

**Arabian Cement Company S.A.E.**

**Condensed consolidated interim financial statements  
Together with limited review's report  
For the three months ended March 31, 2018**

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**Limited Review Report**  
**For the Condensed Consolidated Interim Financial Statements**

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

**Introduction**

We have conducted our limited review for the accompanying condensed consolidated interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of March 31, 2018 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.

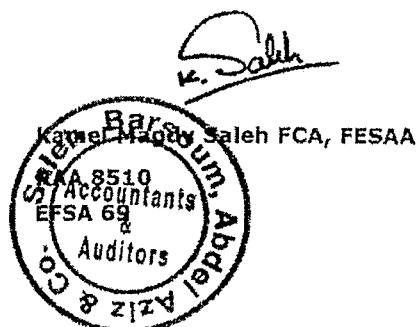
**Scope of Review**

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 13, 2018



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

| <b>EGP</b>                       | <b>Notes</b> | <b>March 31, 2018</b> | <b>December 31, 2017</b> |
|----------------------------------|--------------|-----------------------|--------------------------|
| <b>ASSETS</b>                    |              |                       |                          |
| <b>NON-CURRENT ASSETS</b>        |              |                       |                          |
| Property, plant and equipment    | 10           | 2 335 862 312         | 2 371 924 441            |
| Assets under construction        | 11           | 295 041 930           | 249 232 824              |
| Intangible assets                | 12           | 383 656 354           | 396 151 869              |
| Other assets                     | 13           | 74 690                | 83 653                   |
| Investments in a joint venture   | 14           | 2 162 609             | 2 023 874                |
| <b>TOTAL NON-CURRENT ASSETS</b>  |              | <b>3 016 797 895</b>  | <b>3 019 416 661</b>     |
| <b>CURRENT ASSETS</b>            |              |                       |                          |
| Inventories                      | 15           | 222 074 659           | 257 544 521              |
| Trade receivables                | 16           | 16 016 152            | 15 512 298               |
| Debtors and other debit balances | 17           | 145 386 361           | 85 007 648               |
| Due from related parties         | 28           | 41 666                | --                       |
| Cash and bank balances           | 18           | 130 819 411           | 133 557 621              |
| <b>TOTAL CURRENT ASSETS</b>      |              | <b>514 338 249</b>    | <b>491 622 088</b>       |
| <b>TOTAL ASSETS</b>              |              | <b>3 531 136 144</b>  | <b>3 511 038 749</b>     |

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

| EGP  | Notes | March 31, 2018       | December 31, 2017    |
|--|-------|----------------------|----------------------|
| <b>EQUITY</b>  |       |                      |                      |
| <b>CAPITAL AND RESERVES</b>                                |       |                      |                      |
| Issued and paid-up capital                                 | 19    | 757 479 400          | 757 479 400          |
| Legal reserve  | 20    | 209 713 200          | 209 713 200          |
| Retained earnings  |       | 487 225 840          | 325 021 738          |
| <b>Equity attributable to owners of the Parent Company</b> |       | <b>1 454 881 495</b> | <b>1 292 214 338</b> |
| Non-controlling interests                                  | 21    | <b>3 227 610</b>     | <b>22 017</b>        |
| <b>TOTAL EQUITY</b>  |       | <b>1 457 646 050</b> | <b>1 292 236 355</b> |
| <b>NON-CURRENT LIABILITIES</b>                             |       |                      |                      |
| Borrowings   | 22    | 566 912 963          | 601 101 209          |
| Notes payable  | 24    | 3 400 000            | 7 000 000            |
| Deferred tax liabilities                                   | 8.3   | 338 134 529          | 337 657 419          |
| Other liabilities  | 26    | 64 565 583           | 92 968 685           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                       |       | <b>973 013 075</b>   | <b>1 038 727 313</b> |
| <b>CURRENT LIABILITIES</b>                                 |       |                      |                      |
| Trade payables   | 23    | 516 119 882          | 448 229 498          |
| Current portion of long-term notes payable                 | 24    | 7 011 580            | 7 000 000            |
| Credit facilities  | 22    | 58 262 335           | 300 419 651          |
| Current income tax payable                                 | 8.2   | 34 256 438           | 110 901              |
| Current portion of long-term borrowings                    | 22    | 167 450 000          | 167 535 000          |
| Current portion of long-term other liabilities             | 26    | 114 462 000          | 114 462 000          |
| Creditors and other credit balances                        | 27    | 182 274 938          | 119 240 630          |
| Due to related parties                                     | 28    | 5 099 411            | 7 384 177            |
| Provisions   | 25    | 15 540 435           | 15 693 224           |
| <b>TOTAL CURRENT LIABILITIES</b>                           |       | <b>1 100 477 019</b> | <b>1 180 075 081</b> |
| <b>TOTAL LIABILITIES</b>                                   |       | <b>2 073 490 094</b> | <b>2 218 802 394</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |       | <b>3 531 136 144</b> | <b>3 511 038 749</b> |

