Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements
Together with limited review's report
For the three months ended March 31, 2017

Contents

Arabian Cement Company (condensed consolidated interim financial statements)

Deloitte.

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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 March 31, 2017 and the related condensed consolidated 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 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, May 07, 2017

Kamel Magdy Saleh FCA , FESAA
RAA 8510
EFSA 69

Arabian Cement Company S.A.E.

Consolidated statement of financial position at March 31, 2017

EGP	Notes	March 31, 2017	December 31, 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 843 390 609	2 890 580 340
Assets under construction	11	59 786 965	17 670 237
Intangible assets	12	81 069 382	86 622 259
Investments in a joint venture	13	1 726 790	1 445 783
TOTAL NON-CURRENT ASSETS		2 985 973 746	2 996 318 619
CURRENT ASSETS			
Inventories	14	294 456 088	280 626 750
Trade receivables	15	10 636 116	20 165 342
Debtors and other debit balances	16	122 291 717	97 645 204
Due from related parties	27	345 082	1 910 248
Cash and bank balances	17	188 406 967	136 820 111
TOTAL CURRENT ASSETS		616 135 970	537 167 655
TOTAL ASSETS		3 602 109 716	3 533 486 274

Arabian Cement Company S.A.E.

Consolidated statement of financial position at March 31, 2017

EGP	Notes	March 31, 2017	December 31, 2016
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	185 127 989	185 127 989
Retained earnings		398 945 315	339 205 125
Equity attributable to owners of the Parent Company		1 341 552 704	1 281 812 514
Non-controlling interests	20	20 551	19 114
TOTAL EQUITY		1 341 573 255	1 281 831 628
NON-CURRENT LIABILITIES			
Borrowings	21	513 260 129	463 562 238
Notes payable	23	10 500 000	--
Deferred tax liabilities	8.3	339 943 689	340 285 124
Other liabilities	25	173 945 412	196 149 919
TOTAL NON-CURRENT LIABILITIES		1 037 649 230	999 997 281
CURRENT LIABILITIES			
Trade payables	22	357 465 850	353 637 901
Current portion of long-term notes payable	23	15 500 000	--
Credit facilities	21	186 540 211	66 116 749
Current income tax payable	8.2	131 927 237	116 577 541
Current portion of long-term borrowings	21	268 460 584	371 986 732
Current portion of long-term other liabilities	25	122 462 000	146 462 000
Creditors and other credit balances	26	126 445 811	179 279 676
Due to related parties	27	5 994 169	8 413 626
Provisions	24	8 091 369	9 183 140
TOTAL CURRENT LIABILITIES		1 222 887 231	1 251 657 365
TOTAL LIABILITIES		2 260 536 461	2 251 654 646
TOTAL EQUITY AND LIABILITIES		3 602 109 716	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 three month ended March 31, 2017

EGP	Notes	March 31, 2017	March 31, 2016
Sales revenue	3	686 833 128	552 474 193
Cost of sales	4	(573 074 498)	(393 697 086)
GROSS PROFIT		113 758 630	158 777 107
General and administration expenses	5	(23 704 865)	(16 572 587)
Provisions	24	(2 240 757)	(350 000)
Interest income		213 695	694 323
Other income		484 903	186 595
Finance costs	6	(23 807 801)	(20 299 688)
Share of profit of a joint venture	13	281 007	184 664
Foreign exchange gain / (losses) differences		9 927 893	(75 905 669)
PROFIT FOR THE PERIOD BEFORE TAX		74 912 705	46 714 745
Income tax expense	8.1	(15 171 078)	(12 569 424)
PROFIT FOR THE PERIOD AFTER TAX		59 741 627	34 145 321
Profit attributable to:			
Owners of the Parent Company		59 740 190	34 143 641
Non-controlling interests	20	1 437	1 680
		59 741 627	34 145 321
Earnings per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	0.15	0.09

- 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 three month ended March 31, 2017

EGP	Notes	March 31, 2017	March 31, 2016
PROFIT FOR THE PERIOD, NET OF INCOME TAX		59 741 627	34 145 321
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		59 741 627	34 145 321
Total comprehensive income attributable to:			
Owners of the Parent Company		59 740 190	34 143 641
Non-controlling interests	20	1 437	1 680

