

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

**Condensed consolidated interim financial statements  
Together with limited review's report  
For the three months ended March 31, 2019**

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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, 2019 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 14, 2019

  
Kamel Magdy Saleh FCA, FESAA

RAA 8510

EFSA 69



**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of financial position**  
**At March 31, 2019**

<b>EGP</b>	<b>Notes</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2 441 882 864	2 473 177 771
Assets under construction	11	104 438 622	106 904 072
Intangible assets	12	332 980 105	345 475 618
Other assets	13	38 839	47 801
Investments in a joint venture	14	2 376 231	2 264 213
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 881 716 661</b>	<b>2 927 869 475</b>
<b>CURRENT ASSETS</b>			
Inventories	15	260 648 132	287 985 828
Trade receivables	16	68 677 084	92 994 532
Debtors and other debit balances	17	100 641 775	107 874 288
Due from related parties	27	--	--
Cash and bank balances	18	163 092 348	184 590 855
<b>TOTAL CURRENT ASSETS</b>		<b>593 059 339</b>	<b>673 445 503</b>
<b>TOTAL ASSETS</b>		<b>3 474 776 000</b>	<b>3 601 314 978</b>

- Limited review report is attached

**Arabian Cement Company S.A.E.**  
**Consolidated statement of financial position**  
**At March 31, 2019**

EGP	Notes	March 31, 2019	December 31, 2018
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	254 820 827	231 456 593
Retained earnings		304 718 774	329 029 161
<b>Equity attributable to owners of the Parent Company</b>		<b>1 317 019 001</b>	<b>1 317 965 154</b>
Non-controlling interests	21	<b>1 826 904</b>	<b>2 149 810</b>
<b>TOTAL EQUITY</b>		<b>1 318 845 905</b>	<b>1 320 114 964</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	22	584 482 321	619 160 870
Deferred tax liabilities	8.3	344 265 909	344 798 687
Other liabilities	25	7 692 500	12 308 000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>936 440 730</b>	<b>976 267 557</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	23	613 175 653	592 601 887
Credit facilities	22	272 861 088	273 674 586
Current income tax payable	8.2	229 181	293 208
Current portion of long-term borrowings	22	81 847 529	77 731 487
Current portion of long-term other liabilities	25	68 681 184	124 681 184
Creditors and other credit balances	26	164 355 210	216 867 519
Due to related parties	27	6 867 810	8 460 876
Provisions	24	11 471 710	10 621 710
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 219 489 365</b>	<b>1 304 932 457</b>
<b>TOTAL LIABILITIES</b>		<b>2 155 930 095</b>	<b>2 281 200 014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 474 776 000</b>	<b>3 601 314 978</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



**Salvador Cabañas Lopez**  
 Chief Financial Officer



**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of profit or loss**  
**For the three month ended March 31, 2019**

EGP	Notes	March 31, 2019	March 31, 2018
Sales revenue	3	827 851 202	913 935 052
Cost of sales	4	(783 867 352)	(675 832 275)
<b>GROSS PROFIT</b>		<b>43 983 850</b>	<b>238 102 777</b>
General and administration expenses	5	(26 868 489)	(25 288 587)
Provisions	24	( 850 000)	(350 000)
Impairment in receivable formed during period		( 108 310)	--
Interest income		647 785	533 408
Unused provision		--	65 000
Other income		472 216	841 280
Finance costs	6	(35 751 921)	(22 040 533)
Share of profit of a joint venture		112 018	138 735
Foreign exchange gain differences		23 944 838	4 744 911
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>5 581 987</b>	<b>196 746 991</b>
Income tax expense	8.1	394 036	(34 733 548)
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>5 976 023</b>	<b>162 013 443</b>
<b>Profit attributable to:</b>			
Owners of the Parent Company		6 298 929	162 204 102
Non-controlling interests	21	( 322 906)	(190 659)
		<b>5 976 023</b>	<b>162 013 443</b>
<b>Earnings per share (Basic and diluted)</b>			
Basic and diluted (EGP / Share)	9	0.01	0.42

