
Arabian Cement Company S.A.E.

Condensed separate interim financial statements

Together with limited review report

For the three months ended March 31, 2019

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Limited Review Report
For the Condensed Separate Interim Financial Statements

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

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of March 31, 2019 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Cairo, May 14, 2019

Kamel Magdy Saleh FCA, EFSA
RAA 8510
EFSA 69



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

EGP	Notes	March 31, 2019	December 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 420 959 956	2 457 108 755
Assets under construction	11	96 849 390	95 974 030
Intangible assets	12	332 980 105	345 475 618
Investments in subsidiaries	13-1	37 476 057	37 476 057
Amount paid under investments	13-2	10 000 000	10 000 000
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		2 898 390 508	2 946 159 460
CURRENT ASSETS			
Inventories	15	254 506 789	282 010 320
Trade receivables		41 470 519	69 297 253
Debtors and other debit balances	16	91 048 144	100 180 707
Due from related parties	26	26 454 108	20 464 416
Cash and bank balances	17	140 507 499	164 895 878
TOTAL CURRENT ASSETS		553 987 059	636 848 574
TOTAL ASSETS		3 452 377 567	3 583 008 034

- Limited review report is attached

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

EGP	Notes	March 31, 2019	December 31, 2018
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	254 730 209	231 365 975
Retained earnings		315 805 587	342 180 674
TOTAL EQUITY		1 328 015 196	1 331 026 049
NON-CURRENT LIABILITIES			
Borrowings	21	584 482 321	619 160 870
Deferred tax liabilities	8-3	342 608 012	343 043 930
Other liabilities	23	7 692 500	12 308 000
TOTAL NON-CURRENT LIABILITIES		934 782 833	974 512 800
CURRENT LIABILITIES			
Trade payables	20	592 328 865	576 797 621
Credit facilities	21	272 861 088	273 674 586
Current income tax payable	8-2	138 742	--
Current portion of long-term borrowings	21	81 847 529	77 731 487
Current portion of long-term other liabilities	23	68 681 184	124 681 184
Creditors and other credit balances	25	158 249 275	207 462 248
Due to related parties	26	4 856 718	7 355 922
Provisions	22	10 616 137	9 766 137
TOTAL CURRENT LIABILITIES		1 189 579 538	1 277 469 185
TOTAL LIABILITIES		2 124 362 371	2 251 981 985
TOTAL EQUITY AND LIABILITIES		3 452 377 567	3 583 008 034

- 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 Separate statement of profit or loss
For the three months ended March 31, 2019

EGP	Notes	March 31, 2019	March 31, 2018
Sales revenue	3	788 857 858	889 591 988
Cost of sales	4	(740 697 014)	(647 037 817)
GROSS PROFIT		48 160 844	242 554 171
General and administration expenses	5	(32 483 480)	(30 748 794)
Provisions	22	(850 000)	(350 000)
Interest income		444 556	189 202
Other income		472 216	841 280
Finance costs	6	(35 751 921)	(21 538 833)
Foreign exchange gain differences		23 944 838	4 744 911
PROFIT FOR THE PERIOD BEFORE TAX		3 937 053	195 691 937
Income tax expense	1-8	297 176	(34 738 681)
PROFIT FOR THE PERIOD AFTER TAX		4 234 229	160 953 256
Earnings per share (Basic and diluted)			
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 Separate statement of comprehensive income
For the three months ended March 31, 2019

EGP	March 31, 2019	March 31, 2018
PROFIT FOR THE PERIOD, NET OF INCOME TAX	4 234 229	160 953 256
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4 234 229	160 953 256

- 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 Separate statement of changes in equity
For the three months ended March 31, 2019

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2018	757 479 400	209 622 582	337 441 529	1 304 543 511
Total comprehensive income, net of income tax	--	--	160 953 256	160 953 256
Balance at March 31, 2018	757 479 400	209 622 582	498 394 785	1 465 496 767
Balance at January 1, 2019	757 479 400	231 365 975	342 180 674	1 331 026 049
Transfer to Legal reserve	--	23 364 234	(23 364 234)	--
Dividends	--	--	(7 245 082)	(7 245 082)
Total comprehensive income, net of income tax	--	--	4 234 229	4 234 229
Balance at March 31, 2019	757 479 400	254 730 209	315 805 587	1 328 015 196

- 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 Separate statement of cash flows
For the three months ended March 31, 2019

