

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

**Condensed consolidated interim financial statements  
Together with limited review's report  
For the nine months ended September 30, 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 September 30, 2019 and the related condensed consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed 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, November 14, 2019



**Arabian Cement Company S.A.E.****Condensed consolidated statement of financial position at September 30, 2019**

<b>EGP</b>	<b>Notes</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2 428 233 947	2 473 177 771
Assets under construction	11	35 079 269	106 904 072
Intangible assets	12	307 572 561	345 475 618
Right of use	28-1	4 202 451	--
Other assets	13	20 914	47 801
Investments in a joint venture	14	2 549 492	2 264 213
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 777 658 634</b>	<b>2 927 869 475</b>
<b>CURRENT ASSETS</b>			
Inventories	15	187 299 811	287 985 828
Trade receivables	16	26 709 225	92 994 532
Debtors and other debit balances	17	110 057 645	107 874 288
Due from related parties	27	2 177	--
Cash and bank balances	18	176 965 178	184 590 855
<b>TOTAL CURRENT ASSETS</b>		<b>501 034 036</b>	<b>673 445 503</b>
<b>TOTAL ASSETS</b>		<b>3 278 692 670</b>	<b>3 601 314 978</b>

**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of financial position at September 30, 2019**

EGP	Notes	September 30, 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		333 814 625	329 029 161
<b>Equity attributable to owners of the Parent Company</b>		<b>1 346 114 852</b>	<b>1 317 965 154</b>
Non-controlling interests	21	<b>1 799 308</b>	<b>2 149 810</b>
<b>TOTAL EQUITY</b>		<b>1 347 914 160</b>	<b>1 320 114 964</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	22	518 600 008	619 160 870
Deferred tax liabilities	8.3	344 142 599	344 798 687
Other liabilities	25	3 077 000	12 308 000
Finance lease liability	28-2-1	2 662 290	--
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>886 481 897</b>	<b>976 267 557</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	23	688 604 130	592 601 887
Credit facilities	22	48 690 844	273 674 586
Current income tax payable	8.2	--	293 208
Current portion of long-term borrowings	22	90 069 957	77 731 487
Current portion of long-term other liabilities	25	16 065 684	124 681 184
Creditors and other credit balances	26	195 312 021	216 867 519
Finance lease liability	28-2-1	488 573	--
Due to related parties	27	8 872 533	8 460 876
Provisions	24	14 192 871	10 621 710
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 062 296 613</b>	<b>1 304 932 457</b>
<b>TOTAL LIABILITIES</b>		<b>1 930 778 510</b>	<b>2 281 200 014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 278 692 670</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 nine month ended**  
**September 30, 2019**

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Sales revenue	3	744 638 782	807 720 519	2 344 743 374	2 449 177 603
Cost of sales	4	(704 504 703)	( 748 985 565)	(2 213 398 105)	(2 034 220 463)
<b>GROSS PROFIT</b>		<b>40 134 079</b>	<b>58 734 954</b>	<b>131 345 269</b>	<b>414 957 139</b>
General and administration expenses	5	(20 187 128)	(27 307 632)	(67 528 514)	(80 732 797)
Provisions	24	(350 000)	(4 078 011)	(3 571 161)	(4 778 011)
Interest income		612 318	817 908	1 831 572	2 270 379
Impairment in receivables		--	--	(108 310)	75 000
Other income		969 516	802 906	1 846 062	2 649 361
Finance costs	6	(28 374 484)	(26 757 367)	(97 050 007)	(72 235 339)
Share of profit of a joint venture		85 594	114 095	285 279	295 802
Capital gain		15 398	--	15 398	--
Foreign exchange gain / (losses) differences		14 930 066	( 951 893)	65 246 228	(4 724 015)
<b>(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>7 835 359</b>	<b>1 374 960</b>	<b>32 311 816</b>	<b>257 777 519</b>
Income tax	8.1	(246 978)	693 196	656 088	(42 940 623)
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>7 588 381</b>	<b>2 068 156</b>	<b>32 967 904</b>	<b>214 861 896</b>
<b>Profit attributable to:</b>					
Owners of the Parent Company		7 271 781	2 214 990	33 318 608	215 561 329
Non-controlling interests	21	316 600	(146 834)	(350 704)	( 699 433)
		<b>7 588 381</b>	<b>2 068 156</b>	<b>32 967 904</b>	<b>214 861 896</b>
<b>Earnings per share (Basic and diluted)</b>					
Basic and diluted (EGP / Share)	9	.01	0.55	.07	0.57