- 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



**Salvador Cabañas Lopez**

Chief Financial Officer



**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of comprehensive income**  
**For the three month ended March 31, 2019**

<b>EGP</b>	<b>Notes</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>PROFIT FOR THE PERIOD, NET OF INCOME TAX</b>		<b>5 976 023</b>	<b>162 013 443</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>			
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>		<b>--</b>	<b>--</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5 976 023</b>	<b>162 013 443</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent Company		6 298 929	162 204 102
Non-controlling interests	21	( 322 906)	(190 659)

- 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

**Salvador Cabañas Lopez**

Chief Financial Officer

**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of changes in equity**  
**For the three month ended March 31, 2019**

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
<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>
<b>Non-controlling interest acquired as a result of acquisition of Egypt Green</b>	--	--	--	--	3 396 252	3 396 252
Total comprehensive income for the period after income tax	--	--	162 204 102	162 204 102	(190 659)	162 013 443
<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>
<b>Balance at January 1, 2019</b>	<b>757 479 400</b>	<b>231 456 593</b>	<b>329 029 161</b>	<b>1 317 965 154</b>	<b>2 149 810</b>	<b>1 320 114 964</b>
Transfer to legal reserve	--	23 364 234	(23 364 234)	--	--	--
Dividend distribution	--	--	(7 245 082)	(7 245 082)	--	(7 245 082)
Total comprehensive income for the period after income tax	--	--	6 298 929	6 298 929	(322 906)	5 976 023
<b>Balance at March 31, 2019</b>	<b>757 479 400</b>	<b>254 820 827</b>	<b>304 718 774</b>	<b>1 317 019 001</b>	<b>1 826 904</b>	<b>1 318 845 905</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



**Salvador Cabañas Lopez**

Chief Financial Officer





**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of cash flows**  
**For the three month ended March 31, 2019**

EGP	Notes	March 31, 2019	March 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>5 581 987</b>	<b>196 746 991</b>
<b>Adjusted by:</b>			
Finance costs recognized in profit or loss	6	35 751 921	22 040 533
Interest income		( 647 785)	( 533 408)
Share of profit of a joint venture		( 112 018)	( 138 735)
Depreciation of property, plant and equipment	10	50 909 950	46 574 844
Amortization of intangible assets	12	12 495 513	12 495 515
Depreciation of other assets		8 962	8 963
Impairment in receivable no longer required		--	( 65 000)
Impairment in receivable formed during period		108 310	--
Foreign exchange (gain) / losses differences		(12 434 783)	(3 466 286)
Provisions formed	24	850 000	350 000
Decrease in inventories		27 337 696	36 766 057
Decrease / (increase) in debtors and other debit balances		7 232 513	(63 266 212)
Decrease / (increase) in trade receivables		24 209 138	( 197 579)
(Increase) in due from related parties		--	( 41 666)
(Decrease) / increase in creditors and other credit balances		(63 602 657)	48 268 739
Increase in trade payables		20 573 766	64 301 963
(Decrease) in due to related parties		(1 593 066)	(2 284 766)
Provisions used	24	--	( 502 789)
<b>Cash generated by operations</b>		<b>106 669 447</b>	<b>357 057 164</b>
Interest paid		(24 661 573)	(14 497 995)
Income taxes paid		( 202 769)	( 110 901)
<b>Net cash generated by operating activities</b>		<b>81 805 105</b>	<b>342 448 268</b>

**Arabian Cement Company S.A.E.**  
**Consolidated statement of cash flows**  
**For the three month ended March 31, 2019**