EGP	Notes	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		3 937 053	195 691 937
Adjusted by:			
Finance costs recognized in profit or loss	6	35 751 921	21 538 833
Interest income		(444 556)	(189 202)
Depreciation of property, plant and equipment	10	50 040 649	45 883 296
Amortization of intangible assets	12	12 495 513	12 495 515
Foreign exchange (gain) differences		(12 434 783)	(3 466 286)
Provisions formed	22	850 000	350 000
Decrease / (Increase) in inventories		27 503 531	(606 670)
Decrease / (Increase) in debtors and other debit balances		9 132 563	(21 028 567)
Decrease in trade receivables		27 826 734	(772 242)
Decrease in due from related parties		(5 989 692)	--
(Decrease) / increase in creditors and other credit balances		(60 303 321)	32 345 923
Increase in trade payables		15 531 244	64 845 604
Increase in due to related parties		(2 499 204)	(4 138 985)
Provisions used	22	--	(502 789)
Cash generated by operations		101 397 652	342 446 367
Interest paid		(24 661 573)	(13 996 295)
Net cash generated by operating activities		76 736 079	328 450 072

Arabian Cement Company S.A.E.
Condensed Separate cash flow statement
For the three months ended March 31, 2019

EGP	Notes	March 31, 2019	March 31, 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(13 891 850)	(7 499 029)
Payments for assets under construction	11	(875 360)	(36 198 636)
Interest income		444 556	189 202
Cash (used in) investing activities		(14 322 654)	(43 508 463)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(18 127 724)	(15 541 023)
Payments for credit facilities		(813 498)	(242 409 386)
Dividends distribution		(7 245 082)	--
Repayment of other liabilities		(60 615 500)	(28 403 102)
Cash (used in) generated by financing activities		(86 801 804)	(286 353 511)
Net (Decrease) in cash and cash equivalents		(24 388 379)	(1 411 902)
Cash and cash equivalents at the beginning of the period		164 895 878	117 204 564
Cash and cash equivalents at the end of the period		140 507 499	115 792 662
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– 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 separate interim financial statements
Together with limited review Report
For the three months ended March 31, 2019

1. The Company's general information

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

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

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

The Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes per annum of cement.

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

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on May 14, 2019.

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

2. Significant accounting policies

2.1 Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2018.

2.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Sales revenue

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

EGP	March 31, 2019	March 31, 2018
Local sales	676 904 901	796 574 753
Export sales	78 694 206	66 738 211
Services	33 258 751	26 279 024
TOTAL	788 857 858	889 591 988

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Condensed separate interim financial statements
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4. Cost of sales

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

EGP	March 31, 2019	March 31, 2018
Raw material	633 714 633	552 999 654
Manufacturing depreciation	50 040 649	45 883 295
Electricity supply agreement amortization	12 495 513	12 495 515
Transportation cost	22 315 110	19 412 041
Overhead cost	22 131 109	16 247 312
TOTAL	740 697 014	647 037 817

5. General and administration expenses

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

EGP	March 31, 2019	March 31, 2018
Professional services	8 130 951	9 486 543
Salaries and wages	14 882 918	14 494 444
Security and cleaning services	254 327	213 388
Rentals	1 297 509	2 657 762
Transportation	1 333 728	592 705
Advertising	1 048 710	538 467
Other	5 535 337	2 765 485
TOTAL	32 483 480	30 748 794

6. Finance costs

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

EGP	March 31, 2019	March 31, 2018
Loan interest expense	19 941 052	10 002 717
Operation license interest expense	--	212 398
Electricity agreement interest expense	3 070 500	3 070 500
Credit facilities interest expense	10 819 094	8 253 218
Other finance cost	1 921 275	--
TOTAL	35 751 921	21 538 833

7. Compensation of key management personnel *

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

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

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

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	March 31, 2019	March 31, 2018
CURRENT TAX		
Current tax expense for the current period	138 742	34 256 438
DEFERRED TAX		
Deferred tax (income) / expense recognized in the current period	(435 918)	482 243
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	(297 176)	34 738 681

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8.2 Current tax liabilities

EGP	March 31, 2019	December 31, 2018
Current tax expense (note 8.1)	138 742	34 256 438
CURRENT TAX LIABILITIES	138 742	34 256 438