- 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 three month ended March 31, 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	--	--	34 143 641	34 143 641	1 680	34 145 321
Reclassification from retained earnings to legal reserve	--	22 124	(22 124)	--	--	--
Balance at March 31, 2016	757 479 400	156 131 196	492 514 048	1 406 124 644	15 382	1 406 140 026
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	--	--	59 740 190	59 740 190	1 437	59 741 627
Balance at March 31, 2017	757 479 400	185 127 989	398 945 315	1 341 552 704	20 551	1 341 573 255

- 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 three month ended March 31, 2017

EGP	Notes	March 31, 2017	March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		59 741 627	34 145 321
Adjusted by:			
Income tax expense recognized in profit or loss	8.1	15 171 078	12 569 424
Finance costs recognized in profit or loss	6	23 807 801	20 299 688
Interest income		(213 695)	(694 323)
Share of profit of a joint venture	13	(281 007)	(184 664)
Depreciation of property, plant and equipment	10	52 663 193	43 996 084
Amortization of intangible assets	12	5 552 877	5 599 235
Foreign exchange (gain) / losses differences		(9 406 972)	69 225 348
(Increase) / decrease in inventories		(13 829 338)	17 303 541
(Increase) in debtors and other debit balances		(24 646 513)	(23 440 407)
Decrease in trade receivables		9 529 226	--
Decrease / (increase) in due from related parties		1 565 166	(101 970)
(Decrease) in creditors and other credit balances		(52 833 865)	(42 788 763)
Increase / (decrease) in trade payables		3 827 949	(74 630 212)
(Decrease) / increase in due to related parties		(2 419 457)	1 253 853
Provisions formed	24	2 240 757	350 000
Provisions used	24	(3 332 528)	--
Cash generated by operations		67 136 299	62 902 155
Interest paid		(23 807 801)	(16 737 208)
Income taxes paid		(162 817)	--
Net cash generated by operating activities		43 165 681	46 164 947

Arabian Cement Company S.A.E.

Consolidated statement of cash flows for the three month ended March 31, 2017

EGP	Notes	March 31, 2017	March 31, 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(5 473 462)	(3 918 722)
Payments for assets under construction *	11	(16 116 728)	(3 614 142)
Interest income		213 695	694 323
Cash (used in) investing activities		(21 376 495)	(6 838 541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(44 421 285)	(6 528 359)
Proceeds / (payment) from credit facilities		120 423 462	(454 852)
Payment of dividends		--	(46 000 000)
Repayment of other liabilities		(46 204 507)	(21 607 500)
Cash generated by (used in) financing activities		29 797 670	(74 590 711)
Increase / (decrease) in cash and cash equivalents		51 586 856	(35 264 305)
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	188 406 967	343 022 589

<u>Non- cash transaction from investment activities</u>

* Non-cash transactions represented in the net changes in the projects under constructions and the notes payables of EGP 26 000 000 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 May 07, 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 does 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	March 31, 2017	March 31, 2016
Local sales	591 024 300	533 273 523
Export sales	70 803 933	--
Services	25 004 895	19 200 670
TOTAL	686 833 128	552 474 193

4. Cost of sales

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

EGP	March 31, 2017	March 31, 2016
Raw materials	464 724 340	326 894 888
Manufacturing depreciation	52 662 929	43 995 817
Electricity supply agreement amortization	5 552 877	5 599 235
Transportation cost	16 595 224	--
Overhead cost	33 539 128	17 207 146
TOTAL	573 074 498	393 697 086

5. General and administration expenses

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

EGP	March 31, 2017	March 31, 2016
Professional fees	637 868	2 081 845
Salaries and wages	15 095 808	8 785 416
Security and cleaning services	119 216	767 227
Rentals	2 708 997	1 200 409
Transportation	827 093	332 621
Advertising	49 404	606 328
Other expenses	4 266 478	2 798 741
TOTAL	23 704 865	16 572 587

6. Finance costs

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

EGP	March 31, 2017	March 31, 2016
Loan interest expense	12 694 120	5 637 672
Operation licence interest expense	2 678 031	11 256 000
Electricity agreement interest expense	3 070 500	3 070 500
Bank overdraft interest expense	5 365 150	63 029
Long-term notes payable interest expense	--	272 487
TOTAL	23 807 801	20 299 688

7. Compensation of key management personnel

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

EGP	March 31, 2017	March 31, 2016
Board of directors allowance	8 490 195	4 226 894
Board of directors salaries	4 032 000	1 926 188
TOTAL	12 522 195	6 153 082

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	March 31, 2017	March 31, 2016
CURRENT TAX		
Current tax expense for the current period	15 512 513	10 569 424
DEFERRED TAX		
Net deferred tax recognized in the current period	(341 435)	2 000 000
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	**15 171 078**	**12 569 424**

8.2 Current tax liabilities

EGP	March 31, 2017	December 31, 2016
Current tax liabilitites	131 927 237	115 020 127
Adjustments recognized in the current year in relation to the current tax of prior year	--	1 557 414
CURRENT TAX LIABILITIES	**131 927 237**	**116 577 541**

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 March 2017 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	340 285 124	(341 435)	339 943 689
NET DEFERRED TAX LIABILITY	**340 285 124**	**(341 435)**	**339 943 689**

31 December 2016 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
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	March 31, 2017	March 31, 2016
EARNINGS (for basic and diluted earnings per share)		
profit for the period attributable to owners of the parent	59 740 190	34 143 641
Employees share in distributable profits	(1 550 461)	(1 293 186)
Distributable profit for the period	**58 189 729**	**32 850 455**
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	**0.15**	**0.09**

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, 2016	50 243 436	531 314 250	2 616 043 243	21 314 390	7 847 114	272 085 413	11 137 860	3 509 985 706
Additions	--	1 559 538	426 151	681 000	276 671	448 612	526 750	3 918 722
Balance at March 31, 2016	50 243 436	532 873 788	2 616 469 394	21 995 390	8 123 785	272 534 025	11 664 610	3 513 904 428
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	--	1 749 381	365 815	629 197	174 035	890 271	1 664 763	5 473 462
Balance at March 31, 2017	50 243 436	561 589 601	3 095 787 313	26 232 459	10 107 547	278 924 166	15 930 798	4 038 815 320
ACCUMULATED DEPRECIATION								
Balance at January 1, 2016	--	121 114 312	761 953 346	9 764 587	2 081 957	59 140 349	9 778 189	963 832 740
Depreciation expense	--	6 979 581	32 528 693	583 016	197 705	3 454 027	253 062	43 996 084
Balance at March 31, 2016	--	128 093 893	794 482 039	10 347 603	2 279 662	62 594 376	10 031 251	1 007 828 824
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	--	7 126 919	40 296 131	771 221	263 927	3 693 162	511 833	52 663 193
Balance at March 31, 2017	--	154 995 250	937 248 285	11 589 944	3 049 335	76 983 629	11 558 268	1 195 424 711
CARRYING AMOUNT								
At March 31, 2017	50 243 436	406 594 351	2 158 539 028	14 642 515	7 058 212	201 940 537	4 372 530	2 843 390 609
At March 31, 2016	50 243 436	404 779 895	1 821 987 355	11 647 787	5 844 123	209 939 649	1 633 359	2 506 075 604
At December 31, 2016	50 243 436	411 971 889	2 198 469 344	14 784 539	7 148 104	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	March 31, 2017	December 31, 2016
Balance as of January 1	17 670 237	124 756 807
Additions	44 202 308	22 111 253
Advance to suppliers	(2 085 580)	5 441 250
Transfer to fixed assets	--	(118 463 015)
Transfer to debtors and other debit balances	--	(15 988 871)
Others	--	(187 187)
Total	59 786 965	17 670 237
Projects under construction are represented in the following categories:		
Buildings	44 683 880	2 040 710
Machinery and equipment	8 540 087	6 980 949
Other installations	1 888 316	1 888 316
Advance to suppliers	4 674 682	6 760 262
TOTAL	59 786 965	17 670 237

12. Intangible assets

EGP	March 31, 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	(5 552 877)	(22 520 000)
Total accumulated amortization of the period / year	(144 130 618)	(138 577 741)
TOTAL	81 069 382	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 EGP	Place of incorporation	Proportion of ownership interest and voting power held by the Group	March 31, 2017	December 31, 2016
Andalus Reliance for mining Company	Egypt	50%	1 726 790	1 445 783
TOTAL			1 726 790	1 445 783

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

	March 31, 2017	December 31, 2016
Net assets of the joint venture over Group level	3 459 580	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	1 726 790	1 445 783

14. Inventories

EGP	March 31, 2017	December 31, 2016
Raw materials	214 964 739	153 608 914
Packing materials	30 044 789	16 286 445
Spare parts	11 526 606	8 203 464
Work in progress	3 218 155	1 630 552
Finished goods	34 453 880	58 649 456
Advanced to suppliers	247 919	42 247 919
TOTAL	294 456 088	280 626 750

