

Arabian Cement Company S.A.E.

**Condensed separate interim financial statements
Together with limited review report
For the nine months ended September 30, 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 September 30, 2019 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

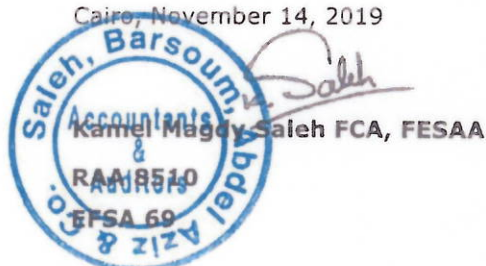
Scope of Review

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

Conclusion

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

Cairo, November 14, 2019



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

EGP	Notes	September 30, 2019	December 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment (Net)	10	2 399 176 491	2 457 108 755
Assets under construction	11	35 079 269	95 974 030
Intangible assets (Net)	12	307 572 561	345 475 618
Right-of-use assets	27	185 871	--
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		2 789 615 249	2 946 159 460
CURRENT ASSETS			
Inventories	15	179 511 547	282 010 320
Trade receivables		--	69 297 253
Debtors and other debit balances	16	98 450 603	100 180 707
Due from related parties	26	16 811 535	20 464 416
Cash and bank balances	17	167 732 832	164 895 878
TOTAL CURRENT ASSETS		462 506 517	636 848 574
TOTAL ASSETS		3 252 121 766	3 583 008 034

- Limited review report is attached

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

EGP	Notes	September 30, 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		344 513 458	342 180 674
TOTAL EQUITY		1 356 723 067	1 331 026 049
NON-CURRENT LIABILITIES			
Borrowings	21	518 600 008	619 160 870
Deferred tax liabilities	8.3	342 449 448	343 043 930
Other liabilities	23	3 077 000	12 308 000
TOTAL NON-CURRENT LIABILITIES		864 126 456	974 512 800
CURRENT LIABILITIES			
Trade payables	20	667 783 399	576 797 621
Credit facilities	21	48 690 844	273 674 586
Current income tax payable	8.2	--	--
Current portion of long-term borrowings	21	90 069 957	77 731 487
Current portion of long-term other liabilities	23	16 065 684	124 681 184
Creditors and other credit balances	25	189 199 999	207 462 248
Lease liabilities	27	49 436	--
Due to related parties	26	6 075 626	7 355 922
Provisions	22	13 337 298	9 766 137
TOTAL CURRENT LIABILITIES		1 031 272 243	1 277 469 185
TOTAL LIABILITIES		1 895 398 699	2 251 981 985
TOTAL EQUITY AND LIABILITIES		3 252 121 766	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.
Separate statement of profit or loss for the nine months 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	712 007 664	777 799 978	2 249 062 524	2 369 042 647
Cost of sales	4	(671 011 800)	(714 756 880)	(2 099 248 650)	(1 938 985 375)
GROSS PROFIT		40 995 864	63 043 098	149 813 874	430 057 272
General and administration expenses	5	(23 132 306)	(33 024 011)	(86 138 060)	(96 794 603)
Provisions	22	(350 000)	(4 078 011)	(3 571 161)	(4 778 011)
Interest income		490 687	584 765	1 348 129	1 418 451
Other income		969 516	802 906	1 846 062	2 649 361
Finance costs	6	(27 899 256)	(26 306 296)	(96 574 779)	(70 806 326)
Foreign exchange gain / (losses) differences		14 930 066	(951 893)	65 247 077	(4 724 015)
Capital gain		15 398	--	15 398	--
PROFIT FOR THE PERIOD BEFORE TAX		6 019 969	70 552	31 986 540	257 022 129
Income tax	8.1	26 876	1 731 177	--	(41 915 873)
Deferred Tax	8.3	(231 532)	--	594 482	--
PROFIT FOR THE PERIOD AFTER TAX		5 815 313	1 801 735	32 581 022	215 106 256
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	.01	--	.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.**Separate statement of comprehensive income for the nine months ended September 30, 2019**

EGP	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
PROFIT FOR THE PERIOD, NET OF INCOME TAX	5 815 313	1 801 735	32 581 022	215 106 256
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5 815 313	1 801 735	32 581 022	215 106 256

- 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.

