

Arabian Cement Company S.A.E.

**Condensed separate interim financial statements
Together with limited review report
For the six months ended June 30, 2017**

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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 June 30, 2017 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the six 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, August 10, 2017

Kamel Magdy Saleh FCA, FESAA

RAA 8510

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Arabian Cement Company S.A.E.

Separate statement of financial position at June 30, 2017

EGP	Notes	June 30, 2017	December 31, 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 778 704 343	2 877 004 236
Assets under construction	11	122 002 661	17 670 237
Intangible assets	12	75 454 806	85 622 259
Investments in subsidiaries	13	21 226 057	21 226 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		2 997 512 867	3 002 647 789
CURRENT ASSETS			
Inventories	15	354 918 220	276 298 105
Trade receivables	16	--	11 270 053
Debtors and other debt balances	17	94 184 515	91 530 853
Due from related parties	28	12 719 723	13 488 544
Cash and bank balances	18	103 354 746	130 477 594
TOTAL CURRENT ASSETS		565 177 204	523 065 149
TOTAL ASSETS		3 562 690 071	3 525 712 938

Arabian Cement Company S.A.E.
 Separate statement of financial position at June 30, 2017

EGP	Notes	June 30, 2017	December 31, 2016
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	209 622 582	185 037 371
Retained earnings		191 522 006	349 798 741
TOTAL EQUITY		1 158 623 988	1 292 315 512
NON-CURRENT LIABILITIES			
Notes payables	21	10 500 000	--
Borrowings	22	436 087 373	463 562 238
Deferred tax liabilities	8.3	337 946 217	338 733 747
Other liabilities	25	145 329 912	196 149 919
TOTAL NON-CURRENT LIABILITIES		929 863 502	998 445 904
CURRENT LIABILITIES			
Trade payables	23	452 608 895	343 566 759
Credit facilities	22	196 870 414	64 417 675
Current income tax payable	8.2	20 793 158	116 414 725
Current portion of long-term notes payables	21	11 500 000	--
Dividends payable	26	200 732 041	--
Current portion of long-term borrowings	22	311 961 546	371 986 732
Current portion of long-term other liabilities	25	146 462 000	146 462 000
Creditors and other credit balances	27	115 853 903	174 465 202
Due to related parties	28	5 979 255	8 455 289
Provisions	24	11 441 369	9 183 140
TOTAL CURRENT LIABILITIES		1 474 202 581	1 234 951 522
TOTAL LIABILITIES		2 404 066 083	2 233 397 426
TOTAL EQUITY AND LIABILITIES		3 562 690 071	3 525 712 938

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Allan Hestbech
 Chief Financial Officer



Arabian Cement Company S.A.E.

Separate statement of profit or loss for the six months ended June 30, 2017

EGP	Notes	Three months ended		Six months ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Sales revenue	3	521 753 985	557 500 156	1 189 264 239	1 093 775 905
Cost of sales	4	(470 774 885)	(354 849 306)	(1 020 788 656)	(730 943 741)
GROSS PROFIT		50 979 100	202 650 850	168 475 583	362 832 164
General and administration expenses	5	(30 232 106)	(21 113 979)	(58 158 573)	(39 797 233)
Provisions	24	(4 450 000)	(350 000)	(6 690 757)	(700 000)
Interest income		235 081	5 939 206	448 776	6 633 529
Other income		720 991	359 387	1 205 894	545 982
Finance costs	6	(27 953 261)	(19 910 119)	(51 639 634)	(40 146 778)
Foreign exchange gain / (losses) differences		5 847 216	(27 380 270)	15 775 109	(103 278 831)
(LOSS)/PROFIT FOR THE PERIOD BEFORE TAX		(4 852 979)	140 195 075	69 416 398	186 088 833
Income tax	8.1	17 265 563	(30 696 661)	2 098 010	(43 266 085)
PROFIT FOR THE PERIOD AFTER TAX		12 412 584	109 498 414	71 514 408	142 822 748
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.03	0.29	0.18	0.37

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.

Separate statement of comprehensive income for the six months ended June 30, 2017

EGP	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
PROFIT FOR THE PERIOD, NET OF INCOME TAX	12 412 584	109 498 414	71 514 408	142 822 748
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12 412 584	109 498 414	71 514 408	142 822 748

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Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.

