

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements
Together with limited review's report
For the nine months ended September 30, 2018**

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Limited Review Report
For the Condensed Consolidated Interim Financial Statements

To: The Board of Directors of Arabian Cement Company
An Egyptian Joint Stock Company

Introduction

We have conducted our limited review for the accompanying condensed consolidated interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of September 30, 2018 and the related condensed consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the Nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matter that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, November 14, 2018


Kamel Magdy Saleh FCA , FESAA
RAA 8510
EFSA 69

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at September 30, 2018

EGP	Notes	September 30, 2018	December 31, 2017 Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 517 829 214	2 392 980 379
Assets under construction	11	96 738 391	249 232 824
Intangible assets	12	358 248 810	396 151 869
Other assets	13	56 764	83 653
Investments in a joint venture	14	2 319 676	2 023 874
TOTAL NON-CURRENT ASSETS		2 975 192 855	3 040 472 599
CURRENT ASSETS			
Inventories	15	220 746 286	236 488 583
Trade receivables	16	18 568 072	15 512 298
Debtors and other debit balances	17	86 093 535	85 007 648
Due from related parties	28	500	--
Cash and bank balances	18	250 483 186	133 557 621
TOTAL CURRENT ASSETS		575 891 579	470 566 150
TOTAL ASSETS		3 551 084 434	3 511 038 749

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at September 30, 2018

EGP	Notes	September 30, 2018	December 31, 2017 Restated
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	231 456 593	209 713 200
Retained earnings		512 386 910	325 021 738
Equity attributable to owners of the Parent Company		1 501 322 903	1 292 214 338
Non-controlling interests	21	2 718 836	22 017
TOTAL EQUITY		1 504 041 739	1 292 236 355
NON-CURRENT LIABILITIES			
Borrowings	22	527 604 648	601 101 209
Notes payable	24	--	7 000 000
Deferred tax liabilities	8.3	345 397 263	337 657 419
Other liabilities	26	42 862 000	92 968 685
TOTAL NON-CURRENT LIABILITIES		915 863 911	1 038 727 313
CURRENT LIABILITIES			
Trade payables	23	474 986 421	448 229 498
Current portion of long-term notes payable	24	6 900 000	7 000 000
Credit facilities	22	112 733 435	300 419 651
Current income tax payable	8.2	35 197 138	110 901
Current portion of long-term borrowings	22	166 665 000	167 535 000
Current portion of long-term other liabilities	26	102 934 583	114 462 000
Creditors and other credit balances	27	209 604 133	119 240 630
Due to related parties	28	3 988 409	7 384 177
Provisions	25	18 169 665	15 693 224
TOTAL CURRENT LIABILITIES		1 131 178 784	1 180 075 081
TOTAL LIABILITIES		2 047 042 695	2 218 802 394
TOTAL EQUITY AND LIABILITIES		3 551 084 434	3 511 038 749

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of profit or loss for the Nine month ended
September 30, 2018

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Sales revenue	3	807 720 519	674 506 928	2 449 177 603	1 902 169 132
Cost of sales	4	(748 985 565)	(571 559 424)	(2 034 220 463)	(1 639 278 384)
GROSS PROFIT		58 734 954	102 947 504	414 957 139	262 890 748
General and administrative expenses	5	(27 307 632)	(24 653 682)	(80 732 797)	(74 218 510)
Provisions	25	(4 078 011)	(1 250 000)	(4 778 011)	(7 940 757)
Impairment no longer needed		--	--	75 000	--
Interest income		817 908	3 590 559	2 270 379	4 039 335
Other income		802 906	655 524	2 649 361	1 861 416
Finance costs	6	(26 757 367)	(27 397 079)	(72 235 339)	(79 367 707)
Capital gain		--	172 115	--	172 115
Share of profit of a joint venture	14	114 095	87 841	295 802	626 478
Foreign exchange gain / (losses) differences		(951 893)	17 651 257	(4 724 015)	33 426 368
PROFIT FOR THE PERIOD BEFORE TAX		1 374 960	71 804 039	257 777 519	141 489 486
Income tax	8.1	693 196	24 141 774	(42 940 623)	26 173 548
PROFIT FOR THE PERIOD AFTER TAX		2 068 156	95 945 813	214 861 896	167 663 034
Profit attributable to:					
Owners of the Parent Company		2 214 990	95 937 650	215 561 329	167 654 054
Non-controlling interests	21	(146 834)	8 163	(699 433)	8 980
		2 068 156	95 945 813	214 861 896	167 663 034
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.55	0.25	0.57	0.43