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

**Sergio Alcantarilla Rodriguez**  
Chief Executive Officer



**Allan Hestbech**  
Chief Financial Officer



**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of profit or loss for the three month ended**  
**March 31, 2018**

| EGP   | Notes | March 31, 2018     | March 31, 2017     |
|---|-------|--------------------|--------------------|
| Sales revenue                                 | 3     | 913 935 052        | 686 833 128        |
| Cost of sales                                 | 4     | (675 832 275)      | (573 074 498)      |
| <b>GROSS PROFIT</b>                           |       | <b>238 102 777</b> | <b>113 758 630</b> |
| General and administration expenses           | 5     | (25 288 587)       | (23 704 865)       |
| Provisions                                    | 24    | (350 000)          | (2 240 757)        |
| Interest income                               |       | 533 408            | 213 695            |
| Unused provision                              |       | 65 000             | --                 |
| Other income                                  |       | 841 280            | 484 903            |
| Finance costs                                 | 6     | (22 040 533)       | (23 807 801)       |
| Share of profit of a joint venture            | 14    | 138 735            | 281 007            |
| Foreign exchange gain / (losses) differences  |       | 4 744 911          | 9 927 893          |
| <b>PROFIT FOR THE PERIOD BEFORE TAX</b>       |       | <b>196 746 991</b> | <b>74 912 705</b>  |
| Income tax expense                            | 8.1   | (34 733 548)       | (15 171 078)       |
| <b>PROFIT FOR THE PERIOD AFTER TAX</b>        |       | <b>162 013 443</b> | <b>59 741 627</b>  |
| <b>Profit attributable to:</b>                |       |                    |                    |
| Owners of the Parent Company                  |       | 162 204 102        | 59 740 190         |
| Non-controlling interests                     | 21    | (190 659)          | 1 437              |
|   |       | <b>162 013 443</b> | <b>59 741 627</b>  |
| <b>Earnings per share (Basic and diluted)</b> |       |                    |                    |
| Basic and diluted (EGP / Share)               | 9     | <b>0.42</b>        | <b>0.15</b>        |

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

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer

**Allan Hestbech**

Chief Financial Officer

**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of comprehensive income for the three**  
**month ended March 31, 2018**

| EGP   | Notes | March 31, 2018     | March 31, 2017    |
|---|-------|--------------------|-------------------|
| <b>Profit for the period, net of income tax</b>                       |       | <b>162 013 443</b> | <b>59 741 627</b> |
| Other comprehensive income, net of income tax                         |       |                    |                   |
| Total other comprehensive income for the period,<br>net of income tax |       | --                 | --                |
| <b>Total comprehensive income for the period</b>                      |       | <b>162 013 443</b> | <b>59 741 627</b> |
| <b>Total comprehensive income attributable to:</b>                    |       |                    |                   |
| Owners of the Parent Company  |       | <b>162 204 102</b> | <b>59 740 190</b> |
| Non-controlling interests   | 21    | <b>(190 659)</b>   | <b>1 437</b>      |

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

**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer

**Allan Hestbech**  
 Chief Financial Officer

**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of changes in equity for the three month**  
**ended March 31, 2018**

| <b>EGP</b>  | <b>Issued Capital</b> | <b>Legal reserve</b> | <b>Retained earnings</b> | <b>Attributable to owners of the Parent Company</b> | <b>Non-controlling interests</b> | <b>Total</b>         |
|---|-----------------------|----------------------|--------------------------|---|----------------------------------|----------------------|
| <b>Balance at January 1, 2017</b>   | <b>757 479 400</b>    | <b>185 127 989</b>   | <b>339 205 125</b>       | <b>1 281 812 514</b>                                | <b>19 114</b>                    | <b>1 281 831 628</b> |
| Total comprehensive Income for the period                                   | --                    | --                   | 59 740 190               | <b>59 740 190</b>                                   | 1 437                            | <b>59 741 627</b>    |
| <b>Balance at March 31, 2017</b>  | <b>757 479 400</b>    | <b>185 127 989</b>   | <b>398 945 315</b>       | <b>1 341 552 704</b>                                | <b>20 551</b>                    | <b>1 341 573 255</b> |
| <b>Balance at January 1, 2018</b>   | <b>757 479 400</b>    | <b>209 713 200</b>   | <b>325 021 738</b>       | <b>1 292 214 338</b>                                | <b>22 017</b>                    | <b>1 292 236 355</b> |
| Non-controlling interest acquired as a result of acquisition of Egypt Green | --                    | --                   | --                       | --  | 3 396 252                        | <b>3 396 252</b>     |
| Total comprehensive income for the period                                   | --                    | --                   | 162 204 102              | <b>162 204 102</b>                                  | (190 659)                        | <b>162 013 443</b>   |
| <b>Balance at March 31, 2018</b>  | <b>757 479 400</b>    | <b>209 713 200</b>   | <b>487 225 840</b>       | <b>1 454 418 440</b>                                | <b>3 227 610</b>                 | <b>1 457 646 050</b> |