Separate statement of changes in equity for the six months ended June 30, 2017

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2016	757 479 400	156 093 042	468 070 169	1 381 642 611
Transfer to legal reserve	--	28 944 329	(28 944 329)	--
Dividends distributed	--	--	(204 902 658)	(204 902 658)
Net profit for the period	--	--	142 822 748	142 822 748
Total other comprehensive income, net of income tax	--	--	--	--
Balance at June 30, 2016	757 479 400	185 037 371	377 045 930	1 319 562 701
Balance at January 1, 2017	757 479 400	185 037 371	349 798 741	1 292 315 512
Transfer to legal reserve	--	24 585 211	(24 585 211)	--
Dividends distributed	--	--	(205 205 932)	(205 205 932)
Net profit for the period	--	--	71 514 408	71 514 408
Total other comprehensive income, net of income tax	--	--	--	--
Balance at June 30, 2017	757 479 400	209 622 582	191 522 006	1 158 623 988

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



Arabian Cement Company S.A.E.
Separate statement of cash flows for the six months ended June 30, 2017

EGP	Notes	June 30, 2017	June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		71 514 408	142 822 748
Adjusted by:			
Income tax recognized in profit or loss	8.1	(2 098 010)	43 266 085
Finance costs recognized in profit or loss	6	51 639 634	40 146 778
Interest income		(448 776)	(6 633 529)
Depreciation of property, plant and equipment	10	105 030 337	87 394 985
Amortization of intangible assets	12	11 167 453	11 198 471
Foreign exchange (gain) / losses differences		(11 776 540)	69 225 348
(Increase) / decrease in Inventories		(78 620 115)	615 489
(Increase) in debtors and other debit balances		(2 653 662)	(11 691 450)
Decrease in due from related parties		768 821	7 405 822
Decrease in trade receivables		11 270 053	--
Increase / (decrease) in trade payables		109 042 136	(56 564 497)
(Decrease) in due to related parties		(2 476 034)	(581 807)
(Decrease) in creditors and other credit balances		(55 190 193)	(96 064 032)
Provisions formed	24	6 690 757	700 000
Provisions used	24	(4 432 528)	(1 000 000)
Cash generated by operations		209 427 741	230 240 411
Interest paid		(55 060 740)	(48 872 610)
Tax paid		(94 311 087)	(67 435 433)
Net cash generated by operating activities		60 055 914	113 932 368

Arabian Cement Company S.A.E.

Separate cash flows statement for the six months ended June 30, 2017

EGP	Notes	June 30, 2017	June 30, 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(6 730 444)	(3 890 738)
Payments for assets under construction *	11	(82 332 424)	(13 561 669)
Payments for acquiring investments in subsidiaries		--	(249 750)
Interest income		448 776	6 633 529
Cash (used in) investing activities		(88 614 092)	(11 068 628)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(75 723 512)	(45 683 091)
Repayment of other liabilities		(50 820 007)	(47 463 000)
Proceeds from credit facilities	22	132 452 739	--
Payment of dividends		(4 473 890)	(125 918 557)
Cash generated by (used in) financing activities		1 435 330	(219 064 648)
(Decrease) in cash and cash equivalents		(27 122 848)	(116 200 908)
Cash and cash equivalents at the beginning of the period		130 477 594	364 838 686
Cash and cash equivalents at the end of the period	18	103 354 746	248 637 778

Non- cash transaction from investment activities

* Non-cash transactions represented in the net changes in the projects under constructions and the notes payables of EGP 22 000 000 have been eliminated.

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer



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 tonne per annum that can produce 5 million tonne 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 August 10, 2017.

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 does 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, 2016.

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	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Local sales	465 254 513	542 158 842	1 037 953 624	1 060 175 609
Export sales	34 758 800	87 912	105 562 733	87 912
Services	21 740 672	15 253 402	45 747 882	33 512 384
TOTAL	521 753 985	557 500 156	1 189 264 239	1 093 775 905

4. Cost of sales

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

EGP	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Raw material	379 821 159	278 397 261	836 036 514	571 672 846
Manufacturing depreciation	52 849 513	43 788 522	105 030 336	87 394 986
Electricity supply agreement amortization	5 614 575	5 599 235	11 167 452	11 198 470
Transportation cost	14 378 251	13 035 237	30 973 475	29 014 585
Overhead cost	18 111 387	14 029 051	37 580 879	31 662 854
TOTAL	470 774 885	354 849 306	1 020 788 656	730 943 741

- The increase in the cost of sales in the current period compared to comparative period is due to the increased purchase price of local and imported raw materials which led to decrease in the gross profit compared to comparative period.