- 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 nine**  
**month ended September 30, 2019**

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>PROFIT FOR THE PERIOD, NET OF INCOME TAX</b>		<b>7 588 381</b>	<b>2 068 156</b>	<b>32 967 904</b>	<b>214 861 896</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>		--	--	--	--
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX</b>		--	--	--	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>7 588 381</b>	<b>2 068 156</b>	<b>32 967 904</b>	<b>214 861 896</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent Company		7 271 781	2 214 990	33 318 608	215 561 329
Non-controlling interests	21	316 600	(146 834)	(350 704)	( 699 433)

- 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 nine month ended September 30, 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>
Transferred to legal reserve	--	21 743 393	(21 743 393)	--	--	--
Dividends distributed	--	--	(6 427 764)	(6 427 764)	--	(6 427 764)
NCI resulted from acquisition of Egypt Green	--	--	--	--	3 396 252	3 396 252
Total comprehensive income for the period after income tax	--	--	215 536 329	215 536 329	(699 433)	214 836 896
<b>Balance at September 30, 2018</b>	<b>757 749 400</b>	<b>231 456 593</b>	<b>512 386 910</b>	<b>1 501 322 903</b>	<b>2 718 836</b>	<b>1 504 041 739</b>
<b>Balance at January 1, 2019</b>	<b>757 749 400</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>
Impact of changes in accounting Policies	--	--	2 076 172	2 076 172	202	2 076 374
<b>Restated Balance at January 1, 2019</b>	<b>757 479 400</b>	<b>231 456 593</b>	<b>331 105 333</b>	<b>1 320 041 326</b>	<b>2 150 012</b>	<b>1 322 191 338</b>
Transferred to legal reserve	--	23 364 234	(23 364 234)	--	--	--
Dividends distributed	--	--	(7 245 082)	(7 245 082)	--	(7 245 082)
Total comprehensive income for the period after income tax	--	--	33 318 608	33 318 608	(350 704)	32 967 904
<b>Balance at September 30, 2019</b>	<b>757 479 400</b>	<b>254 820 827</b>	<b>333 814 625</b>	<b>1 346 114 852</b>	<b>1 799 308</b>	<b>1 347 914 160</b>

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

**Sergio Alcantarillis Rodriguez**  
Chief Executive Officer



**Salvador Cabañas Lopez**  
Chief Financial Officer





**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of cash flows for the nine month**  
**Ended September 30, 2019**

EGP	Notes	September 30, 2019	September 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the period</b>		<b>32 311 816</b>	<b>257 777 519</b>
<b>Adjusted by:</b>			
Finance costs recognized in profit or loss	6	97 050 007	72 235 339
Interest income		(1 831 572)	(2 270 379)
Share of profit of a joint venture		(285 279)	( 295 802)
Depreciation of property, plant and equipment	10	155 453 387	147 113 501
Capital gain		(15 398)	--
Amortization of intangible assets	12	37 903 057	37 903 059
Amortization of other assets		26 887	26 889
Amortization of Right of use	28-1	3 196 598	--
Impairment in receivable		108 310	--
Reversal of impairment in receivable		--	(75 000)
Foreign exchange (gain) / losses differences		(33 695 652)	4 724 015
Provisions formed	24	3 571 161	4 778 011
Decrease in inventories		100 686 017	16 038 492
(Increase) in debtors and other debit balances		(2 183 357)	(3 973 387)
Decrease / (Increase) in trade receivables		66 176 997	(2 776 736)
(Increase) in due from related parties		(2 177)	( 500)
(Decrease) / Increase in creditors and other credit balances		( 27 433 677)	86 397 682
Increase in trade payables		96 002 243	19 656 923
Increase / (Decrease) in due to related parties		411 657	(3 354 102)
Provisions used	24	--	(2 301 570)
<b>Cash generated by operations</b>		<b>527 451 025</b>	<b>631 562 288</b>
Interest paid		(91 171 827)	(68 959 025)
Income taxes paid		(293 208)	( 110 901)
<b>Net cash generated by operating activities</b>		<b>435 985 990</b>	<b>562 492 362</b>