Separate statement of changes in equity for the nine months ended September 30, 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
Transfer to legal reserve	--	21 743 393	(21 743 393)	--
Dividends distributed	--	--	(6 427 764)	(6 427 764)
Net profit for the period	--	--	215 106 256	215 106 256
Balance at September 30, 2018	757 479 400	231 365 975	524 376 628	1 513 222 003
Balance at January 1, 2019	757 479 400	231 365 975	342 180 674	1 331 026 049
Impact of change in accounting policy (note 27)	--	--	361 078	361 078
Balance at January 1, 2019 - Restated	757 479 400	231 365 975	342 541 752	1 331 387 127
Transfer to legal reserve	--	23 364 234	(23 364 234)	--
Dividends distributed	--	--	(7 245 082)	(7 245 082)
Total other comprehensive income, net of income tax	--	--	32 581 022	32 581 022
Balance at September 30, 2019	757 479 400	254 730 209	344 513 458	1 356 723 067

-- 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.
Separate statement of cash flows for the nine months ended September 30, 2019

EGP	Notes	September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Profit for the period		31 986 540	257 022 129
Adjusted by:			
Finance costs recognized in profit or loss	6	96 574 779	70 806 326
Interest income		(1 348 129)	(1 418 451)
Depreciation of property, plant and equipment	10	152 523 800	144 938 098
Capital gain		(15 398)	--
Amortization of intangible assets	12	37 903 057	37 903 059
Amortization of Right-of-use assets	27	517 651	--
Foreign exchange (gain) / loss differences		(33 695 652)	4 724 015
Provision formed	22	3 571 161	4 778 011
Decrease / (Increase) in inventories		102 498 773	17 275 668
(Increase) in debtors and other debit balances		1 730 104	(3 228 392)
Decrease in trade receivables		69 297 253	--
(Increase) in due from related parties		3 652 881	(1 217 047)
(Decrease) / Increase in creditors and other credit balances		(24 140 429)	90 152 692
Increase / (Decrease) in trade payables		90 985 778	12 860 680
Increase / (Decrease) in due to related parties		(1 280 296)	(4 605 788)
Provisions used	22	--	(2 301 570)
Cash generated by operations		530 761 873	627 689 430
Interest paid		(90 696 599)	(67 530 012)
Net cash generated by operating activities		440 065 274	560 159 418

Arabian Cement Company S.A.E.
Separate cash flow statement for the nine months ended September 30, 2019

EGP	Notes	September 30, 2019	September 30, 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(30 423 711)	(19 682 728)
Payments for assets under construction*	11	(3 427 359)	(86 504 300)
Interest income		1 348 129	1 418 451
Proceeds from sale of fixed asset		169 693	--
Cash (used in) investing activities		(32 333 248)	(104 768 577)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(54 526 740)	(79 090 576)
Repayment for credit facilities		(224 983 742)	(187 595 527)
Payments of Finance lease		(293 008)	--
Payment of dividends	24	(7 245 082)	(6 427 764)
Repayment of other liabilities		(117 846 500)	(61 634 102)
Cash (used in) financing activities		(404 895 072)	(334 747 969)
Net change in cash and cash equivalents		2 836 954	120 642 872
Cash and cash equivalents at the beginning of the period		154 895 878	117 204 564
Cash and cash equivalents at the end of the period	17	167 732 832	237 847 436

Non- cash transaction from investment activities

* Non-cash transactions represented in the net change in the projects under constructions and fixed assets by of EGP 64 322 120 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 separate interim financial statements
Together with limited review Report
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1. The Company's general information

The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

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

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

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

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

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on November 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.

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.