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		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Professional services	7 611 976	4 510 497	12 610 396	10 977 150
Salaries and wages	14 906 640	8 858 066	30 002 448	16 030 029
Security and cleaning services	163 586	943 397	282 802	1 710 624
Rentals	2 532 087	1 138 549	5 241 084	2 261 134
Transportation	544 577	820 162	1 371 670	1 152 783
Advertising	932 628	143 739	982 032	748 675
Other	3 540 612	4 699 569	7 668 141	6 916 838
TOTAL	30 232 106	21 113 979	58 158 573	39 797 233

6. Finance costs

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

EGP	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Loan interest expense	13 234 300	5 040 151	25 928 420	10 677 823
Operation license interest expense	1 871 861	11 256 000	4 549 892	22 512 000
Electricity agreement interest expense	3 070 500	3 070 500	6 141 000	6 141 000
Credit facilities interest expense	9 776 600	--	15 020 322	--
Long-term notes payable interest expense	--	543 468	--	815 955
TOTAL	27 953 261	19 910 119	51 639 634	40 146 778

7. Compensation of key management personnel

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

EGP	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Board of Directors allowance	7 692 978	4 583 200	16 183 173	8 810 094
Board of Directors salaries	4 552 800	2 237 760	8 584 800	4 163 948
TOTAL	12 245 778	6 820 960	24 767 973	12 974 042

8. Income taxes

8.1. Income tax recognised in profit or loss

EGP	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
CURRENT TAX				
Current tax expense for the current period	3 678 803	31 096 889	19 191 316	41 666 313
Adjustments recognized in the current period related to current tax of prior year	(20 501 796)	--	(20 501 796)	--
DEFERRED TAX				
Net deferred tax recognized in the current period	(442 750)	(400 228)	(787 530)	1 599 772
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(17 265 563)	30 696 661	(2 098 010)	43 266 085

8.2. Current tax liabilities

EGP	June 30, 2017	December 31, 2016
Current tax expense (note 8.1)	19 191 316	114 857 311
Adjustments recognized in the current period / year in relation to the current tax of prior year (note 8.1)	(20 501 796)	1 557 414
Current tax liability for the year ended December 31, 2016	116 414 725	--
Settlement of current tax liability for the year ended December 31, 2016	(94 311 087)	--
CURRENT TAX LIABILITIES	20 793 158	116 414 725

8.3. Deferred tax balances

Deferred tax liabilities arise from the following:

June 30 2017 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	338 733 747	(787 530)	337 946 217
NET DEFERRED TAX LIABILITY	338 733 747	(787 530)	337 946 217
December 31, 2016 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	329 208 375	9 525 372	338 733 747
NET DEFERRED TAX LIABILITY	329 208 375	9 525 372	338 733 747

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		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
EARNINGS (for basic and diluted earnings per share)				
Profit for the period	12 412 584	109 498 414	71 514 408	142 822 748
Employees' share in distributable profits (note 17)	(1 588 065)	(1 100 717)	(3 138 526)	(2 059 288)
Distributable profit	10 824 519	108 397 697	68 357 882	140 763 460
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	0.03	0.29	0.18	0.37

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2016	50 243 436	530 986 938	10 514 236	2 609 346 376	7 373 549	271 783 312	10 365 258	3 490 633 105
Additions	--	1 678 097	515 000	26 299 528	650 011	330 000	593 790	30 066 426
Balance at June 30, 2016	50 243 436	532 665 035	11 029 236	2 635 645 904	8 023 560	272 113 312	10 959 048	3 520 679 531
Balance at January 1, 2017	50 243 436	559 435 208	13 187 587	3 088 138 131	9 400 617	277 111 991	13 424 066	4 010 931 036
Additions	--	3 041 831	166 372	157 500	23 557	890 271	2 450 913	6 730 444
Balance at June 30, 2017	50 243 436	562 467 039	13 353 959	3 088 295 631	9 424 174	278 002 262	15 874 979	4 017 661 480
ACCUMULATED DEPRECIATION								
Balance at January 1, 2016	--	121 085 440	4 440 402	760 974 089	1 936 827	59 077 447	9 020 225	956 534 430
Depreciation expense	--	13 969 663	639 802	65 035 303	368 739	6 878 360	503 118	87 394 985
Balance at June 30, 2016	--	135 055 103	5 080 204	826 009 392	2 305 566	65 955 807	9 523 343	1 043 929 415
Balance at January 1, 2017	--	147 831 546	4 517 179	895 626 803	2 580 183	73 097 548	10 273 541	1 133 926 800
Depreciation expense	--	14 343 627	914 015	80 850 953	500 643	7 348 231	1 072 868	105 030 337
Balance at June 30, 2017	--	162 175 173	5 431 194	976 477 756	3 080 826	80 445 779	11 346 409	1 238 957 137
CARRYING AMOUNT								
At June 30, 2017	50 243 436	400 291 866	7 922 765	2 111 817 875	6 343 348	197 556 483	4 528 570	2 778 704 343
At June 30, 2016	50 243 436	397 609 932	5 949 032	1 809 636 512	5 717 994	206 157 505	1 435 705	2 476 750 116
At December 31, 2016	50 243 436	411 593 662	8 670 408	2 192 511 328	6 820 434	204 014 443	3 150 525	2 877 004 236

- There is a first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the Company's factory.
- According to the loans contracts granted by the National Bank of Egypt, the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines by 110% of the full amount of the loans, and the bank is the first and only beneficiary of this policy.
- The Company has insured (for its benefits) on cars and silos.

11. Assets under construction

EGP	June 30, 2017	December 31, 2016
Balance at the beginning of the period / year	17 670 237	124 756 807
Additions	45 508 789	22 111 253
Advance to suppliers	58 823 635	5 441 250
Transfer to fixed assets	--	(118 463 015)
Transfer to debtors and other debit balances	--	(15 988 871)
Others	--	(187 187)
TOTAL	122 002 661	17 670 237
Assets under construction are represented in the following categories:		
Buildings	44 987 005	2 040 710
Machinery and equipment	9 484 646	6 980 949
Other installations	1 947 113	1 888 316
Advance to suppliers *	65 583 897	6 760 262
TOTAL	122 002 661	17 670 237

* The increase in the current period compared to comparative period is due to down payments of contracts for constructing a new coal mill.

12. Intangible assets

EGP	June 30, 2017	December 31, 2016
Cost	225 200 000	225 200 000
Accumulated amortization		
Balance at beginning of the period / year	(138 577 741)	(116 057 741)
Amortization for the period / year	(11 167 453)	(22 520 000)
Total accumulated amortization of the period / year	(149 745 194)	(138 577 741)
TOTAL	75 454 806	86 622 259

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, 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 in subsidiaries

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

Company name	Domicile	Share/ paid- in capital	June 30, 2017	December 31, 2016	Principal activities	Proportion of ownership interest and voting power held by the Company
EGP						
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	249 750	249 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
TOTAL			21 226 057	21 226 057		

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		
			2016	June 30, 2017
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	June 30, 2017	December 31, 2016
Raw materials	196 294 800	151 491 724
Packing materials	30 720 734	16 286 445
Spare parts	9 227 393	5 992 009
Work In progress	2 924 545	1 630 552
Finished goods	74 642 483	58 649 456
Advance to suppliers	41 108 265	42 247 919
TOTAL	354 918 220	276 298 105

16. Trade receivables

EGP	June 30, 2017	December 31, 2016
Trade receivables, export sales	--	11 270 053
TOTAL	--	11 270 053

17. Debtors and other debit balances

EGP	June 30, 2017	December 31, 2016
Advance to suppliers	52 967 911	53 656 261
Withholding tax	1 488 887	2 207 582
Deposit with others	26 831 204	26 831 204
Employees' dividends in advance	3 138 526	4 473 890
Letter of credit	6 877 000	1 605 353
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	2 545 919	2 526 248
Other debit balances	301 019	196 266
TOTAL	94 184 515	91 530 853

18. Cash and bank balances

EGP	June 30, 2017	December 31, 2016
Cash on hand	2 719 001	466 380
Current account – local currency	80 830 671	112 286 191
Current account – foreign currency	17 513 021	15 533 906
Bank deposits	2 292 053	2 191 117
Total	103 354 746	130 477 594
Average interest rates for bank deposits – USD	0.38%	%0.70
Average interest rates for bank deposits – EGP	9.83%	%8.94
Maturity period for bank deposits	103 days	112 Days
Cash and cash equivalents include restricted cash as follows:		
Restricted cash at banks (due loans instalments in U.D. Dollar)	20 357 271	357 382

19. Issued and paid up capital

EGP	June 30, 2017	December 31, 2016
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

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.

21. Notes payables

EGP	Current		Non-current	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Notes payables *	11 500 000	--	10 500 000	--
TOTAL	11 500 000	--	10 500 000	--

* 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.