EGP	Notes	March 31, 2019	March 31, 2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	10	(16 065 043)	(8 199 581)
Payments for assets under construction *		(1 084 550)	(36 198 636)
Net cash flows from the acquisition of subsidiaries		--	45 709
Interest income		647 785	533 409
<b>Cash (used in) investing activities</b>		<b>(16 501 808)</b>	<b>(43 819 100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(18 127 724)	(30 806 960)
(Payment) from credit facilities		( 813 498)	(242 157 316)
Dividend distribution		(7 245 082)	--
Repayment of other liabilities		(60 615 500)	(28 403 102)
<b>Cash (used in) financing activities</b>		<b>(86 801 804)</b>	<b>(301 367 378)</b>
(Decrease) in cash and cash equivalents		(21 498 507)	(2 738 210)
Cash and cash equivalents at the beginning of the period		184 590 855	133 557 621
<b>Cash and cash equivalents at the end of the period</b>	<b>18</b>	<b>163 092 348</b>	<b>130 819 411</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 3 550 000 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

**Salvador Cabañas Lopez**

Chief Financial Officer

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

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

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

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

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

- Arabian Cement Company: a cement producer with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.
- Andalus Concrete Company: a producer of concrete products and other constructions materials. The company owns 99.99% of the issued and paid up capital of Andalus Concrete Company.
- ACC Management and Trading Company: providing managerial restructuring services for companies, transportation of goods, projects management, general trading and preparation of feasibility studies. The Company owns 99% of the issued and paid up capital of ACC Management and Trading Company.
- Evolve for Investment and Project Management Principal Activities is Alternative Fuel - Construct and operate factories for recycling. The Company owns 99.99% of the issued and paid up capital of Evolve for Investment and Project Management.
- 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 14, 2019.

## **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, 2018.

### **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.

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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, 2019	March 31, 2018
Local sales	714 231 685	819 791 794
Export sales	78 694 206	66 738 211
Services	34 925 311	27 405 047
<b>TOTAL</b>	<b>827 851 202</b>	<b>913 935 052</b>

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**4. Cost of sales**

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

<b>EGP</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Raw materials	653 935 835	563 151 304
Manufacturing depreciation	50 681 148	46 553 581
Electricity supply agreement amortization	12 495 513	12 495 514
Transportation cost	23 165 620	19 705 926
Overhead cost	43 589 236	33 925 950
<b>TOTAL</b>	<b>783 867 352</b>	<b>675 832 275</b>

**5. General and administration expenses**

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

<b>EGP</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Professional fees	1 571 873	3 762 218
Salaries and wages	14 882 918	14 632 392
Security and cleaning services	254 327	213 388
Rentals	1 297 509	2 669 262
Transportation	1 333 728	592 705
Advertising	1 048 710	538 467
Other expenses	6 479 424	2 880 155
<b>TOTAL</b>	<b>26 868 489</b>	<b>25 288 587</b>

**6. Finance costs**

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

<b>EGP</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Loan interest expense	19 941 052	10 002 717
Operation licence interest expense	--	212 398
Electricity agreement interest expense	3 070 500	3 070 500
Credit facilities interest expense	10 819 094	8 754 918
Other finance cost	1 921 275	--
<b>TOTAL</b>	<b>35 751 921</b>	<b>22 040 533</b>

**7. Compensation of key management personnel \***

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

<b>EGP</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Board of directors allowance	7 542 420	7 545 344
Board of directors salaries	4 463 760	4 465 440
<b>TOTAL</b>	<b>12 006 180</b>	<b>12 010 784</b>

\* Included in salaries and wages in general and administration expenses.

**8. Income taxes**

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

<b>EGP</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>CURRENT TAX</b>		
Current tax expense for the current period	138 742	34 256 438
<b>DEFERRED TAX</b>		
Net deferred tax recognized in the current period	(532 778)	477 110
<b>TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD</b>	<b>(394 036)</b>	<b>34 733 548</b>

## 8.2 Current tax liabilities

EGP	March 31, 2019	December 31, 2018
Current tax liabilities	229 181	293 208
<b>CURRENT TAX LIABILITIES</b>	<b>229 181</b>	<b>293 208</b>

## 8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 March 2019	Opening balance	Recognized in profit or loss	Closing balance
EGP			
<b>(LIABILITIES)</b>			
<i>Temporary differences</i>			
Property, plant & equipment	344 798 687	(532 778)	344 264 909
<b>NET DEFERRED TAX LIABILITY</b>	<b>344 798 687</b>	<b>(532 778)</b>	<b>344 264 909</b>
31 December 2018			
EGP			
<b>(LIABILITIES)</b>			
<i>Temporary differences</i>			
Property, plant & equipment	337 657 419	7 141 268	344 798 687
<b>NET DEFERRED TAX LIABILITY</b>	<b>337 657 419</b>	<b>7 141 268</b>	<b>344 798 687</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:

EGP	March 31, 2019	March 31, 2018
<b>EARNINGS (for basic and diluted earnings per share)</b>		
profit for the period attributable to owners of the parent	6 298 929	162 204 102
Employees share in distributable profits	(2 023 906)	(1 773 306)
<b>Distributable profit for the period</b>	<b>4 275 023</b>	<b>160 430 796</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>0.01</b>	<b>0.42</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>								
<b>Balance at January 1, 2018</b>	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
PP&E resulted from acquisition of Egypt Green	--	--	1 805 200	--	--	--	--	1 802 200
Additions	--	123 050	6 366 242	447 429	64 364	874 913	323 583	8 199 581
Transferred from PUC	--	--	--	--	100	1 434 666	--	1 434 766
<b>Balance at March 31, 2018</b>	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>Balance at January 1, 2019</b>	50 243 436	571 875 868	2 817 338 880	35 949 606	13 162 036	290 440 472	20 722 103	3 799 732 401
Additions	--	2 053 956	4 824 134	8 362 935	495 813	72 205	256 000	16 065 043
Transferred from PUC	--	--	3 550 000	--	--	--	--	3 550 000
<b>Balance at March 31, 2019</b>	50 243 436	573 929 824	2 825 713 014	44 312 541	13 657 849	290 512 677	20 978 103	3 819 347 444
<b>ACCUMULATED DEPRECIATION</b>								
<b>Balance at January 1, 2018</b>	--	176 887 377	829 394 523	14 191 965	3 907 687	88 230 225	13 392 861	1 126 004 638
PP&E resulted from 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
<b>Balance at March 31, 2018</b>	--	184 054 704	863 883 386	15 040 319	4 253 437	92 100 238	14 174 230	1 173 506 314
<b>Balance at January 1, 2019</b>	--	206 046 240	976 367 335	18 298 585	5 357 109	103 988 851	16 496 510	1 326 554 630
Depreciation expense	--	7 195 145	37 249 386	1 301 934	364 231	4 066 251	733 003	50 909 950
<b>Balance at March 31, 2019</b>	--	213 241 385	1 013 616 721	19 600 519	5 721 340	108 055 102	17 229 513	1 377 464 580
<b>CARRYING AMOUNT</b>								
<b>At March 31, 2019</b>	50 243 436	360 688 439	1 812 096 293	24 712 022	7 936 509	182 457 575	3 748 590	2 441 882 864
<b>At March 31, 2018</b>	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
<b>At December 31, 2018</b>	50 243 436	365 829 628	1 840 971 545	17 651 021	7 804 927	186 451 621	4 225 593	2 473 177 771

Cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans was 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, until the date of the financials, the Company did not finalize the mortgage amendment procedures to be in favour of the Commercial International Bank (CIB) (Security agent). According to the loans contracts granted by the Commercial International Bank (Security agent), 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, in favour for the bank as it's the (Security agent), and the bank is the first and only beneficiary of this policy. The company has insured (for its benefit) on cars and Silos.

