11-202** of **26/05/2011** and article **5** of Executive decree N° **06-354** of **09/10/2006**)

In application of the provisions referred to in the reference, we bring to the knowledge of the partners that we have not identified, through the examination of the accounts of **2017** of the company, any equity investment in the share capital of other companies, and the manager on his side did not report any action in this area.

In addition, the company does not have any subsidiaries.

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Algiers, 05/04/18

To the President,
To the members of the Ordinary General Meeting
Of the company **DERWENT SAND SARL**

Subject: Special report on the continuity of the activity

Ref: Article **589** of Legislative decree N° **93-08** of **25/04/1993**, amending and supplementing Ordinance N° **75-59** of **26** September **1975** on the Commercial Code and article **2** of the Executive decree N°**11-202** of **26/05/2011** and article 5 of the Executive decree N° **06-354** of **09/10/ 2006**)

Gentlemen,

We would like to inform you that the net situation of the company is negative, i.e. **-229 309 879.65 DA**; the deficits recorded till up to **31/12/2017** have exceeded $\frac{3}{4}$ of the share capital; thus the company must comply with the provisions of article **589** of the Commercial Code which states: « **In the event of the loss of three-quarters of the share capital, the managers are required to consult the shareholders in order to decide whether the company should be dissolved. The decision of the shareholders is in all cases published in a newspaper entitled to receive the legal announcements of the Wilaya of the corporate headquarters deposited in the Registry of the Court of the place of this headquarters and registered in the commercial register. If the managers do not consult the shareholders/partners as in the case where they could not deliberate on a regular basis, any interested party may request the dissolution of the company before the courts** ».

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APPENDICES

DERWENT SAND SARL

BALANCE SHEET (ASSETS)

TITLE	NOTE	GROSS	AMO/PROV	NET	NET 2016
NON CURRENT ASSETS					
Goodwill-Positive or negative goodwill					
Intangible fixed assets		236 000.00	105 483.38	130 516.62	149 616.66
Tangible fixed assets					
Lands					
Buildings					
Other tangible assets		5 728 949.81	4 983 595.48	745 354.33	1 384 536.87
Fixed assets under concession					
Assets under construction					
Long term investments					
Investments in associates					
Other receivables from related entities					
Other investments					
Loans and other non-current financial assets		3 082 842.02		3 082 842.02	3 062 842.02
Deferred tax assets		85 200.00		85 200.00	85 200.00
TOTAL: NON CURRENT ASSETS		9 132 991.83	5 089 078.86	4 043 912.97	4 702 195.55
CURRENT ASSETS					
Stocks and work in progress		114 120.00		114 120.00	318 970.00
Receivables and similar assets					
Customers		409 770 884.19	122 570 529.40	287 200 354.79	303 213 663.81
Other receivables		46 679 796.94		46 679 796.94	44 359 979.21
Taxes and similar		132 933 467.13		132 933 467.13	128 694 424.13
Other receivables and similar assets					
Cash and cash equivalents					
Investments and other current financial assets					
Treasury		-5 505.75		-5 505.75	80 947.26
TOTAL CURRENT ASSETS		589 492 762.51	122 570 529.40	466 922 233.11	476 667 984.41
TOTAL GENERAL ASSETS		598 625 754.34	127 659 608.26	470 966 146.08	481 370 179.96

DERWENT SAND SARL

BALANCE SHEET (LIABILITIES)

TITLE	NOTE	2017	2016
OWNERS EQUITIES			
Issued capital		54 649 560.00	54 649 560.00
Uncalled capital			
Premiums and Reserves - Consolidated reserves (1)		2 665 000.00	2 665 000.00
Revaluation deviation			
Translation adjustment (1)			
Net income – Net income of the group (1)		-41 463 744.57	-244 436 884.74
Other equities – Retained earnings		-245 160 695.08	-723 810.34
Share of the consolidating entity (1)			
Minority interests (1)			
TOTAL I		-229 309 879.65	-187 846 135.08
NON CURRENT LIABILITIES			
Borrowings and financial liabilities			
Taxes (deferred and provided)			
Other non-current liabilities			
Provisions and deferred revenue			
TOTAL II			
CURRENT LIABILITIES			
Accounts payable and receivables		18 989 489.20	16 610 713.70
Taxes		5 518.92	5 532 713.98
Other liabilities		27 215 976.41	26 483 659.26
Cash liabilities/Overdraft		654 065 041.20	620 589 228.10
TOTAL III		700 276 025.73	669 216 315.04
TOTAL GENERAL LIABILITIES (I+II+III)		470 966 146.08	481 370 179.96

