

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

**Condensed consolidated interim financial statements  
Together with limited review's report  
For the six months ended June 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 June 30, 2019 and the related condensed consolidated 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 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**

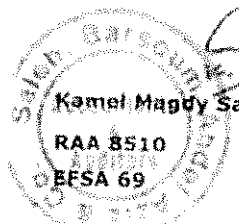
We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed consolidated interim financial statements consists of making inquiries, primarily 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, August 19, 2019

  
**Kamel Magdy Saleh FCA, FESAA**  
RAA 8510  
EFSA 69



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

<b>EGP</b>	<b>Notes</b>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2 463 488 271	2 473 177 771
Assets under construction	11	42 668 391	106 904 072
Intangible assets	12	320 345 752	345 475 618
Other assets	13	29 876	47 801
Investments in a joint venture	14	2 463 898	2 264 213
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 828 996 188</b>	<b>2 927 869 475</b>
<b>CURRENT ASSETS</b>			
Inventories	15	229 707 079	287 985 828
Trade receivables	16	70 540 867	92 994 532
Debtors and other debit balances	17	111 888 723	107 874 288
Due from related parties	27	17 116	--
Cash and bank balances	18	104 147 111	184 590 855
<b>TOTAL CURRENT ASSETS</b>		<b>516 300 896</b>	<b>673 445 503</b>
<b>TOTAL ASSETS</b>		<b>3 345 297 084</b>	<b>3 601 314 978</b>

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

EGP	Notes	June 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		324 466 672	329 029 161
<b>Equity attributable to owners of the Parent Company</b>		<b>1 336 766 899</b>	<b>1 317 965 154</b>
Non-controlling interests	21	1 482 506	2 149 810
<b>TOTAL EQUITY</b>		<b>1 338 249 405</b>	<b>1 320 114 964</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	22	549 210 861	619 160 870
Deferred tax liabilities	8.3	343 868 745	344 798 687
Other liabilities	25	5 384 750	12 308 000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>898 464 356</b>	<b>976 267 557</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	23	642 631 014	592 601 887
Credit facilities	22	165 803 564	273 674 586
Current income tax payable	8.2	26 876	293 208
Current portion of long-term borrowings	22	85 572 273	77 731 487
Current portion of long-term other liabilities	25	26 373 434	124 681 184
Creditors and other credit balances	26	162 701 056	216 867 519
Due to related parties	27	11 632 235	8 460 876
Provisions	24	13 842 871	10 621 710
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 108 583 323</b>	<b>1 304 932 457</b>
<b>TOTAL LIABILITIES</b>		<b>2 007 047 679</b>	<b>2 281 200 014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 345 297 084</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

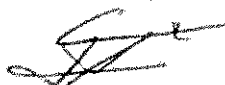


**Arabian Cement Company S.A.E.**  
**Condensed consolidated statement of profit or loss for the six month ended**  
**June 30, 2019**

EGP	Notes	Three months ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Sales revenue	3	772 253 390	727 522 032	1 600 104 592	1 641 457 084
Cost of sales	4	(720 950 805)	(609 402 623)	(1 504 818 157)	(1 285 234 898)
<b>GROSS PROFIT</b>		<b>51 302 585</b>	<b>118 119 409</b>	<b>95 286 435</b>	<b>356 222 186</b>
General and administration expenses	5	(24 548 142)	(28 136 579)	(51 416 631)	(53 425 166)
Provisions	24	(2 371 161)	(350 000)	(3 221 161)	(700 000)
Impairment in receivable formed during the period		--	--	( 108 310)	--
Impairment no longer needed		--	10 000	--	75 000
Interest income		571 469	919 063	1 219 254	1 452 471
Other income		404 330	1 005 175	876 546	1 846 455
Finance costs	6	(32 923 602)	(23 437 439)	(68 675 523)	(45 477 972)
Share of profit of a joint venture		87 667	42 972	199 685	181 707
Foreign exchange gain / (losses) differences		26 371 324	(8 517 033)	50 316 162	(3 772 122)
<b>(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>18 894 470</b>	<b>59 655 568</b>	<b>24 476 457</b>	<b>256 402 559</b>
Income tax	8.1	509 030	(8 900 271)	903 066	(43 633 819)
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>19 403 500</b>	<b>50 755 297</b>	<b>25 379 523</b>	<b>212 768 740</b>
<b>Profit attributable to:</b>					
Owners of the Parent Company		19 747 898	51 117 237	26 046 827	213 321 339
Non-controlling interests	21	( 344 398)	(361 940)	( 667 304)	(552 599)
		<b>19 403 500</b>	<b>50 755 297</b>	<b>25 379 523</b>	<b>212 768 740</b>
<b>Earnings per share (Basic and diluted)</b>					
Basic and diluted (EGP / Share)	9	0.05	0.13	0.06	0.55