– The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of comprehensive income for the nine
month ended September 30, 2018

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
PROFIT FOR THE PERIOD, NET OF INCOME TAX		2 068 156	95 945 813	214 861 896	167 663 034
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2 068 156	95 945 813	214 861 896	167 663 034
Total comprehensive income attributable to:					
Owners of the Parent Company		2 214 990	95 937 650	215 561 329	167 654 054
Non-controlling interests	21	(146 834)	8 163	(699 433)	8 890

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer



**Arabian Cement Company S.A.E.
Condensed consolidated statement of changes in equity for the nine month ended September 30, 2018**

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2017	757 479 400	185 127 989	339 205 125	1 281 812 514	19 114	1 281 831 628
Transferred to legal reserve	--	24 585 211	(24 585 211)	--	--	--
Dividends distributed	--	--	(205 205 931)	(205 205 931)	--	(205 205 931)
Total comprehensive income for the period after income tax	--	--	167 654 054	167 654 054	8 980	167 663 034
Balance at September 30, 2017	757 479 400	209 713 200	277 068 037	1 244 260 637	28 094	1 244 288 731
Balance at January 1, 2018	757 479 400	209 713 200	325 021 738	1 292 214 338	22 017	1 292 236 355
Transferred to legal reserve	--	21 743 393	(21 743 393)	--	--	--
Dividends distributed	--	--	(6 427 764)	(6 427 764)	--	(6 427 764)
Non-controlling interest resulting from acquisition Egypt Green	--	--	--	--	3 396 252	3 396 252
Total comprehensive income for the period after income tax	--	--	215 536 329	215 536 329	(699 433)	214 836 896
Balance at September 30, 2018	757 479 400	231 456 593	512 386 910	1 501 322 903	2 718 836	1 504 041 739

-- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the nine month
Ended September 30, 2018

EGP	Notes	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Profit for the period before tax		257 777 519	141 489 486
Adjusted by:			
Finance costs recognized in profit or loss	6	72 235 339	79 367 707
Interest income		(2 270 379)	(4 039 335)
Share of profit of a joint venture	14	(295 802)	(626 478)
Depreciation of property, plant and equipment	10	147 113 501	160 176 423
Amortization of intangible assets	12	37 903 059	16 843 728
Other Assets Amortization		26 889	--
Decrease in receivables No longer required		(75 000)	--
Capital gain		--	(172 115)
Foreign exchange (gain) / losses differences		4 724 015	(18 786 913)
Provisions formed	25	4 778 011	7 940 757
Decrease /(Increase) in inventories		16 038 492	(26 924 900)
(Increase) /Decrease in debtors and other debit balances		(3 973 387)	3 420 088
(Increase) / Decrease in trade receivables		(2 776 736)	9 508 618
(increase) / Decrease in due from related parties		(500)	1 910 247
Increase/ (Decrease) in creditors and other credit balances		86 397 682	(51 054 991)
Increase in trade payables		19 656 923	22 025 053
(Decrease) in due to related parties		(3 354 102)	(1 840 799)
Provisions used	25	(2 301 570)	(5 300 691)
Cash generated by operations		631 562 288	333 935 885
Interest paid		(68 959 025)	(94 643 221)
Income taxes paid		(110 901)	(91 685 527)
Net cash generated by operating activities		562 492 362	147 607 137

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the Nine month
Ended September 30, 2018