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

March 31, 2019 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(343 043 930)	435 918	(342 608 012)
NET DEFERRED TAX LIABILITY	(343 043 930)	435 918	(342 608 012)
December 31, 2018 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(335 984 957)	(7 058 973)	(343 043 090)
NET DEFERRED TAX LIABILITY	(335 984 957)	(7 058 973)	(343 043 090)

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
EARNINGS (for basic and diluted earnings per share)		
Profit for the period	4 234 229	160 953 256
Employees' share in distributable profits (note 16)	(2 023 906)	(1 773 306)
Distributable profit	2 210 323	159 179 950
NUMBER OF SHARES (for basic and diluted earnings per share)		
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700
EARNINGS PER SHARE	0.01	0.42

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Vehicles	Machinery/land Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2018	50 243 436	564 826 943	13 151 253	2 529 190 896	11 933 537	283 064 441	18 677 131	3 471 087 637
Additions	--	115 750	32 377	6 088 042	64 364	874 913	323 583	7 499 029
Transfer from PUC	--	--	--	--	100	1 434 666	--	1 434 766
Balance at March 31, 2018	50 243 436	564 942 693	13 183 630	2 535 278 938	11 998 001	285 374 020	19 000 714	3 480 021 432
Balance at January 1, 2019	50 243 436	571 105 372	19 572 370	2 806 303 222	12 412 666	289 518 568	19 819 255	3 768 974 889
Additions	--	1 729 349	6 736 843	4 629 373	477 980	62 305	256 000	13 891 850
Balance at March 31, 2019	50 243 436	572 834 721	26 309 213	2 810 932 595	12 890 646	289 580 873	20 075 255	3 782 866 739
ACCUMULATED DEPRECIATION								
Balance at January 1, 2018	--	176 840 704	6 392 960	827 590 443	3 639 091	87 861 550	12 578 257	1 114 903 005
Depreciation expense	--	7 164 808	467 730	33 328 437	324 928	3 826 676	770 717	45 883 296
Balance at March 31, 2018	--	184 005 512	6 860 690	860 918 880	3 964 019	91 688 226	13 348 974	1 160 786 301
Balance at January 1, 2019	--	205 985 423	8 424 749	973 394 662	4 977 556	103 444 420	15 639 324	1 311 866 134
Depreciation expense	--	7 190 730	824 282	37 074 591	333 835	3 896 037	721 174	50 040 649
Balance at March 31, 2019	--	213 176 153	9 249 031	1 010 469 253	5 311 391	107 340 457	16 360 498	1 361 906 783
CARRYING AMOUNT								
At March 31, 2019	50 243 436	359 658 568	17 060 182	1 800 463 342	7 579 255	182 240 416	3 714 757	2 420 959 956
At March 31, 2018	50 243 436	380 937 181	6 322 940	1 674 360 058	8 033 982	193 685 794	5 651 740	2 319 235 131
At December 31, 2018	50 243 436	365 119 949	11 147 621	1 832 908 560	7 435 110	186 074 148	4 179 931	2 457 108 755

- 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 of 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 benefits) on cars and silos.

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11. Projects under construction

EGP	March 31, 2019	December 31, 2018
Balance as of January 1	95 974 030	249 232 824
Additions	693 132	95 999 812
Transfer to fixed assets	--	(249 293 171)
Transfer to debtors and other debit balances	182 228	34 565
TOTAL	96 849 390	95 974 030
Assets under construction are represented in the following categories:		
Buildings	56 087 047	55 693 556
Machinery and equipment	39 314 564	5 307 193
Other installations	1 265 551	34 938 716
Advance to suppliers	182 228	34 565
TOTAL	96 849 390	95 974 030

12. Intangible assets

EGP	Operating license	Electricity contract	Total
<u>Cost</u>			
Cost as of January 1 , 2019	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of March 31, 2019	563 204 713	225 200 000	788 404 713
<u>Accumulated amortization</u>			
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)
Total accumulated amortization as of March 31, 2019	(266 253 990)	(189 170 618)	(455 424 608)
Net book value March 31,2019	296 950 723	36 029 382	332 980 105
Net book value December 31,2018	303 893 359	41 582 259	345 475 618

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

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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.