– 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 six month**  
**ended June 30, 2019**

EGP	Notes	Three months ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>PROFIT FOR THE PERIOD, NET OF INCOME TAX</b>					
		19 403 500	50 755 297	25 379 523	212 768 740
<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>					
		19 403 500	50 755 297	25 379 523	212 768 740
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent Company		19 747 898	51 117 237	26 046 827	213 321 339
Non-controlling interests	21	( 344 398)	(361 940)	( 667 304)	(552 599)

-- 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 six month ended June 30, 2019

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2018	757 479 400	209 713 200	325 021 738	1 292 214 338	22 017	1 292 236 355
Transferred to legal reserve	--	21 743 393	(21 743 393)	--	--	--
Dividends distributed	--	--	(6 427 764)	(6 427 764)	--	(6 427 764)
Non-controlling interest acquired as a result of acquisition of Egypt Green	--	--	--	--	3 396 252	3 396 252
Total comprehensive income for the period after income tax	--	--	213 321 339	213 321 339	( 552 599)	212 768 740
Balance at June 30, 2018	757 479 400	231 456 593	510 171 920	1 499 107 913	2 865 670	1 501 973 583
Balance at January 1, 2019	757 479 400	231 456 593	329 029 161	1 317 965 154	2 149 810	1 320 114 964
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	--	--	26 046 827	26 046 827	( 667 304)	25 379 522
Balance at June 30, 2019	757 479 400	254 820 827	324 466 672	1 336 766 899	1 482 506	1 338 249 405

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

Sergio Alcantarilla Rodriguez  
Chief Executive Officer



Salvador Cabañas Lopez  
Chief Financial Officer





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

EGP	Notes	June 30, 2019	June 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		24 476 457	256 406 559
Adjusted by:			
Finance costs recognized in profit or loss	6	68 675 523	45 477 972
Interest income		(1 219 254)	(1 452 471)
Share of profit of a joint venture		( 199 685)	( 181 707)
Depreciation of property, plant and equipment	10	102 712 903	95 863 352
Amortization of intangible assets	12	25 129 866	25 129 867
Amortization of other assets		17 925	17 926
Impairment in receivable		108 310	-
Foreign exchange (gain) / losses differences		(25 793 478)	2 958 997
Provisions formed	24	3 221 161	700 000
(Increase) in inventories		58 278 749	(14 242 727)
(Increase) in debtors and other debit balances		(4 014 435)	(5 892 344)
(Increase) / Decrease in trade receivables		22 345 355	( 124 798)
(Increase) / Decrease in due from related parties		( 17 116)	( 500)
Increase / (Decrease) in creditors and other credit balances		(60 788 612)	68 072 160
(Decrease) / increase in trade payables		50 029 127	(38 709 849)
(Decrease) in due to related parties		3 171 359	(1 958 125)
Impairment not longer required		--	( 75 000)
Provisions used	24	--	( 502 789)
Cash generated by operations		266 134 155	431 482 523
Interest paid		(62 053 374)	(31 149 773)
Income taxes paid		( 293 208)	(110 901)
Net cash generated by operating activities		203 787 573	400 221 849

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

EGP	Notes	June 30, 2019	June 30, 2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	10	(25 808 731)	(11 714 426)
Payments for assets under construction *		(2 978 991)	(65 615 819)
Net cash flow from acquisition of subsidiaries		--	(341 174)
Interest income		1 219 254	1 452 471
<b>Cash (used in) investing activities</b>		<b>(27 568 468)</b>	<b>(76 218 948)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(36 315 745)	(44 559 092)
paid/Proceeds from credit facilities		(107 871 022)	(213 394 357)
Payment of dividends		(7 245 082)	(6 427 764)
Repayment of other liabilities		(105 231 000)	(57 018 602)
<b>Cash generated by (used in) financing activities</b>		<b>(256 662 849)</b>	<b>(321 399 815)</b>
(Decrease) in cash and cash equivalents		(80 443 744)	2 603 086
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>104 147 111</b>	<b>136 160 707</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 67 214 672 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 six months ended June 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 August 19, 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.