EGP	Notes	September 30, 2018	September 30, 2017
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Payments for property, plant and equipment	10	(21 790 795)	(12 549 510)
Payments for assets under construction *	11	(86 504 300)	(165 469 350)
Net cash flow from acquisition of subsidiaries	29.5	(4 703 423)	460 000
Interest income		2 270 379	4 039 335
Cash (used in) investing activities		(110 728 139)	(173 519 525)
CASH FLOWS FROM FINANCING			
ACTIVITIES			
Repayment of borrowings		(79 090 576)	(35 584 739)
(Payments) / Proceeds from credit facilities		(187 686 216)	130 501 859
Payment of dividends		(6 427 764)	(4 473 890)
Repayment of other liabilities		(61 634 102)	(92 296 985)
Cash (used in) generated by financing activities		(334 838 658)	1 853 755
(Decrease) in cash and cash equivalents		116 925 565	(27 766 143)
Cash and cash equivalents at the beginning of the period		133 557 621	136 820 111
Cash and cash equivalents at the end of the period		250 483 186	109 053 968

Non- cash transaction from investment activities

* Non-cash transactions represented in the net changes in the projects under constructions and fixed assets by of EGP 249 293 172 have been eliminated.

- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer



Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the Nine months ended September 30, 2018

1. The Company's general information

Arabian Cement Company S.A.E. (The Company or the Parent Company), a joint stock Company incorporated in Cairo, Egypt, is a public company whose shares are traded at the EGX Egyptian Exchange. The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt to be Villa 56 El Gihaz Street, Fifth Settlement, New Cairo, Egypt.

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law. The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The Company's term is 25 years starting from the date of its registration at the Commercial Register. The principal activities of the Company and its subsidiaries (the Group) are as follows:

- Arabian Cement Company: a cement producer with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.
- Andalus Concrete Company: a producer of concrete products and other constructions materials. The company owns 99.99% of the issued and paid up capital of Andalus Concrete Company.
- ACC Management and Trading Company: providing managerial restructuring services for companies, transportation of goods, projects management, general trading and preparation of feasibility studies. The Company owns 99% of the issued and paid up capital of ACC Management and Trading Company.
- Evolve for Investment and Project Management Principal Activities is Alternative Fuel - Construct and operate factories for recycling. The Company owns 99.99% of the issued and paid up capital of Evolve for Investment and Project Management.
- Egypt Green for environmental services, clean energy production and development: establishment and operate factory for recycle for the wastes of production and services activity. The Company owns 70% of the issued and paid up capital of Egypt Green.
- The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on November 14, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed consolidated interim financial statements do not include all the information required in the preparation of the full set annual consolidated financial statements and must be read in conjunction with the annual consolidated financial statements as of December 31, 2017.

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the Nine months ended September 30, 2018

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

2.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of a group entity to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Arabian Cement Company S.A.E.

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For the Nine months ended September 30, 2018

3. Sales revenue

An analysis of the Group's revenue for the period is as follows:

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
Local sales	691 088 559	581 752 325	2 154 992 718	1 658 103 915
Export sales	83 253 735	63 971 965	209 927 250	169 534 698
Services	33 378 225	28 782 638	84 257 635	74 530 519
TOTAL	807 720 519	674 506 928	2 449 177 603	1 902 169 132

4. Cost of sales

An analysis of the Group's cost of sales for the period is as follows:

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2017	2018
Raw materials	619 702 800	461 280 117	1 669 953 805	1 312 839 176
Manufacturing depreciation	51 097 549	54 113 483	146 693 259	160 175 623
Electricity supply agreement amortization	12 773 191	5 676 274	37 903 058	16 843 726
Transportation cost	24 344 831	20 096 638	62 364 717	51 070 113
Overhead cost	41 067 194	30 392 912	117 305 624	98 349 746
TOTAL	748 985 565	571 559 424	2 034 220 463	1 639 278 384

5. General and administrative expenses

An analysis of the Group's General and administration expenses for the period is as follows:

EGP	Three months ended		Nine months ended	
	September30,	September30,	September30,	September30,
	2018	2017	2018	2017
Professional fees	2 576 638	(2 555 293)	8 751 904	4 842 677
Salaries and wages	14 822 615	18 158 150	44 530 446	44 328 648
Security and cleaning services	456 956	423 635	906 521	706 437
Rentals	2 931 596	2 685 211	8 288 456	7 926 295
Transportation	1 871 397	3 023 771	5 725 687	4 395 441
Advertising	166 145	(255 240)	1 143 465	726 792
Other expenses	4 482 285	3 173 448	11 386 318	11 292 220
TOTAL	27 307 632	24 653 682	80 732 797	74 218 510

Arabian Cement Company S.A.E.