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments

13-1 Investment in subsidiaries

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

Company name EGP	Domicile	Share/ paid- in capital	March 31, 2019	December 31, 2018	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	20 926 807	20 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
TOTAL			37 476 057	37 476 057		

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13-2 Amount paid under investment

The amount paid under investment with balance as of March 31, 2019 EGP 10 000 000 represents in amount paid for the capital increasing in Andalus Ready-Mix Concrete and the legal procedures currently in process

14. Investments in joint venture

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

Name of joint venture	Place of incorporation	Proportion of ownership interest and voting power held by the company	EGP	
			March 31, 2019	December 31, 2018
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	March 31, 2019	December 31, 2018
Raw materials	82 609 687	98 934 615
Packing materials	39 353 957	32 340 022
Spare parts	9 198 353	7 903 975
Work in progress	2 986 186	2 767 805
Finished goods	120 358 606	140 063 903
TOTAL	254 506 789	282 010 320

16. Debtors and other debit balances

EGP	March 31, 2019	December 31, 2018
Advance to suppliers	28 109 319	37 474 526
Withholding tax	8 077 742	5 302 490
Deposit with others	43 608 656	41 108 656
Employees' dividends in advance	2 023 906	7 245 080
Letter of credit	6 877 000	6 877 000
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	2 317 472	1 861 757
Other debit balances	--	277 149
TOTAL	91 048 144	100 180 707

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17. Cash and bank balances

EGP	March 31, 2019	December 31, 2018
Cash on hand	2 401 847	1 276 837
Current account – local currency	79 287 432	51 267 529
Current account – foreign currency	30 749 328	25 263 099
Bank deposits *	28 068 892	87 088 413
Total	140 507 499	164 895 878

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

18. 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
Issued capital	757 479 400	757 479 400

19. Legal reserve

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

20. Trade payables

EGP	Current		Non-current	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Local trade payables	257 851 427	255 429 655	--	--
Foreign trade payables	331 077 438	314 467 966	--	--
Notes payables *	3 400 000	6 900 000	--	--
TOTAL	592 328 865	576 797 621	--	--

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

21. Borrowings

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

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22.Provisions

EGP	Provision for claims
Balance at January 1, 2019	9 766 137
Additional provisions recognized	850 000
Balance at March 31, 2019	10 616 137

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

23.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
TOTAL	68 681 184	124 681 184	7 692 500	12 308 000

24.Dividends distribution

On March 27, 2019, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2018.

EGP	December 31, 2018
Profit for the year	233 642 343
Retained earnings at beginning of the year	108 538 330
Distributable profits	342 180 673
To be distributed as follows:	
Legal reserve	23 364 234
Profit attributable to shareholders	--
Profit attributable to employees	7 245 082
Retained earnings at end of the year	311 571 357

25.Creditors and other credit balances

EGP	March 31, 2019	December 31, 2018
Advances from customers	47 658 969	52 573 239
Accrued expenses	7 266 064	4 185 839
Accrued development fees	18 406 804	19 836 333
Accrued customers rebates	17 758 202	58 252 104
Accrued taxes	26 846 784	43 212 944
Accrued interest	21 150 222	10 059 874
Deferred Revenue - Grant (note 23)	12 757 673	12 937 358
Retention	6 404 557	6 404 557
TOTAL	158 249 275	207 462 248

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26. Related party transactions

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

EGP	Relation type	Transaction nature	Volume of the transactions	
			March 31, 2019	March 31, 2018
Andalus Concrete Company	Subsidiary	Sales	4 877 309	10 710 080
ACC for Management and Trading Company	Subsidiary	Services	11 089 486	10 046 701
Evolve	Subsidiary	Purchases	1 870 910	--
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
Andalus Concrete Company	19 313 796	17 926 645	--	--
Evolve Investment & Projects Management Company	4 691 849	2 537 771	--	--
ACC for Management and Trading Company	2 448 463	--	--	865 546
Cementos La Union - Spain Company	--	--	226 229	2 175 023
Andalus Reliance for Mining Company	--	--	4 630 489	4 315 353
TOTAL	26 454 108	20 464 416	4 856 718	7 355 922

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

27. Operating lease arrangements

27.1 The entity as lessee

27.1.1 Leasing arrangements

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

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27.1.2 Payments recognised as an expense in the period

EGP	March 31, 2019	March 31, 2018
Minimum lease payments	45 870	103 547
TOTAL	45 870	103 547

27.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	March 31, 2019	December 31, 2018
No longer than 1 year	261 761	365 862
Longer than 1 year and not longer than 5 years	--	8 540
TOTAL	261 761	374 402

28. Commitments for expenditure

The capital commitment as of March 31, 2018 amounted to EGP 8 024 073 related to fixed assets acquisitions.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer