

Arabian Cement Company S.A.E.

**Condensed separate interim financial statements
Together with limited review report
For the nine months ended September 30, 2017**

Contents

Arabian Cement Company (Condensed separate interim financial statements)

Limited review report	F-01
Separate statement of financial position	F-02
Separate statement of profit or loss	F-04
Separate statement of comprehensive income	F-05
Separate statement of changes in equity	F-06
Separate statement of cash flows	F-07
Notes to the condensed separate interim financial statements	F-09

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 September 30, 2017 and the related condensed separate 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 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, November 05, 2017

Kamel Magdy Saleh FCA, FESAA
RAA 8510
EFSA 69



Arabian Cement Company S.A.E.

Separate 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	2 727 073 595	2 877 004 236
Assets under construction	11	201 139 587	17 670 237
Intangible assets	12	69 778 531	86 622 259
Investments in subsidiaries	13	37 476 057	21 226 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		3 035 592 770	3 002 647 789
CURRENT ASSETS			
Inventories	15	303 492 420	276 298 105
Trade receivables	16	--	11 270 053
Debtors and other debit balances	17	70 505 563	91 510 565
Due from related parties	28	11 614 471	13 488 544
Cash and bank balances	18	105 815 349	130 477 594
TOTAL CURRENT ASSETS		491 427 803	523 044 861
TOTAL ASSETS		3 527 020 573	3 525 692 650

Arabian Cement Company S.A.E.

Separate 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	19	757 479 400	757 479 400
Legal reserve	20	209 622 582	185 037 371
Retained earnings		287 540 600	349 798 741
TOTAL EQUITY		1 254 642 582	1 292 315 512
NON-CURRENT LIABILITIES			
Notes payables	21	7 000 000	--
Borrowings	22	486 583 296	463 562 238
Deferred tax liabilities	8.3	337 377 821	338 733 747
Other liabilities	25	119 852 934	196 149 919
TOTAL NON-CURRENT LIABILITIES		950 814 051	998 445 904
CURRENT LIABILITIES			
Trade payables	23	369 105 308	343 566 759
Credit facilities	22	188 149 686	64 417 675
Current income tax payable	8.2	--	116 414 725
Current portion of long-term notes payables	21	11 000 000	--
Dividends payable	26	200 732 041	--
Current portion of long-term borrowings	22	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	27	110 642 445	174 444 914
Due to related parties	28	5 055 230	8 455 289
Provisions	24	11 823 206	9 183 140
TOTAL CURRENT LIABILITIES		1 321 563 940	1 234 931 234
TOTAL LIABILITIES		2 272 377 991	2 233 377 138
TOTAL EQUITY AND LIABILITIES		3 527 020 573	3 525 692 650

– 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 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	658 062 499	518 765 752	1 847 326 738	1 612 541 657
Cost of sales	4	(549 110 351)	(386 339 764)	(1 569 899 007)	(1 118 406 906)
GROSS PROFIT		108 952 148	132 425 988	277 427 731	494 134 751
General and administration expenses	5	(30 842 189)	(26 667 820)	(89 000 762)	(65 341 652)
Provisions	24	(1 250 000)	(15 045 186)	(7 940 757)	(15 745 186)
Credit Interest		3 590 558	200 224	4 039 334	6 833 753
Other income		655 522	6 615	1 861 416	552 597
Finance costs	6	(27 062 330)	(24 648 410)	(78 701 964)	(64 795 188)
Capital gain		172 115	2 076 439	172 115	2 076 439
Foreign exchange gain / (losses) differences		17 635 934	(41 772 776)	33 411 043	(145 051 607)
(LOSS)/PROFIT FOR THE PERIOD BEFORE TAX		71 851 758	26 575 074	141 268 156	212 663 907
Income tax	8.1	24 166 836	(10 392 367)	26 264 846	(53 658 452)
PROFIT FOR THE PERIOD AFTER TAX		96 018 594	16 182 707	167 533 002	159 005 455
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 Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.

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

EGP	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	96 018 594	16 182 707	167 533 002	159 005 455
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	---	---	---	---
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	96 018 594	16 182 707	167 533 002	159 005 455

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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 nine months ended September 30, 2017

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2016	757 479 400	156 093 042	468 070 169	1 381 642 611
Transfer to legal reserve	--	28 944 329	(28 944 329)	--
Dividends distributed	--	--	(204 902 658)	(204 902 658)
Total other comprehensive income, net of income tax	--	--	159 005 455	159 005 455
Balance at September 30, 2016	757 479 400	185 037 371	393 228 637	1 335 745 408
Balance at January 1, 2017	757 479 400	185 037 371	349 798 741	1 292 315 512
Transfer to legal reserve	--	24 585 211	(24 585 211)	--
Dividends distributed	--	--	(205 205 932)	(205 205 932)
Total other comprehensive income, net of income tax	--	--	167 533 002	167 533 002
Balance at September 30, 2017	757 479 400	209 622 582	287 540 600	1 254 642 582

– 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 nine months ended September 30, 2017

EGP	Notes	September 30, 2017	September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		167 533 002	159 005 455
Adjusted by:			
Income tax recognized in profit or loss	8.1	(26 264 846)	53 658 452
Finance costs recognized in profit or loss	6	78 701 964	64 795 188
Interest income		(4 039 334)	(6 833 753)
Depreciation of property, plant and equipment	10	158 603 781	139 728 176
Amortization of intangible assets	12	16 843 728	16 859 236
Capital Gain		(172 115)	(2 076 439)
Foreign exchange (gain) / losses differences		(18 786 915)	69 225 348
Decrease / (increase) in inventory		(27 194 315)	4 980 678
(Increase) in debtors and other debit balances		21 005 002	(31 473 561)
Decrease in due from related parties		1 874 073	4 433 788
Decrease in trade receivables		11 270 053	---
Decrease / (increase) in trade payables		25 538 549	(4 275 926)
(Decrease) in due to related parties		(3 400 059)	(2 168 644)
(Decrease) in creditors and other credit balances		(48 526 955)	(70 827 978)
Provisions formed	24	7 940 757	15 745 186
Provisions used	24	(5 300 691)	(1 000 000)
Cash generated by operations		355 625 679	371 299 206
Interest paid		(93 977 477)	(44 110 479)
Tax paid		(91 505 805)	(67 435 433)
Net cash generated by operating activities		170 142 397	259 753 294

Arabian Cement Company S.A.E.

Separate cash flows statement for the nine months ended September 30, 2017

EGP	Notes	September 30, 2017	September 30, 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(8 961 025)	(10 048 808)
Payments for assets under construction *	11	(165 469 350)	(17 235 255)
Payments for acquiring investments in subsidiaries		(16 250 000)	(249 750)
Proceeds on disposal of fixed assets		460 000	5 731 761
Interest income		4 039 334	6 833 753
Cash (used in) investing activities		(186 181 041)	(14 968 299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(35 584 737)	(114 792 235)
Proceeds from credit facilities	22	123 732 011	---
Payments of operating licenses and electricity agreement		(92 296 985)	(74 558 118)
Dividends paid		(4 473 890)	(175 154 718)
Cash generated by (used in) financing activities		(8 623 601)	(364 505 071)
(Decrease) in cash and cash equivalents		(24 662 245)	(119 720 076)
Cash and cash equivalents at the beginning of the period		130 477 594	364 838 686
Cash and cash equivalents at the end of the period	18	105 815 349	245 118 610

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 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 November 05, 2017.

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 does 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.

3. Sales revenue

An analysis of the Company'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	565 307 897	500 065 584	1 603 261 521	1 560 241 193
Export sales	63 971 965	--	169 534 698	87 912
Services	28 782 637	18 700 168	74 530 519	52 212 552
TOTAL	658 062 499	518 765 752	1 847 326 738	1 612 541 657

4. Cost of sales

An analysis of the Company'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 material	456 488 880	311 072 015	1 292 525 394	870 536 352
Manufacturing depreciation	53 573 446	44 732 020	158 603 782	132 127 006
Electricity supply agreement amortization	5 676 274	5 660 765	16 843 726	16 859 235
Transportation cost	20 096 638	14 320 755	51 070 113	43 335 340
Overhead cost	13 275 113	10 554 209	50 855 992	55 548 973
TOTAL	549 110 351	386 339 764	1 569 899 007	1 118 406 906

- 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 Company'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 services	7 541 924	8 554 735	20 152 320	19 531 885
Salaries and wages	14 326 197	12 097 430	44 328 645	28 127 459
Security and cleaning services	423 635	1 624 311	706 437	3 334 935
Rentals	2 685 211	1 182 914	7 926 295	3 444 048
Transportation	3 023 711	814 215	4 395 441	1 966 998
Advertising	(255 240)	596 619	726 792	1 345 294
Other	3 096 751	1 797 596	10 764 832	7 591 033
TOTAL	30 842 189	26 667 820	89 000 762	65 341 652

6. Finance costs

An analysis of the Company'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	10 163 143	37 612 705	20 840 966
Operation license 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
Credit facilities interest expense	11 048 088	---	26 068 410	---
Long-term notes payable interest expense	---	158 767	---	974 722
TOTAL	27 062 330	24 648 410	78 701 964	64 795 188

7. Compensation of key management personnel

An analysis of the Company'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	(19 191 316)	8 935 093	--	50 601 406
Adjustments recognized in the current period related to current tax of prior year	(4 407 123)	--	(24 908 920)	--
DEFERRED TAX				
Net deferred tax recognized in the current period	(568 397)	1 457 274	(1 355 926)	3 057 046
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(24 166 836)	10 392 367	(26 264 846)	53 658 452

8.2. Current tax liabilities

EGP	Sept. 30, 2017	December 31 2016
Current tax expense (note 8.1)	--	114 857 311
Adjustments recognized in the current period / year in relation to the current tax of prior year (note 8.1)	(24 908 920)	1 557 414
Current tax liability for the year ended December 31, 2016	116 414 725	--
Settlement of current tax liability for the year ended December 31, 2016	(91 505 805)	--
CURRENT TAX LIABILITIES	--	116 414 725

8.3. Deferred tax balances

Deferred tax liabilities arise from the following:

September 30 2017	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	338 733 747	(1 355 926)	337 377 821
NET DEFERRED TAX LIABILITY	338 733 747	(1 355 926)	337 377 821
December 31, 2016			
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	329 208 375	9 525 372	338 733 747
NET DEFERRED TAX LIABILITY	329 208 375	9 525 372	338 733 747

9. Earnings per share

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

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

EGP	Three months ended		Nine months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
EARNINGS (for basic and diluted earnings per share)				
Profit for the period	96 018 594	16 182 707	167 533 002	159 005 455
Employees' share in distributable profits (note 17)	(1 636 503)	(1 128 186)	(4 775 029)	(3 187 474)
Distributable profit	94 382 091	15 054 521	162 757 973	155 817 981
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
Condensed separate interim financial statements
Together with limited review Report
For the nine months ended September 30, 2017

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, 2016	50 243 436	530 986 938	10 514 236	2 609 346 376	7 373 549	271 783 312	10 365 258	3 490 613 105
Additions	--	1 678 997	3 047 500	27 044 132	2 289 768	796 433	1 368 566	36 224 496
Disposals	--	(3 511 047)	(2 282 105)	--	(488 085)	--	--	(6 311 237)
Transferred 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	543 545 345	11 279 631	2 638 450 047	9 292 867	274 904 134	12 942 373	3 540 657 833
Balance at January 1, 2017	50 243 436	559 425 208	13 187 587	3 088 138 131	9 400 617	277 111 991	13 424 066	4 010 931 036
Additions	--	4 973 511	166 371	157 500	23 557	910 271	2 729 815	8 961 025
Disposals	--	--	(343 363)	--	--	--	--	(343 363)
Transferred from PUC	--	--	--	--	--	--	--	--
Balance at September 30, 2017	50 243 436	564 398 719	13 010 595	3 088 295 631	9 424 174	278 022 262	16 153 881	4 019 518 698
ACCUMULATED DEPRECIATION								
Balance at January 1, 2016	--	121 085 440	4 440 402	760 974 089	1 936 827	59 077 447	9 020 225	956 534 430
Depreciation expense	--	28 682 893	964 970	98 285 632	590 292	10 404 582	799 807	139 728 176
Accumulated depreciation disposals	--	(1 077 865)	(1 378 126)	--	(1 999 924)	--	--	(2 555 915)
Balance at September 30, 2016	--	148 690 468	4 027 246	859 259 721	2 327 195	69 482 029	9 820 032	1 093 606 691
Balance at January 1, 2017	--	147 831 546	4 517 179	895 626 803	2 580 183	73 097 548	10 273 541	1 133 926 800
Depreciation expense	--	21 677 673	1 450 572	121 948 244	755 508	11 087 409	1 681 375	158 603 781
Accumulated depreciation disposals	--	--	(55 478)	--	--	--	--	(55 478)
Balance at September 30, 2017	--	169 509 219	5 912 273	1 017 575 047	3 335 691	84 184 957	11 957 916	1 292 475 103
CARRYING AMOUNT								
At September 30, 2017	50 243 436	394 889 500	7 098 322	2 070 720 584	6 088 483	193 837 305	4 195 965	2 727 073 595
At September 30, 2016	50 243 436	394 854 877	7 252 385	1 779 190 326	6 965 672	205 422 105	3 122 341	2 447 051 142
At December 31, 2016	50 243 436	411 593 662	8 670 408	2 192 511 328	6 820 434	204 014 443	3 150 525	2 877 004 236

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	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

Assets 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 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, 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	Domicile	Share/ paid-in capital	September 30, 2017	December 31, 2016	Principal activities	Proportion of ownership interest and voting power held by the Company
EGP						
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	249 750	Alternative fuel and recycling	99.00%
ACC for Management and Trading Company	Egypt	99.99%	49 500	49 500	Providing managerial services	99.99%
TOTAL			37 476 057	21 226 057		