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

**Sergio Alcantarilla Rodriguez**  
 Chief Executive Officer



**Allan Hestbech**  
 Chief Financial Officer





**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of cash flows for the three month ended**  
**March 31, 2018**

| <b>EGP</b>  | <b>Notes</b> | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|---|--------------|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>       |              |                       |                       |
| <b>Profit for the period before tax</b>           |              | <b>196 746 991</b>    | <b>59 741 627</b>     |
| <b>Adjusted by:</b>                               |              |                       |                       |
| Finance costs recognized in profit or loss        | 6            | 22 040 533            | 23 807 801            |
| Interest income                                   |              | ( 533 408)            | ( 213 695)            |
| Share of profit of a joint venture                | 14           | ( 138 735)            | ( 281 007)            |
| Depreciation of property, plant and equipment     | 10           | 46 574 844            | 45 720 555            |
| Amortization of intangible assets                 | 12           | 12 495 515            | 12 495 515            |
| Depreciation of other assets                      |              | 8 963                 | --                    |
| Impairment in receivable no longer required       |              | ( 65 000)             | --                    |
| Foreign exchange (gain) / losses differences      |              | (3 466 286)           | (9 406 972)           |
| Provisions formed                                 | 25           | 350 000               | 2 240 757             |
| (Increase) / decrease in inventories              |              | 36 766 057            | (13 829 338)          |
| (Increase) in debtors and other debit balances    |              | (63 266 212)          | (24 646 513)          |
| Decrease in trade receivables                     |              | ( 197 579)            | 9 529 226             |
| Decrease / (increase) in due from related parties |              | ( 41 666)             | 1 565 166             |
| (Decrease) in creditors and other credit balances |              | 48 268 739            | (52 833 865)          |
| Increase / (decrease) in trade payables           |              | 64 301 963            | 3 827 949             |
| (Decrease) / increase in due to related parties   |              | (2 284 766)           | (2 419 457)           |
| Provisions used                                   | 25           | ( 502 789)            | (3 332 528)           |
| <b>Cash generated by operations</b>               |              | <b>357 057 164</b>    | <b>67 136 299</b>     |
| Interest paid                                     |              | (14 497 995)          | (23 807 801)          |
| Income taxes paid                                 |              | ( 110 901)            | (162 817)             |
| <b>Net cash generated by operating activities</b> |              | <b>342 448 268</b>    | <b>43 165 681</b>     |

**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of cash flows for the three month ended**  
**March 31, 2018**

| EGP   | Notes | March 31, 2018       | March 31, 2017      |
|---|-------|----------------------|---------------------|
| <b>Cash flows from investing activities</b>               |       |                      |                     |
| Payments for property, plant and equipment                | 10    | (8 199 581)          | (5 473 462)         |
| Payments for assets under construction *                  | 11    | (36 198 636)         | (16 116 728)        |
| Net cash flows from the acquisition of subsidiaries       | 29-5  | 45 709               | --                  |
| Interest income   |       | 533 408              | 213 695             |
| <b>Cash (used in) investing activities</b>                |       | <b>(43 819 100)</b>  | <b>(21 376 495)</b> |
| <b>Cash flows from financing activities</b>               |       |                      |                     |
| Repayment of borrowings                                   |       | (30 806 960)         | (44 421 285)        |
| Proceeds / (payment) from credit facilities               |       | (242 157 316)        | 120 423 462         |
| Repayment of other liabilities                            |       | (28 403 102)         | (46 204 507)        |
| <b>Cash (used in) generated by financing activities</b>   |       | <b>(301 367 378)</b> | <b>29 797 670</b>   |
| Increase / (decrease) in cash and cash equivalents        |       | (2 738 210)          | 51 586 856          |
| Cash and cash equivalents at the beginning of the period  |       | 133 557 621          | 136 820 111         |
| <b>Cash and cash equivalents at the end of the period</b> |       | <b>130 819 411</b>   | <b>188 406 967</b>  |

**Non- cash transaction from investment activities**

\* Non-cash transactions represented in the net changes in the projects under constructions and fixed assets by of EGP 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