**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of cash flows for the nine month**  
**Ended September 30, 2019**

EGP	Notes	September 30, 2019	September 30, 2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	10	(35 144 756)	(21 790 795)
Payments for assets under construction *		(3 694 299)	(86 504 300)
Proceeds from assets disposal		169 693	(4 703 423)
Interest income		1 831 572	2 270 379
<b>Cash (used in) investing activities</b>		<b>(36 837 790)</b>	<b>(110 728 139)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(54 526 740)	(79 090 576)
paid/Proceeds from credit facilities		(224 983 742)	(187 686 216)
Payment for finance lease liability		(2 171 813)	--
Payment of dividends		( 7 245 082)	(6 427 764)
Repayment of other liabilities		(117 846 500)	(61 634 102)
<b>Cash generated by (used in) financing activities</b>		<b>(406 773 877)</b>	<b>(334 838 658)</b>
(Decrease) in cash and cash equivalents		(7 625 677)	116 925 565
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>	18	<b>176 965 178</b>	<b>250 483 186</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 75 519 102 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

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

Condensed consolidated interim financial statements

Together with limited review Report

For the nine months ended September 30, 2019

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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 November 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.

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

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

Condensed consolidated interim financial statements

Together with limited review Report

For the nine months ended September 30, 2019

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The principal accounting policies are set out below.

### **2.3 Change in accounting policy**

The company has adopted Egyptian Accounting Standard 49 "Leasing Contracts" retrospectively from 1 January 2019, the company recognized the cumulative effect of the initial application of this standard as an adjustment to the opening balance of retained earnings on 1 January 2019, as permitted in Paragraph 7 of Appendix C the specific transitional provisions in the standard.

On adoption of Egyptian Accounting Standard 49 "Leasing Contracts", the company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Egyptian Accounting Standard 20 "Finance Leasing". These liabilities were measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate.

### **2.4 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.

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

Condensed consolidated interim financial statements

Together with limited review Report

For the nine months ended September 30, 2019

**3. Sales revenue**

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

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Local sales	619 001 504	691 088 559	1 944 742 946	2 154 992 718
Export sales	90 542 073	83 253 735	294 283 292	209 927 250
Services	35 095 205	33 378 225	105 717 136	84 257 635
<b>TOTAL</b>	<b>744 638 782</b>	<b>807 720 519</b>	<b>2 344 743 374</b>	<b>2 449 177 603</b>

**4. Cost of sales**

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

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Raw materials	545 285 336	619 702 800	1 789 432 937	1 669 953 805
Manufacturing depreciation	56 548 498	51 097 549	158 643 953	146 693 259
Electricity supply agreement amortization	12 773 191	12 773 191	37 903 057	37 903 058
Transport cost	25 328 270	24 344 831	70 487 913	62 364 717
Overhead cost	64 569 408	41 067 194	156 930 245	117 305 624
<b>TOTAL</b>	<b>704 504 703</b>	<b>748 985 565</b>	<b>2 213 398 105</b>	<b>2 034 220 463</b>

**5. General and administration expenses**

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

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Professional fees	2 435 807	2 576 638	6 863 409	8 751 904
Salaries and wages	8 777 421	14 822 615	33 111 797	44 530 446
Security and cleaning services	554 685	456 956	1 632 870	906 521
Rentals	77 325	2 931 596	1 884 109	8 288 456
Transportation	612 002	1 871 397	3 014 892	5 725 687
Advertising	73 203	166 145	1 352 570	1 143 465
Other expenses	7 656 685	4 482 285	19 668 867	11 386 318
<b>TOTAL</b>	<b>20 187 128</b>	<b>27 307 632</b>	<b>67 528 514</b>	<b>80 732 797</b>