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3. Sales revenue

An analysis of the Company'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	586 844 936	661 168 018	1 849 536 646	2 074 857 762
Export sales	90 542 073	83 253 735	294 283 292	209 927 250
Services	34 620 655	33 378 225	105 242 586	84 257 635
TOTAL	712 007 664	777 799 978	2 249 062 524	2 369 042 647

4. Cost of sales

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

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Raw material	545 018 163	606 873 127	1 758 509 905	1 635 392 970
Manufacturing depreciation	51 765 363	50 495 363	152 523 800	144 938 098
Electricity supply agreement amortization	12 773 191	12 773 194	37 903 057	37 903 059
Right-of-use assets – amortization	517 651	--	517 651	--
Transport cost	23 811 465	23 575 338	67 552 556	61 103 213
Overhead cost	37 125 967	21 039 858	82 241 681	59 648 035
TOTAL	671 011 800	714 756 880	2 099 248 650	1 938 985 375

5. General and administration expenses

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

EGP	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Professional services	5 701 997	8 934 028	26 373 277	26 657 973
Salaries and wages	8 629 835	14 740 740	32 801 152	44 075 689
Security and cleaning services	554 685	166 145	1 632 870	906 521
Rentals	77 325	2 826 043	1 884 109	7 955 236
Transportation	610 852	1 871 397	3 013 742	5 725 687
Advertising	73 203	456 956	1 352 570	1 143 465
Other	7 484 409	4 028 702	19 080 340	10 330 032
TOTAL	23 132 306	33 024 011	86 138 060	96 794 603

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6. Finance costs

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

EGP	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Loan interest expense	18 186 326	20 969 974	57 342 679	48 105 268
Operation license interest expense	--	--	--	212 398
Electricity agreement interest expense	3 070 500	3 070 500	9 211 500	9 211 500
Lease interest expenses	18 444	--	18 444	--
Credit facilities interest expense	5 071 807	2 265 822	24 864 210	13 277 160
Other finance costs	1 552 179	--	5 137 946	--
TOTAL	27 899 256	26 306 296	96 574 779	70 806 326

7. Compensation of key management personnel *

EGP	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 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
TOTAL	6 544 492	12 119 025	25 284 940	36 153 989

* Included in Salaries and wages in the General and administration expenses

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
CURRENT TAX				
Current tax expense for the current period	26 876	(3 928 202)	--	34 406 434
DEFERRED TAX				
Net deferred tax recognized in the current period	(231 532)	2 197 025	(594 482)	7 509 439
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	204 556	(1 731 177)	(594 482)	41 915 873

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8.2 Current tax liabilities

EGP	September 30, 2019	December 31, 2018
Current tax expense (note 8.1)	--	--
CURRENT TAX LIABILITIES	--	--

8.3 Deferred tax liabilities

Deferred tax liabilities arise from the following:

September 30, 2019	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(343 043 930)	594 482	(342 449 448)
NET DEFERRED TAX LIABILITY	(343 043 930)	594 482	(342 449 448)
December 31, 2018	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(335 984 957)	(7 058 973)	(343 043 930)
NET DEFERRED TAX LIABILITY	(335 984 957)	(7 058 973)	(343 043 930)

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
EARNINGS (for basic and diluted earnings per share)				
Profit for the period	5 815 313	1 801 735	32 581 022	215 106 256
Employees' share in distributable profits (note 16)	(1 649 876)	(1 753 810)	(5 428 918)	(5 296 702)
Distributable profit	4 165 437	47 925	27 152 104	209 809 554
NUMBER OF SHARES (for basic and diluted earnings per share)				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
EARNINGS PER SHARE	.01	--	.07	0.57