## **Arabian Cement Company S.A.E.**

Condensed consolidated interim financial statements

Together with limited review Report

For the three month ended March 31, 2018

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### **1. The Company's general information**

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

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

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

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

- Arabian Cement Company: a cement producer with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.
- Andalus Concrete Company: a producer of concrete products and other constructions materials. The company owns 99.99% of the issued and paid up capital of Andalus Concrete Company.
- ACC Management and Trading Company: providing managerial restructuring services for companies, transportation of goods, projects management, general trading and preparation of feasibility studies. The Company owns 99% of the issued and paid up capital of ACC Management and Trading Company.
- Evolve for Investment and Project Management Principal Activities is Alternative Fuel - Construct and operate factories for recycling. The Company owns 99.99% of the issued and paid up capital of Evolve for Investment and Project Management.
- Egypt Green for environmental services, clean energy production and development: establishment and operate factory for recycle for the wastes of production and services activity. The Company owns 70% of the issued and paid up capital of Egypt Green.
- The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 13, 2018.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Statement of compliance**

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

#### **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.

## Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the three month ended March 31, 2018

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, 2018     | March 31, 2017     |
|--------------|--------------------|--------------------|
| Local sales  | 819 791 794        | 591 024 300        |
| Export sales | 66 738 211         | 70 803 933         |
| Services     | 27 405 047         | 25 004 895         |
| <b>TOTAL</b> | <b>913 935 052</b> | <b>686 833 128</b> |

**Arabian Cement Company S.A.E.**  
Condensed consolidated interim financial statements  
Together with limited review Report  
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**4. Cost of sales**

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

| EGP                                       | March 31, 2018     | March 31, 2017     |
|---|--------------------|--------------------|
| Raw materials                             | 563 151 304        | 464 724 340        |
| Manufacturing depreciation                | 46 553 581         | 45 720 292         |
| Electricity supply agreement amortization | 12 495 514         | 12 495 514         |
| Transportation cost                       | 19 705 926         | 16 595 224         |
| Overhead cost                             | 33 925 950         | 33 539 128         |
| <b>TOTAL</b>                              | <b>675 832 275</b> | <b>573 074 498</b> |

**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, 2018    |
|--------------------------------|-------------------|-------------------|
| Professional fees              | 3 762 218         | 637 868           |
| Salaries and wages             | 14 632 392        | 15 095 808        |
| Security and cleaning services | 213 388           | 119 216           |
| Rentals                        | 2 669 262         | 2 708 997         |
| Transportation                 | 592 705           | 827 093           |
| Advertising                    | 538 467           | 49 404            |
| Other expenses                 | 2 880 155         | 4 266 478         |
| <b>TOTAL</b>                   | <b>25 288 587</b> | <b>23 704 865</b> |

**6. Finance costs**

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

| EGP                                    | March 31, 2018    | March 31, 2018    |
|--|-------------------|-------------------|
| Loan Interest expense                  | 10 002 717        | 12 694 120        |
| Operation licence interest expense     | 212 398           | 2 678 031         |
| Electricity agreement interest expense | 3 070 500         | 3 070 500         |
| Bank overdraft interest expense        | 8 754 918         | 5 365 150         |
| <b>TOTAL</b>                           | <b>22 040 533</b> | <b>23 807 801</b> |

**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, 2018    | March 31, 2017    |
|------------------------------|-------------------|-------------------|
| Board of directors allowance | 7 545 344         | 8 490 195         |
| Board of directors salaries  | 4 465 440         | 4 032 000         |
| <b>TOTAL</b>                 | <b>12 010 784</b> | <b>12 522 195</b> |

**8. Income taxes**

**8.1 Income tax expense recognised in profit or loss**

| EGP  | March 31, 2018    | March 31, 2017    |
|--|-------------------|-------------------|
| <b>Current tax</b>   |                   |                   |
| Current tax expense for the current period                       | 34 256 438        | 15 512 513        |
| <b>Deferred tax</b>  |                   |                   |
| Net deferred tax recognized in the current period                | 477 110           | (341 435)         |
| <b>Total income tax expense recognized in the current period</b> | <b>34 733 548</b> | <b>15 171 078</b> |

**Arabian Cement Company S.A.E.**

Condensed consolidated interim financial statements

Together with limited review Report

For the three month ended March 31, 2018

**8.2 Current tax liabilities**

| <b>EGP</b>                     | <b>March 31, 2018</b> | <b>December 31, 2017</b> |
|--------------------------------|-----------------------|--------------------------|
| Current tax liabilities        | 34 256 438            | 110 901                  |
| <b>CURRENT TAX LIABILITIES</b> | <b>34 256 438</b>     | <b>110 901</b>           |