22. Borrowings

EGP	Current		Non-current	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Credit facilities *	196 870 414	64 417 675	--	--
Bank loans	311 961 546	371 986 732	436 087 373	463 562 238
TOTAL	508 831 960	436 404 407	436 087 373	463 562 238

* On June 19, 2017, it has been also approved to increase the current credit facility limit amounting to EGP 240 million to become EGP 300 million, at the same originally specified terms and conditions at an interest rate of 2% above the corridor borrowing rate for a period of one year, and may be renewed for the similar period or periods by mutual consent at an interest rate of 2 % plus corridor borrowing rate.

23. Trade payables

EGP	June 30, 2017	December 31, 2016
Local trade payables	141 275 912	158 484 236
Foreign trade payables	311 332 983	185 082 523
TOTAL	452 608 895	343 566 759

24. Provisions

EGP	Provision for claims
Balance at January 1, 2017	9 183 140
Additional provisions recognized	6 690 757
Used during the period	(4 432 528)
Balance at June 30, 2017	11 441 369

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

25. Other liabilities

EGP	Current		Non-current	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Operating license	128 000 000	128 000 000	105 328 912	146 917 919
Electricity contract	18 462 000	18 462 000	40 001 000	49 232 000
TOTAL	146 462 000	146 462 000	145 329 912	196 149 919

26. Dividends payable

On April 5, 2017, 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, 2016. The Ordinary General Assembly was approved by General Authority for Investment and Free Zones (GAFI) on April 11, 2017.

EGP	December 31, 2016
Profit for the year	245 852 109
Retained earnings at beginning of the year	103 946 632
Distributable profits	349 798 741
<i>To be distributed as follows:</i>	
Legal reserve	(24 585 211)
Profit attributable to shareholders	(200 732 041)
Profit attributable to employees	(4 473 890)
Retained earnings at end of the year	120 007 599
Dividends paid	4 473 890
Dividends payable	200 732 041

27. Creditors and other credit balances

EGP	June 30, 2017	December 31, 2016
Advances from customers	51 290 497	57 887 461
Accrued expenses	319 976	1 974 258
Accrued development fees	9 642 723	16 038 783
Accrued customers rebates	18 922 043	44 778 227
Accrued taxes	18 174 998	32 861 701
Accrued interest	13 483 475	16 904 581
Retention	4 020 191	4 020 191
TOTAL	115 853 903	174 465 202

28. 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	
			June 30, 2017	June 30, 2016
Andalus Concrete Company	Subsidiary	Sales	14 975 583	19 376 490
Aridos Jatva Company	Main shareholder	Services	--	576 535
ACC for Management and Trading Company	Subsidiary	Services	15 866 868	17 337 438
Andalus Reliance for Mining Company	Joint Venture	Purchases	34 966 588	30 144 022
Evolve Investment & Projects Management Company	Subsidiary	Payments on behalf	1 581 705	--

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

EGP	Due from related parties		Due to related parties	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Andalus Concrete Company	6 663 843	6 601 841	--	--
Evolve Investment & Projects Management Company	3 715 366	2 133 661	--	--
ACC for Management and Trading Company	2 340 514	2 842 794	--	--
Cementos La Union – Spain Company	--	--	925 034	2 638 435
Andalus Reliance for Mining Company	--	--	5 054 221	5 816 854
Aridos Jativa Company	--	1 910 248	--	--
TOTAL	12 719 723	13 488 544	5 979 255	8 455 289

- 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.

29. Operating lease arrangements

29.1. The entity as lessee

29.1.1. 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.

29.1.2. Payments recognised as an expense in the period

EGP	June 30, 2017	June 30, 2016
Minimum lease payments	680 362	3 097 357
TOTAL	680 362	3 097 357

29.1.3. Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	June 30, 2017	December 31, 2016
Not longer than 1 year	1 047 909	1 469 273
Longer than 1 year and not longer than 2 years	576 912	823 880
Longer than 2 years	140 580	361 262
TOTAL	1 765 401	2 654 415

30. Commitments for expenditure

The capital commitment as of June 30, 2017 amounted to EGP 127 883 983 related to fixed assets acquisitions.

31. Events after the reporting period

On June 20, 2017, the company obtained a loan(D) from the National bank of Egypt amounted to EGP 231 million to finance 100% of the total investment cost, which is needed for the construction of a coal mill and Bucket elevator and a Bypass dust to suck cement dust and insert it in the production process again.

The loan duration is 7 years starting from the first withdrawal including six months of grace period and one year for withdrawal, where the first instalment will be paid after three months from the grace period over 22 instalments with a total value EGP 10 500 000 per each instalment at the rate by 2.5% plus corridor, in addition to a monthly commission.

On July 5, 2017, the company used an amount of EGP 60 million.

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Allan Hestbech
Chief Financial Officer