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10. Property, plant and equipment (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software
COST							
Balance at January 1, 2018	50 243 436	564 826 943	13 151 253	2 550 246 834	11 933 537	283 064 441	18 677 131
Additions	--	520 575	1 227 852	15 722 260	431 974	1 049 804	730 263
Transfer from PUC	--	4 260 164	--	243 598 242	99	1 434 667	--
Balance at September 30, 2018	50 243 436	569 607 682	14 379 105	2 809 567 336	12 365 610	285 548 912	19 407 394
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
Additions	--	3 966 239	8 410 930	6 722 801	705 227	10 202 537	415 977
Disposals	--	--	(343 363)	--	--	--	--
Transfer from PUC	--	56 017 694	--	4 615 639	1 582 031	2 106 756	--
Balance at September 30, 2019	50 243 436	631 089 305	27 639 937	2 817 641 662	14 699 924	301 827 861	20 235 232
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
Depreciation expense	--	21 774 486	1 432 102	106 764 401	999 571	11 647 520	2 320 018
Balance at September 30, 2018	--	198 615 190	7 825 062	934 354 844	4 638 662	99 509 070	14 898 275
Balance at January 1, 2019	--	205 985 423	8 424 749	973 394 662	4 977 556	103 444 420	15 639 324
Depreciation expense	--	22 176 796	2 727 245	112 295 468	1 062 614	12 109 675	2 152 002
Disposals depreciation	--	--	(189 068)	--	--	--	--
Balance at September 30, 2019	--	228 162 219	10 962 926	1 085 690 130	6 040 170	115 554 095	17 791 326
CARRYING AMOUNT							
At September 30, 2019	50 243 436	402 927 086	16 677 011	1 731 951 532	8 659 754	186 273 766	2 443 906
At September 30, 2018	50 243 436	370 992 492	6 554 043	1 875 212 492	7 726 948	186 039 842	4 509 119
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

CARRYING AMOUNT

At September 30, 2019	50 243 436	402 927 086	16 677 011	1 731 951 532	8 659 754	186 273 766	2 443 906
At September 30, 2018	50 243 436	370 992 492	6 554 043	1 875 212 492	7 726 948	186 039 842	4 509 119
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

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 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 finalise 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 transferred the admin office from project under construction to fixed assets and the transfer of ownership is under process.

The Company has insured (for its benefits) on cars and silos.

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11.Assets under construction

EGP	September 30, 2019	December 31, 2018
Balance as of January 1	95 974 030	249 232 824
Additions	2 591 957	95 999 812
Transfer to fixed assets	(64 322 120)	(249 293 171)
Transfer to supplier advance payment for purchase fixed assets	835 402	34 565
TOTAL	35 079 269	95 974 030
Assets under construction are represented in the following categories:		
Buildings	1 219 184	55 693 556
Machinery and equipment	32 633 118	5 307 193
Other installations	357 000	34 938 716
Advance to suppliers	869 967	34 565
TOTAL	35 079 269	95 974 030

12.Intangible assets (Net)

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1 , 2019	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of September 30, 2019	563 204 713	225 200 000	788 404 713
Accumulated amortization			
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)
Total accumulated amortization as of September 30, 2019	(280 370 685)	(200 461 467)	(480 832 152)
Net book value September 30,2018	282 834 028	24 738 533	307 572 561
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).

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. Investments

13.1 Investments in subsidiaries

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

Company name EGP	Domicile	Share/ paid- in capital	September 30, 2019	December 31, 2018	Principal activities	Proportion of ownership interest and voting power held by the Company	Principal activities
Andalus Concrete Company	Egypt	99.99 %	20 926 807	20 926 807	Concert products, mainly ready mix	99.99%	Concert products, mainly ready mix
Evolve Investment & Projects Management Company	Egypt	99.99 %	16 499 750	16 499 750	Alternative fuel and recycling	99.99%	Alternative fuel and recycling
ACC for Management and Trading Company	Egypt	99.99 %	49 500	49 500	Providing managerial services	99%	Providing managerial services
TOTAL			37 476 057	37 76 057			

13-2 Amount paid under investment

The amount paid under investment with balance as of September 30, 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

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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	September 30,	December 31,
			2019	2018
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	September 30, 2019	December 31, 2018
Raw materials	72 695 430	98 934 615
Packing materials	19 756 054	32 340 022
Spare parts	8 163 333	7 903 975
Work in progress	2 199 502	2 767 805
Finished goods	76 697 228	140 063 903
TOTAL	179 511 547	282 010 320

16. Debtors and other debit balances

EGP	September 30, 2019	December 31, 2018
Advance to suppliers	27 323 866	37 474 526
Withholding tax	12 150 141	5 302 490
Deposit with others	51 125 550	41 108 656
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	2 388 079	1 861 757
Other debit balances	--	277 149
TOTAL	98 450 603	100 180 707

17. Cash and bank balances

EGP	September 30, 2019	December 31, 2018
Cash on hand	1 838 194	1 276 837
Current account – local currency	17 127 844	51 267 529
Current account – foreign currency	7 682 991	25 263 099
Bank deposits*	141 083 803	87 088 413
Total	167 732 832	164 895 878

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

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18. 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
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	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Local trade payables	318 510 477	255 429 655	--	--
Foreign trade payables	349 272 922	314 467 966	--	--
Notes payables	--	6 900 000	--	--
TOTAL	667 783 399	576 797 621	--	--

21. 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	--	--
Total Facilities	48 690 844	273 674 586	--	--
Bank loans – CIB	20 400 000	5 100 000	234 600 000	249 900 000
Less: Loan finance cost	(212 500)	(637 500)	--	--
Net Loans – CIB	20 187 500	4 462 500	234 600 000	249 900 000
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)	--	--
Net Loans - EBRD	69 882 457	73 268 987	284 000 008	369 260 870
Total Loans	90 069 957	77 731 487	518 600 008	619 160 870

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22. Provisions

EGP	Provision for claims
Balance at January 1, 2019	9 766 137
Additional provisions recognized	3 571 161
Balance at September 30, 2019	13 337 298

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	
	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
TOTAL	16 065 684	124 681 184	3 077 000	12 308 000

24. Dividends distribution

On April 26, 2018, 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	September 30, 2019	December 31, 2018
Advances from customers	48 123 359	52 573 239
Accrued expenses	6 199 469	4 185 839
Accrued development fees	18 423 662	19 836 333
Accrued customers rebates	47 632 600	58 252 104
Accrued taxes	35 323 437	43 212 944
Accrued interest	15 938 054	10 059 874
Deferred Revenue - Grant	12 398 301	12 937 358
Retention	5 161 117	6 404 557
TOTAL	189 199 999	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	
			September 30, 2019	September 30, 2018
Andalus Concrete Company	Subsidiary	Sales	13 389 030	20 299 171
ACC for Management and Trading Company	Subsidiary	Services	34 262 822	31 628 155
Evolve Investment & Projects Management Company	Subsidiary	Purchases	7 395 181	--
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
	Andalus Concrete Company	11 762 829	17 926 645	--
Evolve Investment & Projects Management Company	3 743 272	2 537 771	--	--
ACC for Management and Trading Company	1 305 434	--	--	865 546
Cementos La Union –Spain Company	--	--	24 550	2 175 023
Andalus Reliance for Mining Company	--	--	6 051 076	4 315 353
TOTAL	16 811 535	20 464 416	6 075 626	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.
- 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.

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27. Lease Contracts

i. Right of Use

EGP	Vehicles	Machinery & Equipment	Total
Cost			
Cost as of January 1 , 2019	2 332 460	1 225 954	3 558 414
Additions during period	--	--	--
Cost as of September 30, 2019	2 332 460	1 225 954	3 558 414
Less:- Accumulated amortization			
Accumulated amortization as of January 1, 2019	1 869 298	985 594	2 854 892
Amortization for the period	337 381	180 270	517 651
Total accumulated amortization as of September 30, 2019	2 206 679	1 165 864	3 372 543
Net book value September 30,2018	125 781	60 090	185 871

ii. **Financial lease liability.**

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
lease liability	49 436	--	--	--
TOTAL	49 436	--	--	--

* The lease interest cost during period amounted to EGP 18 444 (refer to note 6)

Undiscounted contractual obligations of finance leases

EGP	September 30, 2019	December 31, 2018
No longer than 1 year	82 540	365 862
Longer than 1 year and not longer than 5 years	--	8 540
TOTAL	82 840	374 402

iii. **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	703 523
Lease liabilities – increase	(342 445)
Net impact on retained earnings	361 078

28. 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 and the No. 176 of 2018.

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Salvador Cabañas Lopez
Chief Financial Officer