**8.3 Deferred tax balances**

Deferred tax liabilities arise from the following:

| <b>31 March 2018</b>              |                        |                                     |                        |
|-----------------------------------|------------------------|-------------------------------------|------------------------|
| <b>EGP</b>                        | <b>Opening balance</b> | <b>Recognized in profit or loss</b> | <b>Closing balance</b> |
| <b>(LIABILITIES)</b>              |                        |                                     |                        |
| <i>Temporary differences</i>      |                        |                                     |                        |
| Property, plant & equipment       | 337 657 419            | 477 110                             | 338 134 529            |
| <b>NET DEFERRED TAX LIABILITY</b> | <b>337 657 419</b>     | <b>477 110</b>                      | <b>338 134 529</b>     |
| <b>31 December 2017</b>           |                        |                                     |                        |
| <b>EGP</b>                        | <b>Opening balance</b> | <b>Recognized in profit or loss</b> | <b>Closing balance</b> |
| <b>(LIABILITIES)</b>              |                        |                                     |                        |
| <i>Temporary differences</i>      |                        |                                     |                        |
| Property, plant & equipment       | 340 285 124            | (2 627 705)                         | 337 657 419            |
| <b>NET DEFERRED TAX LIABILITY</b> | <b>340 285 124</b>     | <b>(2 627 705)</b>                  | <b>337 657 419</b>     |

**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:

| <b>EGP</b>   | <b>March 31, 2018</b> | <b>March 31, 2017</b> |
|--|-----------------------|-----------------------|
| <b>EARNINGS (for basic and diluted earnings per share)</b>         |                       |                       |
| profit for the period attributable to owners of the parent         | 162 204 102           | 59 740 190            |
| Employees share in distributable profits                           | (1 773 306)           | (1 550 461)           |
| <b>Distributable profit for the period</b>                         | <b>160 430 796</b>    | <b>58 189 729</b>     |
| <b>NUMBER OF SHARES (for basic and diluted earnings per share)</b> |                       |                       |
| Weighted average number of ordinary shares for the purposes of EPS | 378 739 700           | 378 739 700           |
| <b>EARNINGS PER SHARE</b>  | <b>0.42</b>           | <b>0.15</b>           |

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**10. Property, plant and equipment**

| EGP  | Freehold land | Buildings   | Machinery and equipment | Vehicles   | Furniture, fixtures and office equipment | Other installations | Computer and software | Total         |
|--|---------------|-------------|-------------------------|------------|--|---------------------|-----------------------|---------------|
| <b>COST</b>  |               |             |                         |            |  |                     |                       |               |
| Balance at January 1, 2017                         | 50 243 436    | 559 840 220 | 2 532 216 785           | 25 603 262 | 9 933 512                                | 278 033 895         | 14 266 035            | 3 470 137 145 |
| Additions  | --            | 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 | 2 532 582 600           | 26 232 459 | 10 107 547                               | 278 924 166         | 15 930 798            | 3 475 610 607 |
| Balance at January 1, 2018                         | 50 243 436    | 565 337 906 | 2 538 896 913           | 27 259 969 | 12 636 623                               | 283 986 345         | 19 567 887            | 3 497 929 079 |
| Assets resulted for the acquisition of Egypt Green | --            | --          | 1 805 200               | --         | --                                       | --                  | --                    | 1 805 200     |
| Additions  | --            | 1 23 050    | 6 366 242               | 447 429    | 64 364                                   | 874 913             | 323 583               | 8 199 581     |
| Transfer from PUC                                  | --            | --          | --                      | --         | 100                                      | 1 434 666           | --                    | 1 434 766     |
| Balance at March 31, 2018                          | 50 243 436    | 565 460 956 | 2 547 068 355           | 27 707 398 | 12 701 087                               | 286 295 924         | 19 891 470            | 3 509 368 626 |
| <b>ACCUMULATED DEPRECIATION</b>                    |               |             |                         |            |  |                     |                       |               |
| Balance at January 1, 2017                         | --            | 147 868 331 | 692 953 300             | 10 818 723 | 2 785 408                                | 73 290 467          | 11 046 435            | 938 762 664   |
| Depreciation expense                               | --            | 7 126 919   | 33 353 493              | 771 221    | 263 927                                  | 3 693 162           | 511 833               | 45 720 555    |
| Balance at March 31, 2017                          | --            | 154 995 250 | 726 306 793             | 11 589 944 | 3 049 335                                | 76 983 629          | 11 558 268            | 984 483 219   |
| Balance at January 1, 2018                         | --            | 176 887 377 | 829 394 523             | 14 191 965 | 3 907 687                                | 88 230 225          | 13 392 861            | 1 126 004 638 |
| Assets resulted for the acquisition of Egypt Green | --            | --          | 926 832                 | --         | --                                       | --                  | --                    | 926 832       |
| Depreciation expense                               | --            | 7 167 327   | 33 562 031              | 848 354    | 345 750                                  | 3 870 013           | 781 369               | 46 574 844    |
| Balance at March 31, 2018                          | --            | 184 054 704 | 863 883 386             | 15 040 319 | 4 253 437                                | 92 100 238          | 14 174 230            | 1 173 506 314 |
| <b>CARRYING AMOUNT</b>                             |               |             |                         |            |  |                     |                       |               |
| At March 31, 2018                                  | 50 243 436    | 381 406 252 | 1 683 184 969           | 12 667 079 | 8 447 650                                | 194 195 686         | 5 717 240             | 2 335 862 312 |
| At March 31, 2017                                  | 50 243 436    | 406 594 351 | 1 806 275 807           | 14 642 515 | 7 058 212                                | 201 940 537         | 4 372 530             | 2 491 127 388 |
| At December 31, 2017                               | 50 243 436    | 388 450 529 | 1 709 502 390           | 13 068 004 | 8 728 935                                | 195 756 120         | 6 175 027             | 2 371 924 441 |