15. Trade receivables

EGP	March 31, 2017	December 31, 2016
Trade receivables	11 325 297	20 854 523
Less:- Impairment in trade receivables	(689 181)	(689 181)
TOTAL	10 636 116	20 165 342

Movement in the allowance for doubtful debt:

EGP	March 31, 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	March 31, 2017	December 31, 2016
Advance to suppliers	77 320 235	55 069 866
Withholding tax	3 682 371	5 099 949
Deposit with others	26 831 204	26 831 204
Employees dividends in advance	6 024 351	4 473 890
Letter of credit	241 487	1 605 353
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	3 317 120	2 936 807
Other debit balances	10 411 311	7 164 497
Less : Impairment in other debit balance	(5 570 411)	(5 570 411)
TOTAL	122 291 717	97 645 204

17. Cash and bank balances

EGP	March 31, 2017	December 31, 2016
Cash on hand	4 025 186	673 435
Current account – local currency	162 139 064	118 339 633
Current account – foreign currency	20 049 500	15 615 926
Bank deposits	2 193 217	2 191 117
Total	188 406 967	136 820 111
Average interest rates for bank deposits – USD	%0.70	%0.70
Average interest rates for bank deposits – EGP	%8.94	%8.94
Maturity period for bank deposits	104 Days	112 Days
Cash and cash equivalents include restricted cash as follows :		
Restricted cash at banks (due loans instalments in U.D. Dollar)	20 357 322	357 382

18. Capital

18.1 Authorized and Issued capital

EGP	March 31, 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:

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

20. Non-controlling interests

EGP	March 31, 2017	December 31, 2016
Balance at beginning of period / year	19 114	13 702
Share of profit for the period / year	1 437	5 412
Balance at end of period / year	20 551	19 114

21. Borrowings

	Current		Non-current	
EGP	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Credit facilities	186 540 211	66 116 749	–	–
Bank loans	268 460 584	371 986 732	513 260 129	463 562 238
TOTAL	455 000 795	438 103 481	513 260 129	463 562 238

22. Trade payables

EGP	March 31, 2017	December 31, 2016
Local trade payables	200 434 835	168 555 378
Foreign trade payables	157 031 015	185 082 523
TOTAL	347 465 850	353 637 901

23. Notes payable

	Current		Non-current	
EGP	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Credit facilities	15 500 000	--	10 500 000	--
TOTAL	15 500 000	--	10 500 000	--

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	2 240 757
Used during the period	(3 332 528)
Balance at March 31, 2017	8 091 369

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

25. Other liabilities

	Current		Non-current	
EGP	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Operating license	104 000 000	128 000 000	129 328 912	146 917 919
Electricity contract	18 462 000	18 462 000	44 616 500	49 232 000
TOTAL	122 462 000	146 462 000	173 945 412	196 149 919

26. Creditors and other credit balances

EGP	March 31, 2017	December 31, 2016
Advances from customers	61 039 407	58 971 190
Accrued development fees	11 948 177	16 038 783
Accrued customers rebates	14 114 496	44 778 227
Accrued expenses	5 368 983	2 226 819
Retention	4 020 191	4 020 191
Accrued interest	1 459 168	16 904 581
Accrued taxes	28 495 389	36 339 885
TOTAL	126 445 811	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	
			March 31, 2017	March 31, 2016
Aridos Jativa Company	Main Shareholder	Services	--	315 872
Andalus Reliance for Mining Company	Joint Venture	Purchases	18 015 943	15 408 157

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

EGP	Due from related parties		Due to related parties	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Cementos la Union – Spain Company	41 666	--	--	2 596 769
Andalus Reliance for Mining Company	--	--	5 994 169	5 816 857
Aridos Jativa Company	303 416	1 910 248	--	--
Total	345 082	1 910 248	5 994 169	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	March 31, 2017	March 31, 2016
Minimum lease payments	1 392 426	3 485 527
TOTAL	1 392 406	3 485 527

28.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	March 31, 2017	December 31, 2016
No longer than 1 year	5 037 322	3 965 148
Longer than 1 year and not longer than 2 years	3 648 666	2 205 883
Longer than 2 years	3 884 085	1 496 701
TOTAL	12 570 073	7 667 732

29. Commitments for expenditure

The capital commitment as of March 31, 2017 amounted to EGP 96 310 623 in relation to fixed assets acquisition.

Sergio Alcantarilla Rodriguez	Allan Hestbech
Chief Executive Officer	Chief Financial Officer