

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements
Together with limited review's report
For the nine months ended September 30, 2017

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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, 2017 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 05, 2017

Kamel Magdy Saleh ECA, FESAA

RAA 8510

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Arabian Cement Company S.A.E.

Consolidated statement of financial position at September 30, 2017

EGP	Notes	September 30, 2017	December 31, 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 742 665 542	2 890 580 340
Assets under construction	11	201 139 587	17 670 237
Intangible assets	12	69 778 531	86 622 259
Investments in a joint venture	13	2 072 261	1 445 783
TOTAL NON-CURRENT ASSETS		3 015 655 921	2 996 318 619
CURRENT ASSETS			
Inventories	14	307 551 652	280 626 750
Trade receivables	15	10 656 724	20 165 342
Debtors and other debit balances	16	94 225 116	97 645 204
Due from related parties	27	--	1 910 248
Cash and bank balances	17	109 053 968	136 820 111
TOTAL CURRENT ASSETS		521 487 460	537 167 655
TOTAL ASSETS		3 537 143 381	3 533 486 274


Arabian Cement Company S.A.E.

Consolidated statement of financial position at September 30, 2017

EGP	Notes	September 30, 2017	December 31, 2016
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	209 713 200	185 127 989
Retained earnings		277 068 037	339 205 125
Equity attributable to owners of the Parent Company		1 244 260 637	1 281 812 514
Non-controlling interests	20	28 094	19 114
TOTAL EQUITY		1 244 288 731	1 281 831 628
NON-CURRENT LIABILITIES			
Borrowings	21	486 583 296	463 562 238
Notes payable	23	7 000 000	--
Deferred tax liabilities	8.3	339 003 591	340 285 124
Other liabilities	25	119 852 934	196 149 919
TOTAL NON-CURRENT LIABILITIES		952 439 821	999 997 281
CURRENT LIABILITIES			
Trade payables	22	375 662 954	353 637 901
Current portion of long-term notes payable	23	11 000 000	--
Credit facilities	21	196 618 608	66 116 749
Current income tax payable	8.2	--	116 577 541
Current portion of long-term borrowings	21	294 594 024	371 986 732
Current portion of long-term other liabilities	25	130 462 000	146 462 000
Creditors and other credit balances	26	112 949 169	179 279 676
Dividends payable		200 732 041	--
Due to related parties	27	6 572 827	8 413 626
Provisions	24	11 823 206	9 183 140
TOTAL CURRENT LIABILITIES		1 340 414 829	1 251 657 365
TOTAL LIABILITIES		2 292 854 650	2 251 654 646
TOTAL EQUITY AND LIABILITIES		3 537 143 381	3 533 486 274

– 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.

Consolidated statement of profit or loss for the nine months ended September 30, 2017

EGP	Notes	Three months ended		Nine months ended	
		Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Sales revenue	3	674 506 928	531 480 712	1 902 169 132	1 657 868 153
Cost of sales	4	(571 559 424)	(404 475 722)	(1 639 278 384)	(1 172 869 537)
GROSS PROFIT		102 947 504	127 004 990	262 890 748	484 998 616
General and administration expenses	5	(24 653 682)	(22 727 322)	(74 218 510)	(56 675 151)
Provisions	24	(1 250 000)	(15 045 186)	(7 940 575)	(15 745 186)
Impairment in other debt		--	---	--	(334 615)
Impairment no longer needed		--	---	--	101 856
Interest income		3 590 559	200 225	4 039 335	6 833 753
Other income		6 55 524	6 614	1 861 416	144 183
Finance costs	6	(27 397 079)	(24 680 845)	(79 367 707)	(64 952 699)
Capital gain		172 115	2 076 439	172 115	2 076 439
Foreign exchange gain / (losses) differences		17 651 257	(41 772 776)	33 426 368	(145 501 624)
Share of profit of a joint venture	13	87 841	106 197	626 478	427 891
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX		71 804 039	25 168 336	141 489 486	211 373 463
Income tax	8.1	24 141 774	(10 621 162)	26 173 548	(53 752 366)
PROFIT FOR THE PERIOD AFTER TAX		95 945 813	14 547 174	167 663 034	157 621 097
Profit attributable to:					
Owners of the Parent Company		95 937 650	14 545 054	167 654 054	157 614 923
Non-controlling interests	20	8 163	2 120	8 980	6 174
		95 945 813	14 547 174	167 663 034	157 621 097
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.25	0.04	0.43	0.41

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

Sergio Alcantarilla Rodrigues
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.