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6. Finance costs

An analysis of the Group's finance costs for the period is as follows:

EGP	Three months ended		Nine months ended	
	September	September	September	September 30,
	30, 2018	30, 2017	30, 2017	2017
Loan interest expense	20 969 974	11 684 285	48 105 268	37 612 705
Operation licence interest expense	--	1 259 457	212 398	5 809 349
Electricity agreement interest expense	3 070 500	3 070 500	9 211 500	9 211 500
Bank overdraft interest expense	2 716 893	11 382 837	14 706 173	26 734 153
TOTAL	26 757 367	27 397 079	72 235 339	79 367 707

7. Compensation of key management personnel

An analysis of the Group's compensation of key management personnel for the period is as follows:

EGP	Three months ended		Nine months ended	
	September 30,	September	September 30,	September
	2018	30, 2017	2018	30, 2017
Board of directors allowance	7 613 265	7 619 053	22 712 309	23 802 226
Board of directors salaries	4 505 760	4 509 120	13 441 680	13 093 920
TOTAL	12 119 025	12 128 173	36 153 989	36 896 146

8. Income taxes**8.1 Income tax expense recognised in profit or loss**

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
CURRENT TAX				
Current tax expense for the current period	(2 903 452)	(19 191 317)	35 197 138	16 904
Adjustments recognized in the current period related to current tax of prior year	--	(4 407 123)	--	(24 908 919)
DEFERRED TAX				
Net deferred tax recognized in the current period	2 210 256	(543 334)	7 743 485	(1 281 533)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(693 196)	(24 141 774)	42 940 623	(26 173 548)

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8.2 Current tax liabilities

EGP	September 30, 2018	December 31, 2017
Current tax liabilities	35 197 138	110 901
CURRENT TAX LIABILITIES	35 197 138	110 901

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

September 30, 2018	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	337 653 778	(7 743 485)	345 397 263
NET DEFERRED TAX LIABILITY	337 653 778	(7 743 485)	345 397 263
December 31, 2017	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	340 285 124	(2 627 705)	337 657 419
NET DEFERRED TAX LIABILITY	340 285 124	(2 627 705)	337 657 419

9. Earnings per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

EGP	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
EARNINGS (for basic and diluted earnings per share)				
profit for the period attributable to owners of the parent	2 214 990	95 937 650	215 536 329	167 654 054
Employees share in distributable profits	(146 834)	(1 636 503)	(699 433)	(4 775 029)
Distributable profit for the period	2 086 156	94 301 147	214 836 896	162 879 052
NUMBER OF SHARES (for basic and diluted earnings per share)				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
EARNINGS PER SHARE	0.55	0.25	0.57	0.43