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, 2018     | December 31, 2017  |
|--|--------------------|--------------------|
| Balance as of January 1  | 249 232 824        | 17 670 237         |
| Additions  | 36 198 636         | 239 326 574        |
| Project under construction resulted from acquisition of Egypt Green      | 11 045 236         | --                 |
| Transfer to fixed assets   | (1 434 766)        | (10 541 194)       |
| Transfer to debtors and other debit balances                             | --                 | 2 777 207          |
| <b>Total</b>   | <b>295 041 930</b> | <b>249 232 824</b> |
| Projects under construction are represented in the following categories: |                    |                    |
| Buildings  | 48 540 023         | 45 531 948         |
| Machinery and equipment  | 244 427 128        | 200 923 669        |
| Other installations  | 867 603            | --                 |
| Advance to suppliers   | 1 207 176          | 2 777 207          |
| <b>TOTAL</b>   | <b>295 041 930</b> | <b>249 232 824</b> |

### 12. Intangible assets

| EGP  | Operating license    | Electricity contract | Total                |
|--|----------------------|----------------------|----------------------|
| <b>Cost</b>  |                      |                      |                      |
| <b>Cost as of January 1 , 2018</b>                         | <b>563 204 713</b>   | <b>225 200 000</b>   | <b>788 404 713</b>   |
| Additions during period                                    | --                   | --                   | --                   |
| <b>Cost as of March 31, 2018</b>                           | <b>563 204 713</b>   | <b>225 200 000</b>   | <b>788 404 713</b>   |
| <b>Accumulated amortization</b>                            |                      |                      |                      |
| 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)         |
| <b>Total accumulated amortization as of March 31, 2018</b> | <b>(238 097 741)</b> | <b>(166 650 618)</b> | <b>(404 748 359)</b> |
| <b>Net book value March 31,2018</b>                        | <b>325 106 972</b>   | <b>58 549 382</b>    | <b>383 656 354</b>   |
| <b>Net book value December 31,2017</b>                     | <b>332 049 610</b>   | <b>64 102 259</b>    | <b>396 151 869</b>   |

#### Operating license

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

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

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



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**Electricity contract**

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

**13. Other assets**

| EGP  | March 31, 2017  | December 31, 2017 |
|--|-----------------|-------------------|
| <b>Cost</b>  | 143 404         | 143 404           |
| Accumulated depreciation                             |                 |                   |
| Balance at the beginning of the period               | (59 751)        | --                |
| Period depreciation                                  | (8 963)         | (59 751)          |
| <b>Accumulated depreciation at the end of period</b> | <b>(68 714)</b> | <b>(59 751)</b>   |
| <b>Total</b>   | <b>74 690</b>   | <b>83 653</b>     |

**14. Investments in a joint venture**

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

| Name of associate                   | Place of incorporation | Proportion of ownership interest and voting power held by the Group | March 31, 2018   | December 31, 2017 |
|-------------------------------------|------------------------|---|------------------|-------------------|
| Andalus Reliance for mining Company | Egypt                  | 50%   | 2 162 609        | 2 023 874         |
| <b>TOTAL</b>                        |                        |   | <b>2 162 609</b> | <b>2 023 874</b>  |

**15. Inventories**

| EGP                   | March 31, 2018     | December 31, 2017  |
|-----------------------|--------------------|--------------------|
| Raw materials         | 110 614 517        | 158 737 320        |
| Packing materials     | 41 915 923         | 25 541 593         |
| Spare parts           | 32 732 092         | 30 049 477         |
| Work in progress      | 3 721 127          | 2 413 295          |
| Finished goods        | 33 091 000         | 40 554 917         |
| Advanced to suppliers | --                 | 247 919            |
| <b>TOTAL</b>          | <b>222 074 659</b> | <b>257 544 521</b> |