Consolidated statement of comprehensive income for the nine months ended September 30, 2017

EGP	Notes	Three months ended		Nine months ended	
		Sept.30, 2017	Sept.30, 2016	Sept.30, 2017	Sept.30, 2016
PROFIT FOR THE PERIOD, NET OF INCOME TAX		95 945 813	14 547 174	167 663 034	157 621 097
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		--	--	--	--
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		95 945 813	14 547 174	167 663 034	157 621 097
Total comprehensive income attributable to:					
Owners of the Parent Company		95 937 650	14 545 054	167 654 054	157 614 923
Non-controlling interests	20	8 163	2 120	8 980	6 174

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

Sergio Alcantarilla Rodrigues
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.

Consolidated statement of changes in equity for the nine months ended September 30, 2017

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2016	757 479 400	156 109 072	458 392 531	1 371 981 003	13 702	1 371 994 705
Total comprehensive income for the period after income tax	--	--	157 614 923	157 614 923	6 174	157 621 097
Transferred to legal reserve	--	28 982 519	(28 982 519)	--	--	--
Dividends distributed	--	--	(204 902 659)	(204 902 659)	--	(204 902 659)
Reclassification from retained earnings to legal reserve	--	22 124	(22 124)	--	--	--
Balance at September 30, 2016	757 479 400	185 113 715	382 100 152	1 324 693 267	19 876	1 324 713 143
Balance at January 1, 2017	757 479 400	185 127 989	339 205 125	1 281 812 514	19 114	1 281 831 628
Total comprehensive income for the period after income tax	--	--	167 654 054	167 654 054	8 980	167 663 034
Transferred to legal reserve	--	24 585 211	(24 585 211)	--	--	--
Dividends distributed	--	--	(205 205 931)	(205 205 931)	--	(205 205 931)
Balance at September 30, 2017	757 479 400	209 713 200	277 068 037	1 244 260 637	28 094	1 244 288 731

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

Sergio Alcantarilla Rodrigues
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.

Consolidated statement of cash flows for the nine month ended September 30, 2017

EGP	Notes	September 30, 2017	September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		167 663 034	157 621 097
Adjusted by:			
Income tax recognized in profit or loss	8.1	(26 173 548)	53 752 366
Finance costs recognized in profit or loss	6	79 367 707	64 952 699
Interest income		(4 039 335)	(6 833 753)
Share of profit of a joint venture	13	(626 478)	(427 891)
Depreciation of property, plant and equipment	10	160 176 423	140 792 990
Amortization of intangible assets	12	16 843 728	16 859 236
Capital gain		(172 115)	(2 076 439)
Foreign exchange (gain) / losses differences		(18 786 913)	69 225 348
(Increase) in inventories		(26 924 900)	3 669 039
(Increase) in debtors and other debit balances		3 420 088	(31 099 347)
Decrease in trade receivables		9 508 618	--
Decrease / (increase) in due from related parties		1 910 247	(1 264 570)
(Decrease) in creditors and other credit balances		(51 054 991)	(71 686 561)
Increase / (decrease) in trade payables		22 025 053	(40 764 539)
(Decrease) in due to related parties		(1 840 799)	(1 906 732)
Impairment in other debt		--	334 615
Impairment not used		--	(101 856)
Provisions formed	24	7 940 757	15 745 186
Provisions used	24	(5 300 691)	(1 000 000)
Cash generated by operations		333 935 885	365 790 888
Interest paid		(94 643 221)	(66 747 608)
Income taxes paid		(91 685 527)	(67 435 433)
Net cash generated by operating activities		147 607 137	231 607 847

Arabian Cement Company S.A.E.

Consolidated statement of cash flows for the nine month ended September 30, 2017

EGP	Notes	September 30, 2017	September 30, 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(12 549 510)	(12 426 256)
Payments for assets under construction *	11	(165 469 350)	(17 235 255)
Proceeds from selling property, plant and equipment		460 000	5 731 761
Interest income		4 039 335	6 833 753
Cash (used in) investing activities		(173 519 525)	(17 095 997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(35 584 739)	(114 792 235)
Proceeds from credit facilities		130 501 859	(215 178)
Payment of dividends		(4 473 890)	(175 154 718)
Repayment of other liabilities		(92 296 985)	(52 078 500)
Cash generated by (used in) financing activities		(1 853 755)	(342 240 631)
(Decrease) in cash and cash equivalents		(27 766 143)	(127 728 781)
Cash and cash equivalents at the beginning of the period		136 820 111	378 286 894
Cash and cash equivalents at the end of the period	17	109 053 968	250 558 113

Non- cash transaction from investment activities

* Non-cash transactions represented in the net changes in the projects under constructions and the notes payables of EGP 18 000 000 have been eliminated.

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

Sergio Alcantarilla Rodrigues
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



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.
- The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on November 05, 2017.

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, 2016.

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.

3. Sales revenue

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

EGP	Three months ended		Nine months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Local sales	581 752 325	512 061 119	1 658 103 915	1 602 758 566
Export sales	63 971 965	--	169 534 698	--
Services	28 782 638	19 419 593	74 530 519	55 109 587
TOTAL	674 506 928	531 480 712	1 902 169 132	1 657 868 153

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	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Raw materials	461 280 117	313 910 331	1 312 839 176	906 155 401
Manufacturing depreciation	54 113 483	45 192 917	160 175 623	133 415 676
Electricity supply agreement amortization	5 676 274	5 660 765	16 843 726	16 859 235
Overhead cost	30 392 912	35 346 520	98 349 746	85 282 859
Transportation cost	20 096 638	4 365 189	51 070 113	31 156 366
TOTAL	571 559 424	404 475 722	1 639 278 387	1 172 869 537

- The increase in the cost of sales in the current period compared to comparative period is due to the increased purchase price of local and imported raw materials which led to decrease in the gross profit compared to comparative period.

5. General and administration expenses

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

EGP	Three months ended		Nine months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Professional fees	(2 555 293)	2 202 179	4 842 677	3 988 332
Salaries and wages	18 158 150	14 480 886	44 328 648	34 573 354
Security and cleaning services	423 635	1 624 311	706 437	3 334 935
Rentals	2 685 211	1 182 914	7 926 295	3 576 720
Transportation	3 023 771	814 215	4 395 441	1 966 998
Advertising	(255 240)	596 619	726 792	1 346 686
Other expenses	3 173 448	1 826 198	11 292 220	7 888 126
TOTAL	24 653 682	22 727 322	74 218 510	56 675 151

6. Finance costs

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

EGP	Three months ended		Nine months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Loan interest expense	11 684 285	10 157 316	37 612 705	20 840 966
Operation licence interest expense	1 259 457	11 256 000	5 809 349	33 768 000
Electricity agreement interest expense	3 070 500	3 070 500	9 211 500	9 211 500
Bank overdraft interest expense	11 382 837	38 262	26 734 153	157 511
Long-term notes payable interest expense	--	158 767	--	974 722
TOTAL	27 397 079	24 680 845	79 367 707	64 952 699

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	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Board of directors allowance	7 619 053	4 875 825	23 802 226	13 685 919
Board of directors salaries	4 509 120	2 237 760	13 093 920	6 401 708
TOTAL	12 128 173	7 113 585	36 896 146	20 087 627

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	Three months ended		Nine months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
CURRENT TAX				
Current tax expense for the current period	(19 191 317)	8 935 093	16 904	50 601 406
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	(543 334)	1 686 069	(1 281 533)	3 150 960
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(24 141 774)	10 621 162	(26 173 548)	53 752 366

8.2 Current tax liabilities

EGP	Sept. 30, 2017	December 31, 2016
Current tax liabilities	16 904	115 020 127
Adjustments recognized in the current period / year in relation to the current tax of prior year	(24 908 919)	1 557 414
Current tax liability for the year ended in 31 Dec 2016	116 577 541	--
Adjustments made to current income tax for the year ended 31 Dec 2016	(91 685 526)	--
CURRENT TAX LIABILITIES	--	116 577 541

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

30 Sept. 2017 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	340 285 124	(1 281 533)	339 003 591
NET DEFERRED TAX LIABILITY	340 285 124	(1 281 533)	339 003 591
31 December 2016 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	330 621 736	9 663 388	340 285 124
NET DEFERRED TAX LIABILITY	330 621 736	9 663 388	340 285 124

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		Six months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
EARNINGS (for basic and diluted earnings per share)				
profit for the period attributable to owners of the parent	95 937 650	14 545 054	167 654 054	157 614 923
Employees share in distributable profits	(1 636 503)	(1 128 186)	(4 775 029)	(3 187 474)
Distributable profit for the period	94 301 147	13 416 868	162 879 025	154 427 449
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	0.25	0.04	0.43	0.41

Arabian Cement Company S.A.E.
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10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Complementary software	Total
COST								
Balance at January 1, 2016	50 243 436	531 314 250	2 616 043 243	24 314 390	7 847 114	272 085 443	11 137 860	3 509 985 706
Additions	--	1 765 797	27 280 632	4 454 701	2 347 858	1 354 235	1 398 721	38 601 944
Disposals	--	(3 541 047)	--	(2 282 105)	(488 085)	--	--	(6 311 237)
Transfer from PUC	--	14 421 357	2 059 539	--	117 635	2 324 389	1 208 549	20 131 469
Balance at September 30, 2016	50 243 436	543 960 357	2 645 383 414	23 486 986	9 824 522	275 764 037	23 745 130	3 562 407 882
Balance at January 1, 2017	50 243 436	559 840 220	3 095 421 498	25 603 262	9 933 512	278 033 895	14 266 035	4 033 341 858
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 September 30, 2017	50 243 436	564 909 681	3 097 905 298	26 373 526	10 118 660	278 952 766	17 044 638	4 045 548 005
ACCUMULATED DEPRECIATION								
Balance at January 1, 2016	--	121 114 312	761 953 346	9 764 611	2 081 935	59 140 348	9 778 188	963 832 740
Depreciation expense	--	21 087 544	98 542 769	1 629 619	631 847	10 486 728	810 312	133 191 819
Accumulated depreciation disposals	--	(1 077 865)	--	(1 137 126)	(199 924)	--	--	(2 655 915)
Impairment losses on fixed assets	--	7 601 171	--	--	--	--	--	7 601 171
Balance at September 30, 2016	--	148 725 162	860 496 115	10 016 104	2 516 858	69 627 076	10 588 500	1 101 969 815
Balance at January 1, 2017	--	147 868 331	896 952 154	10 818 723	2 785 408	73 290 467	11 046 435	1 142 761 518
Depreciation expense	--	21 684 985	122 303 969	2 450 853	800 171	11 221 251	1 715 194	160 176 423
Disposals	--	--	--	(55 478)	--	--	--	(55 478)
Balance at September 30, 2017	--	169 553 316	1 019 256 123	13 214 098	3 585 579	84 511 718	12 761 629	1 302 882 463
CARRYING AMOUNT								
At September 30, 2017	50 243 436	395 356 365	2 078 649 175	13 159 428	6 533 081	194 441 048	4 283 009	2 742 665 542
At September 30, 2016	50 243 436	395 235 195	1 784 887 299	13 470 882	7 307 664	206 136 961	3 156 630	2 460 438 067
At December 31, 2016	50 243 436	411 971 889	2 198 469 344	14 784 539	7 148 106	204 743 428	3 219 600	2 890 580 340

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	Sept. 30, 2017	December 31, 2016
Balance at the beginning of the period / year	17 670 237	124 756 807
Additions	64 971 535	22 111 253
Advance to suppliers	118 497 815	5 441 250
Transfer to fixed assets	--	(118 463 015)
Transfer to debtors and other debit balances	--	(15 988 871)
Others	--	(187 187)
Total	201 139 587	17 670 237

Projects under construction are represented in the following categories:

Buildings	44 987 005	2 040 710
Machinery and equipment	28 947 392	6 980 949
Other installations	1 947 113	1 888 316
Advance to suppliers *	125 258 077	6 760 262
TOTAL	201 139 587	17 670 237

* The increase in the current period compared to comparative period is due to down payments of contracts for constructing a new coal mill.

12. Intangible assets

EGP	Sept. 30, 2017	December 31, 2016
Cost	225 200 000	225 200 000
Accumulated amortization		
Balance at the beginning of the period / year	(138 577 741)	(116 057 741)
Amortization for the period / year	(16 843 728)	(22 520 000)
Total accumulated amortization of the period / year	(155 421 469)	(138 577 741)
TOTAL	69 778 531	86 622 259

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. 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	Sept. 30, 2017	December 31, 2016
Andalus Reliance for mining Company	Egypt	50%	2 072 261	1 445 783
TOTAL			2 072 261	1 445 783

Arabian Cement Company S.A.E.
Condensed consolidated interim financial statements
Together with limited review Report
For the nine months ended September 30, 2017

Reconciliation of the above summarised financial information to the carrying amount of the interest in ASA recognised in the consolidated financial statements:

	Sept. 30, 2017	December 31, 2016
Net assets of the joint venture over Group level	4 144 522	2 891 565
Proportion of the Group's ownership interest in joint venture	50%	50%
Carrying amount of the Group's interest in joint venture	2 072 261	1 445 783

14. Inventories

EGP	Sept. 30, 2017	December 31, 2016
Raw materials	181 570 103	153 608 914
Packing materials	24 070 201	16 286 445
Spare parts	14 126 512	8 203 464
Work in progress	2 632 183	1 630 552
Finished goods	70 118 368	58 649 456
Advanced to suppliers	15 034 285	42 247 919
TOTAL	307 551 652	280 626 750

15. Trade receivables

EGP	Sept. 30, 2017	December 31, 2016
Trade receivables	11 345 905	20 854 523
Less:- Impairment in trade receivables	(689 181)	(689 181)
TOTAL	10 656 724	20 165 342

Movement in the allowance for doubtful debt:

EGP	Sept. 30, 2017	December 31, 2016
Balance at beginning of period / year	689 181	543 141
Impairment losses recognised on receivables	--	497 896
Impairment losses reversed (allowance no longer required)	--	(351 856)
Balance at end of period / year	689 181	689 181

16. Debtors and other debit balances

EGP	Sept. 30, 2017	December 31, 2016
Advance to suppliers	23 353 088	55 069 866
Withholding tax	5 564 377	5 099 949
Deposit with others	27 881 204	26 831 204
Employees dividends in advance	4 775 029	4 473 890
Letter of credit	6 877 000	1 605 353
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	2 897 037	2 936 807
Other debit balances	28 413 743	7 164 497
Less : Impairment in other debit balance	(5 570 411)	(5 570 411)
TOTAL	94 225 116	97 645 204

17. Cash and bank balances

EGP	Sept. 30, 2017	December 31, 2016
Cash on hand	2 728 438	673 435
Current account – local currency	89 908 448	118 339 633
Current account – foreign currency	14 124 539	15 615 926
Bank deposits	2 292 543	2 191 117
Total	109 053 968	136 820 111
Average interest rates for bank deposits – USD	%0.38	%0.70
Average interest rates for bank deposits – EGP	%9.83	%8.94
Maturity period for bank deposits	103 Days	112 Days
Cash and cash equivalents include restricted cash as follows :		
Restricted cash at banks (due loans instalments in US Dollar)	29 398 222	357 382

18. Capital

18.1 Authorized and Issued capital

EGP	Sept. 30, 2017	December 31, 2016
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

19. 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:

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

20. Non-controlling interests

EGP	Sept. 30, 2017	December 31, 2016
Balance at beginning of period / year	19 114	13 702
Share of profit for the period / year	8 980	5 412
Balance at end of period / year	28 094	19 114