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**11. Assets under construction**

<b>EGP</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Balance as of January 1	106 904 072	249 232 824
Additions	902 322	96 635 316
Project under construction resulted from acquisition of Egypt Green	--	10 294 439
Transfer to fixed assets	(3 550 000)	(249 293 072)
Transfer to Advance to suppliers	182 228	34 565
<b>Total</b>	<b>104 438 622</b>	<b>106 904 072</b>
Projects under construction are represented in the following categories:		
Buildings	56 087 047	55 693 555
Machinery and equipment	46 903 796	16 237 235
Other installations	1 265 551	34 938 717
Advance to suppliers	182 228	34 565
<b>TOTAL</b>	<b>104 438 622</b>	<b>106 904 072</b>

**12. Intangible assets**

<b>EGP</b>	<b>Operating license</b>	<b>Electricity contract</b>	<b>Total</b>
<b>Cost</b>			
<b>Cost as of January 1 , 2019</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, 2019</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, 2019	(259 311 354)	(183 617 741)	(442 929 095)
Amortization for the period	(6 942 636)	(5 552 877)	(12 495 513)
<b>Total accumulated amortization as of March 31, 2019</b>	<b>(266 253 990)</b>	<b>(189 170 618)</b>	<b>(455 424 608)</b>
<b>Net book value March 31,2019</b>	<b>296 950 723</b>	<b>36 029 382</b>	<b>332 980 105</b>
<b>Net book value December 31,2018</b>	<b>303 893 359</b>	<b>41 582 259</b>	<b>345 475 618</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, 2019	December 31, 2018
<b>Cost</b>	143 404	143 404
Accumulated depreciation	--	--
Balance at the beginning of the period	(95 603)	(59 751)
Period depreciation	(8 962)	(35 852)
<b>Accumulated depreciation at the end of period</b>	<b>(104 565)</b>	<b>(95 603)</b>
<b>Total</b>	<b>38 839</b>	<b>47 801</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	EGP	
			March 31, 2019	December 31, 2018
Andalus Reliance for mining Company	Egypt	50%	2 376 231	2 264 213
<b>TOTAL</b>			<b>2 376 231</b>	<b>2 264 213</b>

**15. Inventories**

EGP	March 31, 2019	December 31, 2018
Raw materials	85 472 212	101 592 095
Packing materials	39 353 957	32 340 022
Spare parts	12 477 171	10 561 524
Work in progress	2 986 186	2 767 805
Finished goods	120 358 606	140 724 382
<b>TOTAL</b>	<b>260 648 132</b>	<b>287 985 828</b>

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**16. Trade receivables**

EGP	March 31, 2019	December 31, 2018
Trade receivables	70 162 874	94 372 012
Less:- Impairment in trade receivables	(1 485 790)	(1 377 480)
<b>TOTAL</b>	<b>68 677 084</b>	<b>92 994 532</b>

**17. Debtors and other debit balances**

EGP	March 31, 2019	December 31, 2018
Advance to suppliers	30 486 239	38 980 230
Withholding tax	13 600 892	10 387 525
Deposit with others	43 608 656	41 266 256
Employees dividends in advance	2 023 906	7 245 080
Letter of credit	7 317 000	6 877 000
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	3 577 468	3 295 166
Other debit balances	581 847	377 264
Less : Impairment in other debit balance	( 588 282)	( 588 282)
<b>TOTAL</b>	<b>100 641 775</b>	<b>107 874 288</b>

**18. Cash and bank balances**

EGP	March 31, 2019	December 31, 2018
Cash on hand	4 849 002	1 434 147
Current account – local currency	92 076 449	62 159 310
Current account – foreign currency	30 752 954	25 266 756
Bank deposits	35 413 943	95 730 642
<b>Total</b>	<b>163 092 348</b>	<b>184 590 855</b>

\*Bank deposits includes a restricted bank deposit with an amount of EGP 1 020 000 against letter of grantee with the same value.

**19. Capital**

EGP	March 31, 2019	December 31, 2018
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, 2019	December 31, 2018
Balance at beginning of period / year	2 149 810	22 017
Non-controlling interest acquired as a result of acquisition of Egypt Green	--	3 396 252
Share of (Loss) for the period / year	(322 906)	(1 268 459)
<b>Balance at end of period / year</b>	<b>1 826 904</b>	<b>2 149 810</b>

**22. Borrowings**

EGP	Current		Non-current	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Credit facilities - CIB	272 861 088	273 674 586	--	--
<b>Total Facilities</b>	<b>272 861 088</b>	<b>273 674 586</b>	--	--
Bank loans - CIB	10 200 000	5 100 000	244 800 000	249 900 000
Less: Loan finance cost	(478 125)	(637 500)	--	--
<b>Net Loans - CIB</b>	<b>9 721 875</b>	<b>4 462 500</b>	<b>244 800 000</b>	<b>249 900 000</b>
Bank loans - EBRD	75 478 261	77 739 130	339 682 321	369 260 870
Less: Loan finance cost	(3 352 607)	(4 470 143)	--	--
<b>Net Loans - EBRD</b>	<b>72 125 654</b>	<b>73 268 987</b>	<b>339 682 321</b>	<b>369 260 870</b>
<b>Total Loans</b>	<b>81 847 529</b>	<b>77 731 487</b>	<b>584 482 321</b>	<b>619 160 870</b>

**23. Trade payables**

EGP	March 31, 2019	December 31, 2018
Local trade payables	278 698 215	271 233 921
Foreign trade payables	331 077 438	314 467 966
Notes payables	3 400 000	6 900 000
<b>TOTAL</b>	<b>613 175 653</b>	<b>592 601 887</b>

**24. Provisions**

EGP	Provision for claims
<b>Balance at January 1, 2019</b>	<b>10 621 710</b>
Additional provisions recognized	850 000
<b>Balance at March 31, 2019</b>	<b>11 471 710</b>

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	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Operating license	50 219 184	106 219 184	--	--
Electricity contract	18 462 000	18 462 000	7 692 500	12 308 000
<b>TOTAL</b>	<b>68 681 184</b>	<b>124 681 184</b>	<b>7 692 500</b>	<b>12 308 000</b>

## 26. Creditors and other credit balances

EGP	March 31, 2019	December 31, 2018
Advances from customers	47 678 426	52 855 704
Accrued development fees	18 406 804	19 836 333
Accrued customers rebates	17 758 202	58 252 104
Accrued expenses	8 517 469	6 478 469
Retention	6 404 557	6 404 557
Accrued interest	21 150 222	10 059 874
Accrued taxes	29 982 872	48 127 486
Deferred revenue - Grant	12 757 673	12 937 358
Creditors for purchase of investments in subsidiaries	287 956	287 956
Other	1 411 029	1 627 678
<b>TOTAL</b>	<b>164 355 210</b>	<b>216 867 519</b>

## 27. Related party transactions

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

EGP	Nature of relationship	Nature of transaction	Amount of transaction	
			March 31, 2019	March 31, 2018
Andalus Reliance for Mining Company	Joint Venture	Purchases	11 690 141	11 110 536

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

EGP	Due from related parties		Due to related parties	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cementos la Union - Spain Company	--	--	184 563	2 133 357
Andalus Reliance for Mining Company	--	--	6 683 247	6 327 519
<b>Total</b>	--	--	<b>6 867 810</b>	<b>8 460 876</b>

## 28. Operating lease arrangements

### 28.1 The Group as lessee

#### 28.1.1 Leasing arrangements

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

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

EGP	March 31, 2019	March 31, 2018
Minimum lease payments	936 233	1 254 487
<b>TOTAL</b>	<b>936 233</b>	<b>1 254 487</b>

**28.1.3 Non-cancellable operating lease commitments**

EGP	Total of future minimum lease payments	
	March 31, 2019	December 31, 2018
No longer than 1 year	3 109 521	3 996 974
Longer than 1 year and not longer than 2 years	2 093 652	3 569 966
Longer than 2 years	--	782 169
<b>TOTAL</b>	<b>5 203 173</b>	<b>8 349 109</b>

**29. Capital commitment**

The capital commitment as of March 31, 2019 amounted to EGP 8 024 073 in relation to fixed assets acquisition.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer

**Salvador Cabañas Lopez**

Chief Financial Officer