The principal accounting policies are set out below.

## **2.3 Basis of consolidation**

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of a group entity to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Arabian Cement Company S.A.E.**  
 Condensed consolidated Interim financial statements  
 Together with limited review Report  
 For the six months ended June 30, 2019

**3. Sales revenue**

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

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Local sales	611 509 757	644 112 365	1 325 741 442	1 463 904 159
Export sales	125 047 013	59 935 304	203 741 219	126 673 515
Services	35 696 620	23 474 363	70 621 931	50 879 410
<b>TOTAL</b>	<b>772 253 390</b>	<b>727 522 032</b>	<b>1 600 104 592</b>	<b>1 641 457 084</b>

**4. Cost of sales**

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

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Raw materials	590 211 766	487 099 701	1 244 147 601	1 050 251 005
Manufacturing depreciation	51 414 307	49 042 129	102 095 455	95 595 710
Electricity supply agreement amortization	12 634 353	12 634 353	25 129 866	25 129 867
Transportation cost	21 994 023	18 313 960	45 159 643	38 019 886
Overhead cost	44 696 356	42 312 480	88 285 592	76 238 430
<b>TOTAL</b>	<b>720 950 805</b>	<b>609 402 623</b>	<b>1 504 818 157</b>	<b>1 285 234 898</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		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Professional fees	6 930 974	2 413 057	8 502 847	6 175 266
Salaries and wages	9 451 458	15 075 439	24 334 376	29 707 831
Security and cleaning services	823 858	473 121	1 078 185	686 509
Rentals	509 275	2 687 598	1 806 784	5 356 860
Transportation	1 069 162	3 261 576	2 402 890	3 854 290
Advertising	230 657	201 909	1 279 367	740 376
Other expenses	5 532 758	4 023 879	12 012 182	6 904 034
<b>TOTAL</b>	<b>24 548 142</b>	<b>28 126 579</b>	<b>51 416 631</b>	<b>53 425 166</b>

**Arabian Cement Company S.A.E.**  
Condensed consolidated interim financial statements  
Together with limited review Report  
For the six months ended June 30, 2019

**6. Finance costs**

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

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Loan interest expense	19 215 301	17 132 577	39 156 353	27 135 294
Operation licence interest expense	--	--	--	212 398
Electricity agreement interest expense	3 070 500	3 070 500	6 141 000	6 141 000
Bank overdraft interest expense	8 973 309	3 234 362	19 792 403	11 989 280
Other finance cost	1 664 492	--	3 585 767	--
<b>TOTAL</b>	<b>32 923 602</b>	<b>23 437 439</b>	<b>68 675 523</b>	<b>45 477 972</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		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Board of directors allowance	2 866 732	7 553 700	10 409 152	15 099 044
Board of directors salaries	3 867 536	4 470 480	8 331 296	8 935 920
<b>TOTAL</b>	<b>6 734 268</b>	<b>12 024 180</b>	<b>18 740 448</b>	<b>24 034 964</b>

**8. Income taxes**

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

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>CURRENT TAX</b>				
Current tax expense for the current period	(111 866)	4 078 198	26 876	38 334 636
<b>DEFERRED TAX</b>				
Net deferred tax recognized in the current period	(397 164)	4 822 073	(929 942)	5 299 183
<b>TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD</b>	<b>(509 030)</b>	<b>8 900 271</b>	<b>(903 066)</b>	<b>43 633 819</b>

Arabian Cement Company S.A.E.  
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8.2 Current tax liabilities

EGP	June 30, 2019	December 31, 2018
Current tax liabilities	26 876	--
<b>CURRENT TAX LIABILITIES</b>	<b>26 876</b>	<b>--</b>