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 2017	50 243 436	559 840 220	2 532 216 785	25 603 262	9 933 512	278 033 895	14 266 035	3 470 137 145
Additions	--	5 069 461	2 483 800	1 113 627	185 148	918 871	2 778 603	12 549 510
Disposals	--	--	--	(343 363)	--	--	--	(343 363)
Balance at Sep 30, 2017	50 243 436	564 909 681	2 534 700 585	26 373 526	10 118 660	278 952 766	17 044 638	3 482 343 292
Balance at January 1, 2018 -- restated	50 243 436	565 337 906	2 559 952 851	27 259 969	12 636 623	283 986 345	19 567 887	3 518 985 017
Additions	--	754 408	16 053 202	2 745 582	431 974	1 061 896	743 733	21 790 795
Assets generated from the acquisition of Egypt Green	--	--	1 805 200	--	--	--	--	1 805 200
Transfer from PUC	--	4 260 164	243 598 242	--	99	1 434 667	--	249 293 172
Balance at Sep 30, 2018	50 243 436	570 352 478	2 821 409 495	30 005 551	13 068 696	286 482 908	20 311 620	3 791 874 184
ACCUMULATED DEPRECIATION								
Balance at January 1, 2017	--	147 868 331	693 953 300	10 818 723	2 785 408	73 290 467	11 046 435	939 762 664
Depreciation expense	--	21 684 985	122 303 969	2 450 853	800 171	1 122 251	1 715 194	160 176 423
Accumulated depreciation disposal	--	--	--	(55 478)	--	--	--	(55 478)
Balance at Sep 30, 2017	--	169 553 316	816 257 269	13 269 576	3 585 579	84 511 718	12 761 629	1 099 883 609
Balance at January 1, 2018	--	176 887 377	829 394 523	14 191 965	3 907 688	88 230 225	13 392 860	1 126 004 638
Assets generated from the acquisition of Egypt Green	--	--	926 831	--	--	--	--	926 831
Depreciation expense	--	21 784 487	107 474 627	2 641 631	1 080 419	1 178 976	2 353 361	147 113 501
Balance at Sep 30, 2018	--	198 671 864	937 795 981	16 833 596	4 988 107	100 009 201	15 746 221	1 274 044 970
CARRYING AMOUNT								
At Sep 30, 2018	50 243 436	371 680 614	1 883 613 514	13 171 955	8 080 589	186 473 707	4 565 399	2 517 829 214
At September 30, 2017	50 243 436	395 356 365	1 718 443 316	13 103 950	6 533 081	194 441 048	4 283 009	2 382 459 683
At December 31, 2017	50 243 436	388 450 529	1 730 558 328	13 068 004	8 728 935	195 756 120	6 175 027	2 392 980 379

There is a first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the company's factory.

According to the loans contracts granted by the National Bank of Egypt, the company insured for the benefit of the bank an insurance policy against all potential risks on the company's factory and the production lines by 110% of the full amount of the loans, and the bank is the first and only beneficiary of this policy.

The company has insured (for its benefit) on cars and Silos.

11. Assets under construction

EGP	September 30,2018	December 31, 2017
Balance as of January 1	249 232 824	17 670 237
Additions	86 375 591	239 326 574
Project under construction resulted from acquisition of Egypt Green (29.3)	10 294 439	--
Transfer to fixed assets	(249 293 172)	(10 541 194)
Transfer to debtors and other debit balances	128 709	2 777 207
Total	96 738 391	249 232 824
Projects under construction are represented in the following categories:		
Buildings Other installations	51 249 574	45 531 948
Other installations	8 822 011	--
Machinery and equipment	36 538 097	200 923 669
Advance to suppliers	128 709	2 777 207
TOTAL	96 738 391	249 232 824

12. Intangible assets

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1 , 2018	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of September 30,2018	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2018	(231 155 103)	(161 097 741)	(392 252 844)
Amortization for the period	(21 059 331)	(16 843 728)	(37 903 059)
Total accumulated amortization as of September 30, 2018	(252 214 434)	(177 941 469)	(430 155 903)
Net book value September 30,2018	310 990 279	47 258 531	358 248 810
Net book value December 31,2017	332 049 610	64 102 259	396 151 869

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 2 814 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

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Electricity contract

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.

In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

13. Other assets

EGP	September 30, 2018	December 31, 2017
Cost	143 404	143 404
Accumulated depreciation		
Balance at the beginning of the period	--	--
Period depreciation	(86 640)	(59 751)
Accumulated depreciation at the end of period	(86 640)	(59 751)
Total	56 764	83 653

14. Investments in a joint venture

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held by the Group	September 30, 2018	December 31, 2017
Andalus Reliance for mining Company	Egypt	50%	2 319 676	2 023 874
TOTAL			2 319 676	2 023 874

15. Inventories

EGP	September 30, 2018	December 31, 2017 Restated
Raw materials	65 836 823	158 737 320
Packing materials	23 447 872	25 541 593
Spare parts	11 492 673	8 993 539
Work in progress	3 048 895	2 413 295
Finished goods	116 672 411	40 554 917
Advanced to suppliers	247 612	247 919
TOTAL	220 746 286	236 488 583

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16. Trade receivables

EGP	September 30, 2018	December 31, 2017
Trade receivables	19 945 552	16 964 778
Less:- Impairment in trade receivables	(1 377 480)	(1 452 480)
TOTAL	18 568 072	15 512 298

17. Debtors and other debit balances

EGP	September 30,2018	December 31, 2017
Advance to suppliers	33 444 309	32 098 048
Withholding tax	7 470 780	6 318 727
Deposit with others	26 917 664	26 831 204
Employees dividends in advance	5 296 702	6 427 766
Letter of credit	6 877 000	6 877 000
Letters of guarantee – cash margin	1 054 049	34 049
Cash imprest	3 125 215	2 624 055
Other debit balances	7 080 661	6 479 710
Down payment to purchase investments	--	2 887 500
Less : Impairment in other debit balance	(5 172 896)	(5 570 411)
TOTAL	86 093 535	85 007 648

18. Cash and bank balances

EGP	September 30, 2018	December 31, 2017
Cash on hand	1 196 448	1 890 126
Current account – local currency	89 119 221	35 218 554
Current account – foreign currency	92 991 517	56 072 862
Bank deposits	67 176 000	40 376 079
Total	250 483 186	133 557 621
Cash and cash equivalents include restricted cash as follows :		
Restricted cash at banks (due loans instalments in U.D. Dollar)	47 604 089	47 370 988

19. Capital

EGP	September 30, 2018	December 31, 2017
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	757 479 400	757 479 400

20. Legal reserve

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The entity shall cease such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders. The applied percentage of legal reserve is as follow:

Description	%
Arabian Cement Company	10%
Andalus Concrete Company	10%
ACC for Management and Trading Company	5%

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21. Non-controlling interests

EGP	September 30, 2018	December 31, 2017
Balance at beginning of period / year	22 017	19 114
Non-controlling interest acquired as a result of acquisition of Egypt Green.	3 396 252	--
Share of profit for the period / year	(699 433)	2 903
Balance at end of period / year	2 718 836	22 017

22. Borrowings

EGP	Current		Non-current	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Credit facilities	112 733 435	300 419 651	--	--
Bank loans	166 665 000	167 535 000	527 604 648	601 101 209
TOTAL	279 398 435	467 954 651	527 604 648	601 101 209

23. Trade payables

EGP	September 30, 2018	December 31, 2017
Local trade payables	196 131 881	172 735 757
Foreign trade payables	278 854 540	275 493 741
TOTAL	474 986 421	448 229 498

24. Notes payable

EGP	Current		Non-current	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Credit facilities	6 900 000	7 000 000	--	7 000 000
TOTAL	6 900 000	7 000 000	--	7 000 000

Represent the remaining due instalments for the company's new office at Gamal Abdel Nasser square, Fifth Settlement, fifth floor, New Cairo, Egypt which will be handed over on November 1, 2017 as per the contract and the last instalment will be paid on August 1, 2019.

25. Provisions

EGP	Provision for claims
Balance at January 1, 2018	15 693 224
Additional provisions recognized	4 778 011
Used during the period	(2 301 570)
Balance at September 30, 2018	18 169 665

Management annually reviews and adjusts these provisions based on the latest developments, discussions and agreements with the involved parties.

26. Other liabilities

EGP	Current		Non-current	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Operating license	84 472 583	96 000 000	25 938 500	62 198 685
Electricity contract	18 462 000	18 462 000	16 923 500	30 770 000
TOTAL	102 934 583	114 462 000	42 862 000	92 968 685

27. Creditors and other credit balances

EGP	September 30, 2018	December 31, 2017
Advances from customers	86 468 964	36 704 819
Accrued development fees	17 604 766	10 278 355
Accrued customers rebates	48 196 068	23 743 123
Accrued expenses	1 828 314	1 421 369
Retention	6 798 437	6 803 075
Accrued interest	10 999 713	7 723 399
Accrued taxes	36 595 131	32 557 490
Creditors for purchase of investments in subsidiaries	287 956	--
Other credit balances	824 784	--
TOTAL	209 604 133	119 240 630

28. Related party transactions

During the period, group entities entered into the following transactions with related parties:

EGP	Nature of relationship	Nature of transaction	Amount of transaction	
			September 30, 2018	September 30, 2017
Andalus Reliance for Mining Company	Joint Venture	Purchases	23 613 819	45 708 954

The following balances were outstanding at the end of the reporting period / year:

EGP	Due from related parties		Due to related parties	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Cementos la Union – Spain Company	--	--	1 447 146	1 957 324
Andalus Reliance for Mining Company	--	--	2 541 263	5 426 853
Aridos Jative	500	--	--	--
Total	500	--	3 988 402	7 384 177

29. Business combination

29.1 Subsidiaries acquired during period.

Subsidiary	Principle activity	Date of acquisition	Proportion of voting equity interests acquired	consideration transferred EGP
Egypt Green for environmental services, clean energy production and development	Establishment and operate factory for recycle the wastes of production and services activity	January 1 , 2018	70%	7 924 588

29.2 Cost of acquisition of Egypt Green

Description	EGP
Consideration paid during year 2017	2 887 500
Consideration paid during Ended period September 30, 2018	4 749 132
A liability recognized in favour of the old shareholders pending implementation of the agreed terms.	287 956
TOTAL	7 924 588

29.3 Assets acquired and liability recognized at the date of acquisition

Description	EGP
Current assets	
Cash and cash equivalent	45 709
Trade and other receivables	204 038
Inventory	296 195
Non-current assets	
Fixed assets	878 369
Project under construction (i)	10 294 439
Current liability	
Other credit balance	(397 910)
	11 320 840

- (i) The company recognized the increasing in the fair value of the entity amounted to EGP 3 194 439 in the cost of project under construction and according to Egyptian accounting standards No 29 business combination paragraph 45 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period shall not exceed one year from the acquisition date.

29.4 Goodwill arising on acquisition

Description	EGP
Acquisition cost	7 924 588
Share of Non-controlling interest (30%)	3 396 252
Total	11 320 840
Less:-	
Fair value of identifiable net assets acquired (note 29-3)	11 320 840
Goodwill arising on acquisition	--

29.5 Net cash flow on acquisition of subsidiary

Description	EGP
Consideration paid during the period	4 749 132
Less:-	
Balances of cash and cash equivalent acquired (note 29-3)	45 709
Net cash inflow	4 703 423

30. Operating lease arrangements

30.1 The Group as lessee

30.1.1 Leasing arrangements

Operating leases relates to car lease with lease terms of between 2 to 4. The Group (as a lessee) does have an option to purchase these leased assets at the expiry of the lease periods.

30.1.2 Payments recognised as an expense in the period

EGP	September 30, 2018	September 30, 2017
Minimum lease payments	1 411 362	4 290 456
TOTAL	1 411 362	4 290 456

30.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	September 30, 2018	December 31, 2017
No longer than 1 year	4 162 446	4 100 023
Longer than 1 year and not longer than 5 years	3 540 424	3 931 228
TOTAL	7 702 870	8 813 420

31. Restate the comparison figures

The comparative figures have been restated as a result of the reclassification of some items from spare parts inventory to fixed assets as shown in the table below and there is no impact of this amendment on the statement of profits or losses.

EGP	2017 Before restating	Reclassification	2017 After restating
Effect on statement of financial position			
Fixed Assets (Net)	2 371 924 441	21 055 938	2 392 980 379
Spare parts inventory	30 049 477	(21 055 938)	8 993 539

32. Commitments for expenditure

The capital commitment as of September 30, 2018 amounted to EGP 9 624 835 in relation to fixed assets acquisition.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer