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

Condensed consolidated interim financial statements

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For the nine months ended September 30, 2019

**6. Finance costs**

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

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September	September 30,
	2019	2018	30, 2019	2018
Loan interest expense	18 186 326	20 969 974	57 342 679	48 105 268
Operation licence interest expense	--	--	--	212 398
Electricity agreement interest expense	3 070 500	3 070 500	9 211 500	9 211 500
Finance lease interest	493 672	--	493 672	--
Bank overdraft interest expense	5 071 807	2 716 893	24 864 210	14 706 173
Other finance cost	1 552 179	--	5 137 946	--
<b>TOTAL</b>	<b>28 374 484</b>	<b>26 757 367</b>	<b>97 050 007</b>	<b>72 235 339</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	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Board of directors allowance	3 758 496	7 613 265	13 195 148	22 712 309
Board of directors salaries	2 785 996	4 505 760	12 089 792	13 441 680
<b>TOTAL</b>	<b>6 544 492</b>	<b>12 119 025</b>	<b>25 284 940</b>	<b>36 153 989</b>

\* included in salaries and wages expenses in the general and administration expenses

**8. Income taxes****8.1 Income tax expense recognised in profit or loss**

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
<b>CURRENT TAX</b>				
Current tax expense for the current period	--	( 2 903 452)	--	35 197 138
<b>DEFERRED TAX</b>				
Net deferred tax recognized in the current period	(246 978)	2 210 256	656 088	7 743 485
<b>TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD</b>	<b>(246 978)</b>	<b>(693 196)</b>	<b>656 088</b>	<b>42 940 623</b>

### 8.2 Current tax liabilities

EGP	September 30, 2019	December 31, 2018
Current tax liabilities	--	293 208
<b>CURRENT TAX LIABILITIES</b>	<b>--</b>	<b>293 208</b>

### 8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

September 30, 2019	Opening balance	Recognized in profit or loss	Closing balance
EGP			
<b>(LIABILITIES)</b>			
<i>Temporary differences</i>			
Property, plant & equipment	344 798 687	(656 088)	344 142 599
<b>NET DEFERRED TAX LIABILITY</b>	<b>344 798 687</b>	<b>(656 088)</b>	<b>344 142 599</b>
31 December 2018	Opening balance	Recognized in profit or loss	Closing balance
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	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>EARNINGS (for basic and diluted earnings per share)</b>				
profit for the period attributable to owners of the parent	7 271 781	2 214 990	33 318 608	215 536 329
Employees share in distributable profits	(1 649 876)	(146 834)	(5 428 918)	(699 433)
<b>Distributable profit for the period</b>	<b>5 621 905</b>	<b>2 086 156</b>	<b>27 889 690</b>	<b>214 836 896</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	378 739 700	378 739 700
<b>EARNINGS PER SHARE</b>	<b>.01</b>	<b>0.55</b>	<b>.07</b>	<b>0.57</b>

## 11. Assets under construction

EGP	September 30, 2019	December 31, 2018
Balance as of January 1	106 904 072	249 232 824
Additions	2 558 897	96 635 316
Project under construction resulted from acquisition of Egypt Green	--	10 294 439
Transfer to fixed assets	(75 519 102)	(249 293 072)
Transfer to supplier advance payment for purchase fixed assets	835 402	34 565
<b>Total</b>	<b>35 079 269</b>	<b>106 904 072</b>
Projects under construction are represented in the following categories:		
Buildings	1 219 184	55 693 555
Machinery and equipment	32 633 118	16 237 235
Other installations	357 000	34 938 717
Advance to suppliers	869 967	34 565
<b>TOTAL</b>	<b>35 079 269</b>	<b>106 904 072</b>

## 12. Intangible assets

EGP	Operating license	Electricity contract	Total
<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 September 30,2019</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	(21 059 331)	(16 843 726)	(37 903 057)
<b>Total accumulated amortization as of September 30, 2019</b>	<b>(280 370 685)</b>	<b>(200 461 467)</b>	<b>(480 832 152)</b>
<b>Net book value September 30,2019</b>	<b>282 834 028</b>	<b>24 738 533</b>	<b>307 572 561</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	September 30, 2019	December 31, 2018
<b>Cost</b>	<b>143 404</b>	<b>143 404</b>
<b>Accumulated depreciation</b>		
Balance at the beginning of the period	(95 603)	(59 751)
Period depreciation	(26 887)	(35 852)
<b>Accumulated depreciation at the end of period</b>	<b>(122 490)</b>	<b>(95 603)</b>
<b>Total</b>	<b>20 914</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	September 30, 2019	December 31, 2018
Andalus Reliance for mining Company	Egypt	50%	2 549 492	2 264 213
<b>TOTAL</b>			<b>2 549 492</b>	<b>2 264 213</b>

**15. Inventories**

EGP	September 30, 2019	December 31, 2018
Raw materials	75 353 470	101 592 095
Packing materials	19 756 054	32 340 022
Spare parts	11 952 376	10 561 524
Work in progress	2 199 502	2 767 805
Finished goods	78 038 409	140 724 382
<b>TOTAL</b>	<b>187 299 811</b>	<b>287 985 828</b>

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**16. Trade receivables**

EGP	September 30, 2019	December 31, 2018
Trade receivables	28 195 015	94 372 012
Less:- Impairment in trade receivables	(1 485 790)	(1 377 480)
<b>TOTAL</b>	<b>26 709 225</b>	<b>92 994 532</b>

**17. Debtors and other debit balances**

EGP	September 30, 2019	December 31, 2018
Advance to suppliers	29 382 983	38 980 230
Withholding tax	17 706 991	10 387 525
Deposit with others	51 285 547	41 266 256
Employees dividends in advance	5 428 918	7 245 080
Letter of credit	--	6 877 000
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	3 818 751	3 295 166
Other debit balances	2 988 688	377 264
Less : Impairment in other debit balance	( 588 282)	( 588 282)
<b>TOTAL</b>	<b>110 057 645</b>	<b>107 874 288</b>

**18. Cash and bank balances**

EGP	September 30, 2019	December 31, 2018
Cash on hand	2 079 083	1 434 147
Current account – local currency	20 588 788	62 159 310
Current account – foreign currency	7 686 497	25 266 756
Bank deposits	146 610 810	95 730 642
<b>Total</b>	<b>176 965 178</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	September 30, 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	September 30, 2019	December 31, 2018
Balance at beginning of period	2 149 810	22 017
Impact of changes in accounting policy	202	--
<b>Restated Balance at January 1, 2019</b>	<b>2 150 012</b>	<b>22 017</b>
Non-controlling interest acquired as a result of acquisition of Egypt Green.	--	3 396 252
Share of profit for the period	(350 704)	(1 268 459)
<b>Balance at end of period</b>	<b>1 799 308</b>	<b>2 149 810</b>

**22. Borrowings**

EGP	Current		Non-current	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Credit facilities – CIB	48 690 844	273 674 586	--	--
<b>Total Facilities</b>	<b>48 690 844</b>	<b>273 674 586</b>	--	--
Bank loans – CIB	20 400 000	5 100 000	234 600 000	249 900 000
Less: Loan finance cost	(212 500)	(637 500)	--	--
<b>Net Loans – CIB</b>	<b>20 187 500</b>	<b>4 462 500</b>	<b>234 600 000</b>	<b>249 900 000</b>
Bank loans – EBRD	71 000 000	77 739 130	284 000 008	369 260 870
Less: Loan finance cost	(1 117 543)	(4 470 143)	--	--
<b>Net Loans – EBRD</b>	<b>69 882 457</b>	<b>73 268 987</b>	<b>284 000 008</b>	<b>369 280 870</b>
<b>Total Loans</b>	<b>90 069 957</b>	<b>77 731 487</b>	<b>518 600 008</b>	<b>619 160 870</b>

**23. Trade payables**

EGP	September 30, 2019	December 31, 2018
Local trade payables	339 331 207	271 233 921
Foreign trade payables	349 272 923	314 467 966
Notes payable	--	6 900 000
<b>TOTAL</b>	<b>688 604 130</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	3 571 161
<b>Balance at September 30, 2019</b>	<b>14 192 871</b>