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	Place of incorporation	Proportion of ownership interest and voting power held by the company		
		2016	September 30, 2017	December 31, 2016
EGP				
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	Sept. 30, 2017	December 31, 2016
Raw materials	180 162 260	151 491 724
Packing materials	24 070 201	16 286 445
Spare parts	11 475 123	5 992 009
Work in progress	2 632 183	1 630 552
Finished goods	70 118 368	58 649 456
Advance to suppliers	15 034 285	42 247 919
TOTAL	303 492 420	276 298 105

16. Trade receivables

EGP	Sept. 30, 2017	December 31, 2016
Trade receivables, export sales	--	11 270 053
TOTAL	--	11 270 053

17. Debtors and other debit balances

EGP	Sept. 30, 2017	December 31, 2016
Advance to suppliers	22 066 430	53 656 261
Withholding tax	4 864 400	2 207 582
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	2 361 757	2 505 960
Other debit balances	1 645 694	196 266
TOTAL	70 505 563	91 510 565

18. Cash and bank balances

EGP	Sept. 30, 2017	December 31, 2016
Cash on hand	2 560 481	466 380
Current account – local currency	86 850 393	112 286 191
Current account – foreign currency	14 111 932	15 533 906
Bank deposits	2 292 543	2 191 117
Total	105 815 349	130 477 594
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 U.D. Dollar)	29 398 222	357 382

19. Issued and paid up 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

20. Legal reserve

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

21. Notes payables

EGP	Current		Non-current	
	Sept. 30, 2017	December 31, 2016	Sept. 30, 2017	December 31, 2016
Notes payables *	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.

22. Borrowings

EGP	Current		Non-current	
	Sept. 30, 2017	December 31, 2016	Sept. 30, 2017	December 31, 2016
Credit facilities *	188 149 686	64 417 675	--	--
Bank loans **	294 594 024	371 986 732	486 583 296	463 562 238
TOTAL	482 743 710	436 404 407	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, 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 2.5% plus corridor, in addition to a monthly commission.

23. Trade payables

EGP	Sept. 30, 2017	December 31, 2016
Local trade payables	190 891 587	158 484 236
Foreign trade payables	178 213 721	185 082 523
TOTAL	369 105 308	343 566 759

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. Dividends payable

On April 5, 2017, 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, 2016. The Ordinary General Assembly was approved by General Authority for Investment and Free Zones (GAFI) on April 11, 2017.

EGP	December 31, 2016
Profit for the year	245 852 109
Retained earnings at beginning of the year	103 946 632
Distributable profits	349 798 741
<i>To be distributed as follows:</i>	
Legal reserve	(24 585 211)
Profit attributable to shareholders	(200 732 041)
Profit attributable to employees	(4 473 890)
Retained earnings at end of the year	120 007 599
Dividends paid	4 473 890
Dividends payable	200 732 041

27. Creditors and other credit balances

EGP	Sept. 30, 2017	December 31, 2016
Advances from customers	37 665 932	57 887 461
Accrued expenses	314 331	1 953 970
Accrued development fees	9 274 484	16 038 783
Accrued customers rebates	23 608 498	44 778 227
Accrued taxes	33 531 835	32 861 701
Accrued interest	1 629 067	16 904 581
Retention	4 618 298	4 020 191
TOTAL	110 642 445	174 444 914

28. 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	
			Sept. 30, 2017	Sept. 30, 2016
Andalus Concrete Company	Subsidiary	Sales	20 796 600	26 835 423
ACC for Management and Trading Company	Subsidiary	Services	25 848 965	26 971 450
Andalus Reliance for Mining Company	Joint Venture	Purchases	45 708 954	43 084 107
Aridos Jativa Company	Main shareholder	Services	--	1 014 242

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
Andalus Concrete Company	6 727 999	6 601 841	--	--
Evolve Investment & Projects Management Company	2 760 313	2 133 661	--	--
ACC for Management and Trading Company	2 126 159	2 842 794	--	--
Cementos La Union – Spain Company	--	--	925 034	2 638 435
Andalus Reliance for Mining Company	--	--	4 130 196	5 816 854
Aridos Jativa Company	--	1 910 248	--	--
TOTAL	11 614 471	13 488 544	5 055 230	8 455 289

- 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.

29. Operating lease arrangements

29.1. The entity as lessee

29.1.1. 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.

29.1.2. Payments recognised as an expense in the period

EGP	Sept. 30, 2017	Sept. 30, 2016
Minimum lease payments	894 160	3 484 022
TOTAL	894 160	3 484 022

29.1.3. Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	Sept. 30, 2017	December 31, 2016
No longer than 1 year	928 119	1 469 273
Longer than 1 year and not longer than 2 years	474 744	823 880
Longer than 2 years	49 810	361 262
TOTAL	1 452 673	2 654 415

30. Commitments for expenditure

The capital commitment as of September 30, 2017 amounted to 60 326 801 EGP, related to fixed assets acquisitions.

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer