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**16. Trade receivables**

| EGP                                    | March 31, 2018    | December 31, 2017 |
|--|-------------------|-------------------|
| Trade receivables                      | 17 403 632        | 16 964 778        |
| Less:- Impairment in trade receivables | ( 1 387 480)      | (1 452 480)       |
| <b>TOTAL</b>                           | <b>16 016 152</b> | <b>15 512 298</b> |

**17. Debtors and other debit balances**

| EGP                                      | March 31, 2018     | December 31, 2017 |
|--|--------------------|-------------------|
| Advance to suppliers                     | 80 594 843         | 32 098 048        |
| Withholding tax                          | 4 184 430          | 6 318 727         |
| 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                             | 4 185 056          | 2 624 055         |
| Other debit balances                     | 12 924 101         | 6 479 710         |
| Down payment to purchase investments     | --                 | 2 887 500         |
| Less : Impairment in other debit balance | ( 5 222 846)       | (5 570 411)       |
| <b>TOTAL</b>                             | <b>145 386 361</b> | <b>85 007 648</b> |

**18. Cash and bank balances**

| EGP   | March 31, 2018     | December 31, 2017  |
|---|--------------------|--------------------|
| Cash on hand  | 1 477 518          | 1 890 126          |
| Current account – local currency                                      | 24 111 114         | 35 218 554         |
| Current account – foreign currency                                    | 63 585 743         | 56 072 862         |
| Bank deposits   | 41 645 036         | 40 376 079         |
| <b>Total</b>  | <b>130 819 411</b> | <b>133 557 621</b> |
| <b>Cash and cash equivalents include restricted cash as follows :</b> |                    |                    |
| Restricted cash at banks (due loans instalments in U.D. Dollar)       | 43 269 416         | 47 370 988         |

**19. 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        |
| <b>Issued capital</b>                                       | <b>757 479 400</b> | <b>757 479 400</b> |

**20. Legal reserve**

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

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

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**21. Non-controlling interests**

| EGP  | March 31, 2018   | December 31, 2017 |
|--|------------------|-------------------|
| Balance at beginning of period / year  | 22 017           | 19 114            |
| Non-controlling interest acquired as a result of acquisition of Egypt Green. | 3 396 252        | --                |
| Share of profit for the period / year  | ( 190 659)       | 2 903             |
| <b>Balance at end of period / year</b>                                       | <b>3 227 610</b> | <b>22 017</b>     |

**22. Borrowings**

| EGP               | Current            |                    | Non-current        |                    |
|-------------------|--------------------|--------------------|--------------------|--------------------|
|                   | March 31, 2018     | December 31, 2017  | March 31, 2018     | December 31, 2017  |
| Credit facilities | 58 262 335         | 300 419 651        | --                 | --                 |
| Bank loans        | 167 450 000        | 167 535 000        | 566 912 963        | 601 101 209        |
| <b>TOTAL</b>      | <b>225 712 335</b> | <b>467 954 651</b> | <b>566 912 963</b> | <b>601 101 209</b> |

**23. Trade payables**

| EGP                    | March 31, 2018     | December 31, 2017  |
|------------------------|--------------------|--------------------|
| Local trade payables   | 303 185 212        | 172 735 757        |
| Foreign trade payables | 212 934 670        | 275 493 741        |
| <b>TOTAL</b>           | <b>516 119 882</b> | <b>448 229 498</b> |

**24. Notes payable**

| EGP               | Current          |                   | Non-current      |                   |
|-------------------|------------------|-------------------|------------------|-------------------|
|                   | March 31, 2018   | December 31, 2017 | March 31, 2018   | December 31, 2017 |
| Credit facilities | 7 011 580        | 7 000 000         | 3 400 000        | 7 000 000         |
| <b>TOTAL</b>      | <b>7 011 580</b> | <b>7 000 000</b>  | <b>3 400 000</b> | <b>7 000 000</b>  |

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

**25. Provisions**

| EGP                               | Provision for claims |
|-----------------------------------|----------------------|
| <b>Balance at January 1, 2018</b> | <b>15 693 224</b>    |
| Additional provisions recognized  | 350 000              |
| Used during the period            | ( 502 789)           |
| <b>Balance at March 31, 2018</b>  | <b>15 540 435</b>    |

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

**26. Other liabilities**

| EGP                  | Current            |                    | Non-current       |                   |
|----------------------|--------------------|--------------------|-------------------|-------------------|
|                      | 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        |
| <b>TOTAL</b>         | <b>114 462 000</b> | <b>114 462 000</b> | <b>64 565 583</b> | <b>92 968 685</b> |