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

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**25. Other liabilities**

EGP	Current		Non-current	
	September 30, 2019	December 31, 2018	September 30,2019	December 31, 2018
Operating license	2 219 184	106 219 184	--	--
Electricity contract	13 846 500	18 462 000	3 077 000	12 308 000
<b>TOTAL</b>	<b>16 065 684</b>	<b>124 681 184</b>	<b>3 077 000</b>	<b>12 308 000</b>

**26. Creditors and other credit balances**

EGP	September 30, 2019	December 31, 2018
Advances from customers	48 192 651	52 855 704
Accrued development fees	18 423 662	19 836 333
Accrued customers rebates	47 632 600	58 252 104
Accrued expenses	6 364 652	6 478 469
Retention	5 161 119	6 404 557
Accrued interest	15 938 054	10 059 874
Accrued taxes	39 805 192	48 127 486
Deferred revenue – Grant	12 398 301	12 937 358
Creditors for purchase of investments in subsidiaries	--	287 956
Other credit balances	1 395 790	1 627 678
<b>TOTAL</b>	<b>195 312 021</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	
			September 30, 2019	September 30, 2018
Andalus Reliance for Mining Company	Joint Venture	Purchases	31 412 348	23 613 819

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

EGP	Due from related parties		Due to related parties	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Cementos la Union – Spain Company	2 177	--	--	2 133 357
Andalus Reliance for Mining Company	--	--	8 872 533	6 327 519
<b>Total</b>	<b>2 177</b>	<b>--</b>	<b>8 872 533</b>	<b>8 460 876</b>

## 28. Lease Contracts

### 28.1.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
<b>Cost</b>			
Cost as of January 1, 2019	2 632 718	16 900 557	19 533 275
Additions during period	--	--	--
<b>Cost as of September 30, 2019</b>	<b>2 632 718</b>	<b>16 900 557</b>	<b>19 533 275</b>
<b>Less:- Accumulated amortization</b>			
Accumulated amortization as of January 1, 2019	2 107 477	10 026 749	12 134 226
Amortization for the period	383 940	2 812 658	3 196 598
<b>Total accumulated amortization as of September 30, 2019</b>	<b>2 491 417</b>	<b>12 839 407</b>	<b>15 330 824</b>
<b>Net book value September 30, 2018</b>	<b>141 301</b>	<b>4 061 150</b>	<b>4 202 451</b>

### 28.2 Financial lease liability.

#### 28.2.1 Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Finance lease liability	488 573	--	2 662 290	--
	<b>488 573</b>	<b>--</b>	<b>2 662 290</b>	<b>--</b>

\* The finance lease interest cost charged during the period amounted to EGP 493 672 (refer to note6)

#### 28.2.2 Undiscounted contractual obligations of finance leases

EGP	September 30, 2019	December 31, 2018
No longer than 1 year	2 693 692	3 996 974
Longer than 1 year and not longer than 5 years	1 186 002	4 352 135
<b>Total</b>	<b>3 879 694</b>	<b>8 349 109</b>

### 28.3 Impact of change in accounting policy

The effect of the change in accounting policy resulting from the application of EAS 49, "Leases" on the statement of financial position at 1 January 2019 is as follows:

EGP	January 1, 2019
Right-of-use assets - increase	7 399 051
Lease liabilities - increase	( 5 322 677)
<b>Net impact on retained earnings</b>	<b>2 076 374</b>
<b>Attributable to</b>	
Owners of the parent company	2 076 172
Non-controlling interest	202

**29. Significant Events during current period**

On March 28, 2019, the Minister of Investment and International Cooperation issued Decree No. 96 of 2019 amending certain provisions of the Egyptian Accounting Standards. Three accounting standards were issued, the Egyptian Accounting Standard No. (47) for Financial Instruments and the Egyptian Accounting Standard (48) for the revenue of contracts with customers and the accounting standard (49) concerning leasing contracts in accordance with the Financial Leasing Law No. 176 of 2018.

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer



**Salvador Cabañas Lopez**

Chief Financial Officer

