

Arabian Cement Company S.A.E.

**Condensed separate interim financial
statements**

Together with limited review report

For the three months ended March 31, 2018

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Limited Review Report
For the Condensed Separate 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 separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of March 31, 2018 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the three 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 separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

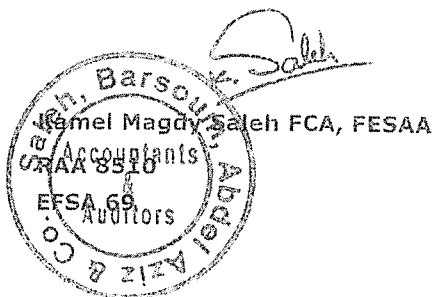
Scope of Review

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

Conclusion

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

Cairo, May 13, 2018



Arabian Cement Company S.A.E.
Separate statement of financial position at March 31, 2018

EGP	Notes	March 31, 2018	December 31, 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 319 235 131	2 356 184 632
Assets under construction	11	283 996 694	249 232 824
Intangible assets	12	383 656 354	396 151 869
Investments in subsidiaries	13	37 476 057	37 476 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		3 024 489 236	3 039 170 382
CURRENT ASSETS			
Inventories	15	215 929 041	252 820 286
Debtors and other debit balances	16	139 204 260	77 821 035
Due from related parties	28	10 161 087	9 388 845
Cash and bank balances	17	115 792 662	117 204 564
TOTAL CURRENT ASSETS		481 087 050	457 234 730
TOTAL ASSETS		3 505 576 286	3 496 405 112

Arabian Cement Company S.A.E.
Separate statement of financial position at March 31, 2018

EGP	Notes	March 31, 2018	December 31, 2017
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	209 622 582	209 622 582
Retained earnings		498 394 785	337 441 529
TOTAL EQUITY		1 465 496 767	1 304 543 511
NON-CURRENT LIABILITIES			
Notes payables	20	3 400 000	7 000 000
Borrowings	21	566 912 963	601 101 209
Deferred tax liabilities	8.3	336 467 200	335 984 957
Other liabilities	24	64 565 583	92 968 685
TOTAL NON-CURRENT LIABILITIES		971 345 746	1 037 054 851
CURRENT LIABILITIES			
Trade payables	22	506 352 549	437 906 945
Notes payables	20	7 000 000	7 000 000
Credit facilities	21	48 177 105	290 586 491
Current income tax payable	8.2	34 256 438	--
Current portion of long-term notes payables	21	167 450 000	167 535 000
Current portion of long-term borrowings	24	114 462 000	114 462 000
Creditors and other credit balances	26	171 764 617	113 753 476
Due to related parties	27	3 741 202	7 880 187
Provisions	23	15 529 862	15 682 651
TOTAL CURRENT LIABILITIES		1 068 733 773	1 154 806 750
TOTAL LIABILITIES		2 040 079 519	2 191 861 601
TOTAL EQUITY AND LIABILITIES		3 505 576 286	3 496 405 112

- 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



- Limited review report is attached

Arabian Cement Company S.A.E.
Separate statement of profit or loss for the three months ended March 31, 2018

EGP	Notes	March 31, 2018	March 31, 2017
Sales revenue	3	889 591 988	667 510 254
Cost of sales	4	(647 037 817)	(550 013 771)
GROSS PROFIT		242 554 171	117 496 483
General and administration expenses	5	(30 748 794)	(27 926 467)
Provisions	23	(350 000)	(2 240 757)
Interest income		189 202	213 695
Other income		841 280	484 903
Finance costs	6	(21 538 833)	(23 686 373)
Foreign exchange gain differences		4 744 911	9 927 893
PROFIT FOR THE PERIOD BEFORE TAX		195 691 937	74 269 377
Income tax expense	8.1	(34 738 681)	(15 167 553)
PROFIT FOR THE PERIOD AFTER TAX		160 953 256	59 101 824
Earnings per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	0.42	0.15

- 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.

Separate statement of comprehensive income for the three months ended March 31, 2018

EGP	March 31, 2018	March 31, 2017
PROFIT FOR THE PERIOD, NET OF INCOME TAX	160 953 256	59 101 824
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	160 953 256	59 101 824

- 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.
Separate statement of changes in equity for the three months ended March 31, 2018

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2017	757 479 400	185 037 371	349 798 741	1 292 315 512
Total comprehensive income, net of income tax	--	--	59 101 824	59 101 824
Balance at March 31, 2017	757 479 400	185 037 371	408 900 565	1 351 417 336
Balance at January 1, 2018	757 479 400	209 622 582	337 441 529	1 304 543 511
Total comprehensive income, net of income tax	--	--	160 953 256	160 953 256
Balance at March 31, 2018	757 479 400	209 622 582	498 394 785	1 465 496 767

- 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.
Separate statement of cash flows for the three months ended March 31, 2018

EGP	Notes	March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		195 691 937	74 269 377
Adjusted by:			
Finance costs recognized in profit or loss	6	21 538 833	23 686 373
Interest income		(189 202)	(213 695)
Depreciation of property, plant and equipment	10	45 883 296	45 238 187
Amortization of intangible assets	12	12 495 515	12 495 515
Foreign exchange (gain) differences		(3 466 286)	(9 406 972)
Provisions formed	23	350 000	2 240 757
(Increase) / decrease in inventories		(606 670)	(13 640 756)
(Increase) in debtors and other debit balances		(21 028 567)	(23 618 753)
Decrease in due from related parties		(772 242)	1 639 124
Decrease in trade receivables		--	11 270 053
Increase / (decrease) in trade payables		64 845 604	3 520 342
(Decrease) / increase in due to related parties		(4 138 985)	(2 461 120)
(Decrease) in creditors and other credit balances		32 345 923	(51 397 290)
Provisions used	23	(502 789)	(3 332 528)
Cash generated by operations		342 446 367	70 288 614
Interest paid		(13 996 295)	(23 686 373)
Net cash generated by operating activities		328 450 072	46 602 241

Arabian Cement Company S.A.E.
Separate cash flow statement for the three months ended March 31, 2018

EGP	Notes	March 31, 2018	March 31, 2017
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Payments for property, plant and equipment	10	(7 499 029)	(4 343 607)
Payments for assets under construction *	11	(36 198 636)	(16 116 728)
Interest income		189 202	213 695
Cash (used in) investing activities		(43 508 463)	(20 246 640)
CASH FLOWS FROM FINANCING			
ACTIVITIES			
Repayment of loans		(15 541 023)	(44 421 285)
Repayment of other liabilities		(28 403 102)	(46 204 507)
Proceeds from credit facilities	21	(242 409 386)	118 085 436
Cash (used in) generated by financing activities		(286 353 511)	27 459 644
Increase/ (decrease) in cash and cash equivalents		(1 411 902)	53 815 245
Cash and cash equivalents at the beginning of the period		117 204 564	130 477 594
Cash and cash equivalents at the end of the period	17	115 792 662	184 292 839

Non- cash transaction from investment activities

* Non-cash transactions represented in the transferred from projects under constructions to fixed assets by EGP 1 434 766 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

1. The Company's general information

Arabian Cement Company S.A.E. (ACC or the 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 Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes per annum of cement.

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on April,26, 2018.

The Company's term is 25 years starting from the date of its registration at the commercial register.

2. Significant accounting policies

2.1 Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2016.

2.2 Basis of preparation

The separate 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.

Arabian Cement Company S.A.E
Condensed separate interim financial statements
Together with limited review Report
For the three months ended March 31, 2018

3. Sales revenue

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

EGP	March 31, 2018	March 31, 2017
Local sales	796 574 753	572 699 111
Export sales	66 738 211	70 803 933
Services	26 279 024	24 007 210
TOTAL	889 591 988	667 510 254

4. Cost of sales

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

EGP	March 31, 2018	March 31, 2017
Raw material	552 999 654	456 215 355
Manufacturing depreciation	45 883 295	45 238 186
Electricity supply agreement amortization	12 495 515	12 495 515
Transportation cost	19 412 041	16 595 224
Overhead cost	16 247 312	19 469 491
TOTAL	647 037 817	550 013 771

5. General and administration expenses

An analysis of the Company's general and administration expenses for the period is as follows:

EGP	March 31, 2018	March 31, 2017
Professional services	9 486 543	4 998 420
Salaries and wages	14 494 444	15 095 808
Security and cleaning services	213 388	119 216
Rentals	2 657 762	2 708 997
Transportation	592 705	827 093
Advertising	538 467	49 404
Other	2 765 485	4 127 529
TOTAL	30 748 794	27 926 467

6. Finance costs

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

EGP	March 31, 2018	March 31, 2017
Loan interest expense	10 002 717	12 694 120
Operation license interest expense	212 398	2 678 031
Electricity agreement interest expense	3 070 500	3 070 500
Credit facilities interest expense	8 253 218	5 243 722
TOTAL	21 538 833	23 686 373

7. Compensation of key management personnel

An analysis of the Company's Compensation of key management personnel for the period is as follows:

EGP	March 31, 2018	March 31, 2017
Board of Directors allowance	7 545 344	8 490 195
Board of Directors salaries	4 465 440	4 032 000
TOTAL	12 010 784	12 522 195

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	March 31, 2018	March 31, 2017
CURRENT TAX		
Current tax expense for the current period	34 256 438	15 512 513
DEFERRED TAX		
Deferred tax (income) / expense recognized in the current period	482 243	(344 960)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	34 738 681	15 167 553

8.2 Current tax liabilities

EGP	March 31, 2018	December 31, 2017
Current tax expense (note 8.1)	34 256 438	--
CURRENT TAX LIABILITIES	34 256 438	--

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

March 31, 2018	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	335 984 957	482 243	336 467 200
NET DEFERRED TAX LIABILITY	335 984 957	482 243	336 467 200
December 31, 2017			
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	338 733 747	(2 748 790)	335 984 957
NET DEFERRED TAX LIABILITY	338 733 747	(2 748 790)	335 984 957

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	March 31, 2018	March 31, 2017
EARNINGS (for basic and diluted earnings per share)		
Profit for the period	160 953 256	59 101 824
Employees' share in distributable profits (note 16)	(1 773 306)	(1 550 461)
Distributable profit	159 179 950	57 551 363
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
EARNINGS PER SHARE	0.42	0.15

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2017	50 243 436	559 425 208	13 187 587	2 524 933 418	9 400 617	277 111 991	13 424 066	3 447 726 323
Additions	--	1 653 431	166 372	--	17 557	890 271	1 615 976	4 343 607
Balance at March 31, 2017	50 243 436	561 078 639	13 353 959	2 524 933 418	9 418 174	278 002 262	15 040 042	3 452 069 930
Balance at January 1, 2018	50 243 436	564 826 943	13 151 253	2 529 190 896	11 933 537	283 064 441	18 677 131	3 471 087 637
Additions	--	115 750	32 377	6 088 042	64 364	874 913	323 583	7 499 029
Transfer from PUC	--	--	--	--	100	1 434 666	--	1 434 766
Balance at March 31, 2018	50 243 436	564 942 693	13 183 630	2 535 278 938	11 998 001	285 374 020	19 000 714	3 480 021 432
ACCUMULATED DEPRECIATION								
Balance at January 1, 2017	--	147 831 546	4 517 179	685 685 312	1 835 802	73 097 548	10 273 541	923 240 928
Depreciation expense	--	7 124 731	453 070	33 259 292	248 561	3 649 825	502 708	45 238 187
Balance at March 31, 2017	--	154 956 277	4 970 249	718 944 604	2 084 363	76 747 373	10 776 249	968 479 115
Balance at January 1, 2018	--	176 840704	6 392 960	827 590 443	3 639 091	87 861 550	12 578 257	1 114 903 005
Depreciation expense	--	7 164 808	467 730	33 328 437	324 928	3 826 676	770 717	45 883 296
Balance at March 31, 2018	--	184 005 512	6 860 690	860 918 880	3 964 019	91 688 226	13 348 974	1 160 786 301
CARRYING AMOUNT								
At March 31, 2018	50 243 436	380 937 181	6 322 940	1 674 360 058	8 033 982	193 685 794	5 651 740	2 319 235 131
At March 31, 2017	50 243 436	406 122 362	8 383 710	1 805 988 814	7 333 811	201 254 889	4 263 793	2 483 590 815
At December 31, 2017	50 243 436	387 986 239	6 758 293	1 701 600 453	8 294 446	195 202 891	6 098 874	2 356 184 632

- 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 benefits) on cars and silos.

11. Assets under construction

EGP	March 31, 2018	December 31, 2016
Balance as of January 1	249 232 824	17 670 237
Additions	37 768 666	239 326 574
Advance to suppliers	(1 570 030)	--
Transfer to fixed assets	(1 434 766)	(10 541 194)
Transfer to debtors and other debit balances	--	2 777 207
TOTAL	283 996 694	249 232 824
Assets under construction are represented in the following categories:		
Buildings	48 540 023	45 531 948
Machinery and equipment	233 381 892	200 923 669
Other installations	867 603	--
Advance to suppliers	1 207 176	2 777 207
TOTAL	283 996 694	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 March 31, 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	(6 942 638)	(5 552 877)	(12 495 515)
Total accumulated amortization as of March 31, 2018	(238 097 741)	(166 650 618)	(404 748 359)
Net book value March 31,2018	325 106 972	58 549 382	383 656 354
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 281.4 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. Investments in subsidiaries

The Company has control over all the subsidiaries as listed below:

Company name EGP	Domicile	Share/ paid- in capital	in March 31, 2018	December 31, 2017	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	20 926 807	20 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
TOTAL			37 476 057	37 476 057		

14. Investments in joint venture

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture EGP	Place of incorporation	Proportion of ownership interest and voting power held by the company		
		2016	March 31, 2018	December 31, 2017
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

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15. Inventories

EGP	March 31, 2018	December 31, 2017
Raw materials	107 426 101	156 757 571
Packing materials	41 915 923	25 541 593
Spare parts	29 774 890	27 304 991
Work in progress	3 721 127	2 413 295
Finished goods	33 091 000	40 554 917
Advance to suppliers	--	247 919
TOTAL	215 929 041	252 820 286

16. Debtors and other debit balances

EGP	March 31, 2018	December 31, 2017
Advance to suppliers	78 836 577	31 421 917
Withholding tax	3 411 904	2 733 235
Deposit with others	33 608 656	26 831 204
Employees' dividends in advance	8 201 072	6 427 766
Letter of credit	6 877 000	6 877 000
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	2 746 312	1 881 790
Other debit balances	5 488 690	1 614 074
TOTAL	139 204 260	77 821 035

17. Cash and bank balances

EGP	March 31, 2018	December 31, 2017
Cash on hand	1 190 036	1 670 945
Current account – local currency	21 860 499	32 249 866
Current account – foreign currency	63 573 261	56 060 284
Bank deposits	29 168 866	27 223 469
Total	115 792 662	117 204 564

Cash and cash equivalents include restricted cash as follows:

Restricted cash at banks (due loans instalments in U.D. Dollar)	43 269 416	47 370 988
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18. Capital

EGP	March 31, 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

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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.

20. Notes payables

EGP	Current		Non-current	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Notes payables *	7 000 000	7 000 000	3 400 000	7 000 000
TOTAL	7 000 000	7 000 000	3 400 000	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.

21. Borrowings

EGP	Current		Non-current	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Credit facilities	48 177 105	290 586 491	--	--
Bank loans	167 450 000	167 535 000	566 912 963	601 101 209
TOTAL	215 627 105	458 121 491	566 912 963	601 101 209

22. Trade payables

EGP	March 31, 2018	December 31, 2017
Local trade payables	293 417 879	162 413 204
Foreign trade payables	212 934 670	275 493 741
TOTAL	506 352 549	437 906 945

23. Provisions

EGP	Provision for claims
Balance at January 1, 2018	15 682 651
Additional provisions recognized	350 000
Used during the period	(502 789)
Balance at March 31, 2018	15 529 862

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

24. Other liabilities

EGP	Current		Non-current	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Operating license	96 000 000	96 000 000	38 411 083	62 198 685
Electricity contract	18 462 000	18 462 000	26 154 500	30 770 000
TOTAL	114 462 000	114 462 000	64 565 583	92 968 685

25. Dividends distribution

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On April 26, 2018, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2017.

EGP	December 31, 2017
Profit for the year	217 433 931
Retained earnings at beginning of the year	120 007 599
Distributable profits	337 441 530
To be distributed as follows:	
Legal reserve	21 743 393
Profit attributable to shareholders	--
Profit attributable to employees	6 427 766
Retained earnings at end of the year	309 270 371

26. Creditors and other credit balances

EGP	March 31, 2018	December 31, 2017
Advances from customers	57 802 366	36 433 864
Accrued expenses	339 452	328 752
Accrued development fees	11 339 184	10 287 355
Accrued customers rebates	18 197 267	23 743 123
Accrued taxes	61 617 197	28 433 908
Accrued interest	15 265 937	7 723 399
Retention	7 203 214	6 803 075
TOTAL	171 764 617	113 753 476

27. Related party transactions

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

EGP	Relation type	Transaction nature	Volume of the transactions	
			March 31, 2018	March 31, 2017
Andalus Concrete Company	Subsidiary	Sales	10 710 080	7 270 952
Aridos Jativa Company	Main shareholder	Services	--	--
ACC for Management and Trading Company	Subsidiary	Services	10 046 701	7 731 490
Andalus Reliance for Mining Company	Joint Venture	Purchases	11 110 536	17 430 005
Evolve Investment & Projects Management Company	Subsidiary	Payments on behalf	--	569 310

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

Due from related parties	Due to related parties
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EGP	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Andalus Concrete Company	6 437 715	6 547 243	--	--
Evolve Investment & Projects Management Company	2 727 233	2 840 156	--	--
ACC for Management and Trading Company	996 139	1 446	--	454 344
Cementos La Union – Spain Company	--	--	--	1 999 089
Andalus Reliance for Mining Company	--	--	3 741 202	5 426 754
TOTAL	10 161 087	9 388 845	3 741 202	7 880 187

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- Aridos Jativa Company renders consulting services for Arabian Cement Company.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.

28. Operating lease arrangements

28.1 The entity as lessee

28.1.1 Leasing arrangements

Operating leases relates to car lease with lease terms of between 2 to 4 years. The entity (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	March 31, 2018	March 31, 2017
Minimum lease payments	103 547	458 530
TOTAL	103 547	458 530

28.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	March 31, 2018	December 31, 2017
No longer than 1 year	749 509	823 880
Longer than 1 year and not longer than 5 years	248 621	361 262
TOTAL	998 130	1 185 142

29. Commitments for expenditure

The capital commitment as of March 31, 2018 amounted to EGP 24 330 053 related to fixed assets acquisitions.

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer