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**27. Creditors and other credit balances**

| EGP   | March 31, 2018     | December 31, 2017  |
|---|--------------------|--------------------|
| Advances from customers                               | 57 868 600         | 36 704 819         |
| Accrued development fees                              | 11 339 184         | 10 278 355         |
| Accrued customers rebates                             | 18 197 267         | 23 743 123         |
| Accrued expenses                                      | 1 098 835          | 1 421 369          |
| Retention   | 7 203 214          | 6 803 075          |
| Accrued interest                                      | 15 265 937         | 7 723 399          |
| Accrued taxes   | 64 230 337         | 32 557 490         |
| Creditors for purchase of investments in subsidiaries | 5 037 088          | --                 |
| Other credit balances                                 | 2 034 476          | --                 |
| <b>TOTAL</b>  | <b>182 274 938</b> | <b>119 240 630</b> |

**28. Related party transactions**

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

| EGP                                 | Nature of relationship | Nature of transaction | Amount of transaction |                |
|-------------------------------------|------------------------|-----------------------|-----------------------|----------------|
|                                     |                        |                       | March 31, 2018        | March 31, 2017 |
| Andalus Reliance for Mining Company | Joint Venture          | Purchases             | 11 110 536            | 18 015 943     |

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

| EGP                                 | Due from related parties |                   | Due to related parties |                   |
|-------------------------------------|--------------------------|-------------------|------------------------|-------------------|
|                                     | March 31, 2018           | December 31, 2017 | March 31, 2018         | December 31, 2017 |
| Cementos la Union – Spain Company   | 41 666                   | --                | --                     | 1 957 324         |
| Andalus Reliance for Mining Company | --                       | --                | 5 099 411              | 5 426 754         |
| <b>Total</b>                        | <b>41 666</b>            | <b>--</b>         | <b>5 099 411</b>       | <b>7 384 177</b>  |

**29. Business combination**

**29.1 Subsidiaries acquired during period.**

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

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**29.2 Cost of acquisition of Egypt Green**

| Description  | EGP              |
|--|------------------|
| Consideration paid during year 2017  | 2 887 500        |
| A liability recognized in favour of the old shareholders pending Implementation of the agreed terms. | 5 037 088        |
| <b>TOTAL</b>   | <b>7 924 588</b> |

**29.3 Assets acquired and liability recognized at the date of acquisition**

| Description                    | EGP               |
|--------------------------------|-------------------|
| <b>Current assets</b>          |                   |
| Cash and cash equivalent       | 45 709            |
| Trade and other receivables    | 241 275           |
| Inventory                      | 1 296 195         |
| <b>Non-current assets</b>      |                   |
| Fixed assets                   | 878 369           |
| Project under construction (i) | 11 045 236        |
| <b>Current liability</b>       |                   |
| Other credit balance           | (2 185 944)       |
|                                | <b>11 320 840</b> |

- (i) The company recognized the increasing in the fair value of the entity amounted to EGP 5 720 236 in the cost of project under construction and according to Egyptian accounting standards No 29 business combination paragraph 45 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period shall not exceed one year from the acquisition date.

**29.4 Goodwill arising on acquisition**

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

**29.5 Net cash flow on acquisition of subsidiary**

| Description   | EGP           |
|---|---------------|
| Consideration paid during the period                      | --            |
| <b>Less:-</b>   |               |
| Balances of cash and cash equivalent acquired (note 29-3) | 45 709        |
| <b>Net cash inflow</b>                                    | <b>45 709</b> |

**30. Operating lease arrangements**

**30.1 The Group as lessee**

**30.1.1 Leasing arrangements**

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

**30.1.2 Payments recognised as an expense in the period**

| EGP                    | March 31, 2018   | March 31, 2017   |
|------------------------|------------------|------------------|
| Minimum lease payments | 1 254 487        | 1 392 426        |
| <b>TOTAL</b>           | <b>1 254 487</b> | <b>1 392 406</b> |

**30.1.3 Non-cancellable operating lease commitments**

| EGP  | Total of future minimum lease payments |                   |
|--|--|-------------------|
|  | March 31, 2018                         | December 31, 2017 |
| No longer than 1 year                          | 4 445 275                              | 4 100 023         |
| Longer than 1 year and not longer than 2 years | 2 093 652                              | 3 931 228         |
| Longer than 2 years                            | 3 096 381                              | 782 169           |
| <b>TOTAL</b>                                   | <b>9 635 308</b>                       | <b>8 813 420</b>  |

**31. Commitments for expenditure**

The capital commitment as of March 31, 2018 amounted to EGP 24 330 053 in relation to fixed assets acquisition.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Allan Hestbech**

Chief Financial Officer