DERWENT SAND SARL

INCOME STATEMENT/NATURE

TITLE	NOTE	2017	2016
Sales and related products			2 263 808.35
Change in inventories: finished products and work in progress			
Immobilized production			
Operating subsidies			
I-ANNUAL PRODUCTION			2 263 808.35
Purchases consumed		-204 850.00	-25 956 100.15
External services and other consumptions		-7 680 418.16	-21 797 748.75
II-ANNUAL CONSUMPTION		-7 885 268.16	-47 753 848.90
III-ADDED OPERATIONAL VALUE (I-II)		-7 885 268.16	-45 490 040.55
Payroll expenses		-10 393 249.41	-16 128 670.75
Taxes and equivalent		-96 270.71	-3 878 413.56
IV-GROSS OPERATING SURPLUS		-18 374 788.28	-65 497 124.86
Other operating income		18.27	16 563 528.36
Other operating expenses		-1 472 672.18	-15 411 057.37
Depreciation, amortization and impairment losses		-3 746 773.97	-95 085 825.94
Reversal of impairment losses and provisions		28 346 846.82	43 477 528.69
V- OPERATING INCOME		4 752 630.66	-115 952 951.12
Financial products		3 260 189.78	221 575.44
Financial expenses		-49 466 565.01	-128 695 509.06
VI-FINANCIAL OUTCOME		-46 206 375.23	-128 473 933.62
VII- ORDINARY INCOME BEFORE TAXES (V+VI)		-41 453 744.57	-244 426 884.74
Tax payable on ordinary income		-10 000.00	-10 000.00
Deferred tax (variations) on ordinary income			
TOTAL OF PROFITS FROM ORDINARY ACTIVITIES		31 607 054.87	62 526 440.84
TOTAL OF EXPENSES FROM ORDINARY ACTIVITIES		-73 070 799.44	-306 963 325.58
VIII-NET PROFIT FROM ORDINARY ACTIVITIES		-41 463 744.57	-244 436 884.74
Extraordinary items (products) – to be specified			
Extraordinary items (expenses) – to be specified			
IX-EXTRAORDINARY INCOME			
X-NET ANNUAL INCOME		-41 463 744.57	-244 436 884.74

CASH FLOW TABLE

TITLE	NOTE	2017	2016
Cash flow from operating activities			
Cash receipts from customers		42 379 234.45	722 806 221.07
Cash payments to suppliers and to employees		-26 130 983.58	-183 534 620.75
Interests and other fees paid		-50 988 124.69	-139 712 872.48
Taxes on paid incomes			-19 000.00
Cash flow before extraordinary items		-34 739 873.82	399 539 727.84
Cash flow related to extraordinary items		-1 457 594.43	15.78
Net cash flow from operating activities (A)		-36 197 468.25	399 539 743.62
Net cash flow from investment activities			
Disbursements related to acquisitions of tangible and intangible assets			-98 600.00
Receipts related to disposals of tangible and intangible assets			483 115.51
Disbursements related to acquisitions of financial assets			-20 000.00
Receipts related to the disposal of financial fixed assets			
Interests accrued on financial investments		3 260 189.78	234.00
Dividends and share of received incomes			
Net cash flow of investment activities (B)		3 260 189.78	364 749.51
Cash flow from financing activities			
Receipts after issue of shares			
Dividends and other distributions done			
Receipts from loans			689 132 264.00
Reimbursements from borrowings or other related loans			
Net cash flow from financing activities (C)			689 132 264.00
Effect of exchange rate changes on cash			
Variation of cash of the period (A+B+C)		-32 937 278.47	1 089 036 757.13
Cash or cash equivalent at the start of the period		-620 508 280.84	-1 709 545 037.97
Cash or cash equivalent at the end of the period		-654 070 546.95	-620 508 280.84
Variation of cash of the period		-33 562 266.11	1 089 036 757.13
Reconciliation with the accounting income		7 901 478.46	1 333 473 641.87

DERWENT SAND SARL

EQUITY VARIATION TABLE

TITLE	NOTE	Capital stock	Share premium	Valuation difference	Revaluation difference	Reserves and earnings
Balance as on 31 December 2015		41 267 100.00	0.00	0.00	0.00	-673 087 430.34
Change in accounting method 2016		0.00	0.00	0.00	0.00	0.00
Significant error corrections 2016		0.00	0.00	0.00	0.00	0.00
Revaluation of fixed assets 2016		0.00	0.00	0.00	0.00	0.00
Profits or losses not accounted for in the income statement 2016		0.00	0.00	0.00	0.00	0.00
Dividends paid 2016		0.00	0.00	0.00	0.00	0.00
Increase of capital 2016		688 411 080.00	0.00	0.00	0.00	675 028 620.00
Net income of the fiscal year 2016		0.00	0.00	0.00	0.00	-244 436 884.74
Balance as on 31 December 2016		54 649 560.00	0.00	0.00	0.00	-242 495 695.08
Change in accounting method 2017		0.00	0.00	0.00	0.00	0.00
Significant error corrections 2017		0.00	0.00	0.00	0.00	0.00
Revaluation of fixed assets 2017		0.00	0.00	0.00	0.00	0.00
Profits or losses not accounted for in the income statement 2017		0.00	0.00	0.00	0.00	0.00
Dividends paid 2017		0.00	0.00	0.00	0.00	0.00
Increase of capital 2017		0.00	0.00	0.00	0.00	0.00
Net income of the fiscal year 2016		0.00	0.00	0.00	0.00	-41 463 744.57
Balance as on 31 December 2017		54 649 560.00	0.00	0.00	0.00	-283 959 439.65