21. Borrowings

EGP	Current		Non-current	
	Sept. 30, 2017	December 31, 2016	Sept. 30, 2017	December 31, 2016
Credit facilities *	196 618 608	66 116 749	--	--
Bank loans **	294 594 024	371 986 732	486 583 296	463 562 238
TOTAL	491 212 632	438 103 481	486 583 296	463 562 238

** On June 19, 2017, it has been also approved to increase the current credit facility limit amounting to EGP 240 million to become EGP 300 million for Arabian Cement Company, at the same originally specified terms and conditions at an interest rate of 2% above the corridor borrowing rate for a period of one year, and may be renewed for the similar period or periods by mutual consent at an interest rate of 2% plus corridor borrowing rate.

** On June 20, 2017, the company obtained a loan (D) from the National bank of Egypt amounted to EGP 231 million to finance 100% of the total investment cost, which is needed for the construction of a coal mill and Bucket elevator and a Bypass dust to suck cement dust and insert it in the production process again.

The loan duration is 7 years starting from the first withdrawal including six months of grace period and one year for withdrawal, where the first instalment will be paid after three months from the grace period over 22 instalments with a total value EGP 10 500 000 per each instalment at the rate by 2.25% plus corridor, in addition to a monthly commission.

22. Trade payables

EGP	Sept. 30, 2017	December 31, 2016
Local trade payables	197 449 233	168 555 378
Foreign trade payables	178 213 721	185 082 523
TOTAL	375 662 954	353 637 901

23. Notes payable

EGP	Current		Non-current	
	Sept. 30, 2017	December 31, 2016	Sept. 30, 2017	December 31, 2016
Credit facilities	11 000 000	--	7 000 000	--
TOTAL	11 000 000	--	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.

24. Provisions

EGP	Provision for claims	
Balance at January 1, 2017		9 183 140
Additional provisions recognized		7 940 757
Used during the period		(5 300 691)
Balance at September 30, 2017		11 823 206

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

25. Other liabilities

EGP	Current		Non-current	
	Sept. 30, 2017	December 31, 2016	Sept. 30, 2017	December 31, 2016
Operating license	112 000 000	128 000 000	84 467 434	146 917 919
Electricity contract	18 462 000	18 462 000	35 385 500	49 232 000
TOTAL	130 462 000	146 462 000	119 852 934	196 149 919

26. Creditors and other credit balances

EGP	Sept. 30, 2017	December 31, 2016
Advances from customers	37 935 043	58 971 190
Accrued development fees	9 274 484	16 038 783
Accrued customers rebates	23 608 498	44 778 227
Accrued expenses	895 998	2 226 819
Retention	4 618 298	4 020 191
Accrued interest	1 629 067	16 904 581
Accrued taxes	34 987 781	36 339 885
TOTAL	112 949 169	179 279 676

27. 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	
			Sept. 30, 2017	Sept. 30, 2016
Aridos Jativa Company	Main Shareholder	Services	--	1 014 242
Andalus Reliance for Mining Company	Joint Venture	Purchases	45 708 954	43 084 107

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

EGP	Due from related parties		Due to related parties	
	Sept. 30, 2017	December 31, 2016	Sept. 30, 2017	December 31, 2016
Cementos la Union – Spain Company	--	--	883 367	2 596 769
Andalus Reliance for Mining Company	--	--	5 689 460	5 816 857
Aridos Jativa Company	--	1 910 248	--	--
Total	--	1 910 248	6 572 827	8 413 626

28. Operating lease arrangements

28.1 The Group as lessee

28.1.1 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.

28.1.2 Payments recognised as an expense in the period

EGP	Sept. 30, 2017	Sept. 30, 2016
Minimum lease payments	4 290 456	12 934 000
TOTAL	4 290 456	12 934 000

28.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	Sept. 30, 2017	December 31, 2016
No longer than 1 year	4 530 895	3 965 148
Longer than 1 year and not longer than 2 years	2 985 756	2 205 883
Longer than 2 years	2 607 604	1 496 701
TOTAL	10 124 255	7 667 732

29. Commitments for expenditure

The capital commitment as of September 30, 2017 amounted to EGP 60 326 801 in relation to fixed assets acquisition.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer