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 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	(929 942)	343 868 745
<b>NET DEFERRED TAX LIABILITY</b>	<b>344 798 687</b>	<b>(929 942)</b>	<b>343 868 745</b>
31 December 2018			
EGP			
<b>(LIABILITIES)</b>			
<i>Temporary differences</i>			
Property, plant & equipment	337 657 419	7 141 268	344 798 687
<b>NET DEFERRED TAX LIABILITY</b>	<b>337 657 419</b>	<b>7 141 268</b>	<b>344 798 687</b>

9. Earnings per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>EARNINGS (for basic and diluted earnings per share)</b>				
profit for the period attributable to owners of the parent	19 747 898	51 117 236	26 046 827	213 321 338
Employees share in distributable profits	(1 755 136)	(1 769 586)	(3 779 042)	(3 542 892)
<b>Distributable profit for the period</b>	<b>17 992 762</b>	<b>49 347 650</b>	<b>22 267 785</b>	<b>209 778 446</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>0.05</b>	<b>0.13</b>	<b>0.06</b>	<b>0.55</b>

Arabian Cement Company S.A.E.  
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**10. Property, plant and equipment**

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
<b>COST</b>								
Balance at January 1, 2018	50 243 436	565 337 906	2 538 896 913	27 259 969	12 636 623	283 986 345	19 567 887	3 497 929
PP&E resulted from acquisition of Egypt Green	--	--	1 805 200	--	--	--	--	1 805
Additions	--	537 530	7 968 725	1 331 055	374 794	917 783	584 539	11 714
Transferred from PUC	--	4 260 164	243 598 243	--	99	1 434 667	--	249 293
Balance at June 30, 2018	50 243 436	570 135 600	2 792 269 081	28 591 024	13 011 516	286 338 795	20 152 426	3 760 741
Balance at January 1, 2019	50 243 436	571 875 870	2 817 338 880	35 928 723	13 169 446	290 440 471	20 735 575	3 799 732
Additions	--	4 251 715	10 212 579	9 530 082	536 437	877 205	400 713	25 808
Transfer from PUC	--	56 017 694	11 196 978	--	--	--	--	67 214
Balance at June 30, 2019	50 243 436	632 145 279	2 838 748 437	45 458 805	13 705 883	291 317 676	21 136 288	3 892 755
<b>Accumulated Depreciation</b>								
Balance at January 1, 2018	--	176 887 377	829 394 523	14 191 965	3 907 688	88 230 225	13 392 860	1 126 004
PP&E resulted from acquisition of Egypt Green	--	--	926 831	--	--	--	--	926
Depreciation expense	--	14 425 696	69 606 350	1 734 295	709 291	7 798 889	1 588 831	95 863
Balance at June 30, 2018	--	191 313 073	899 927 704	15 926 260	4 616 979	96 029 114	14 981 691	1 222 794
Balance at January 1, 2019	--	( 206 046 239)	( 975 696 987)	( 18 295 013)	( 5 357 313)	( 104 659 200)	( 16 499 879)	( 1 326 554 6
Depreciation expense	--	( 14 558 320)	( 75 196 258)	( 2 757 790)	( 740 404)	( 7 992 059)	( 1 468 072)	( 102 712 9
Balance at June 30, 2019	--	( 220 604 559)	( 1 050 893 245)	( 21 052 803)	( 6 097 717)	( 112 651 259)	( 17 967 950)	( 1 429 267 5
<b>CARRYING AMOUNT</b>								
At June 30, 2019	50 243 436	411 540 720	1 787 855 192	24 406 002	7 608 166	178 666 417	3 168 338	2 463 488
At June 30, 2018	50 243 436	378 822 527	1 892 341 377	12 664 764	8 394 538	190 309 680	5 170 735	2 537 947
At December 31, 2018	50 243 436	365 829 628	1 840 971 545	17 651 021	7 804 927	186 451 621	4 225 593	2 473 177

-Cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans was granted by the bank to the company's land, all cur and future buildings and constructions, and the tangible and intangible elements of the Company's factory, until the date of the financials, the Company did not finalize the mortgage amendment procedures to be in favour of the Commercial International Bank (CIB) (Security agent)

-According to the loans contracts granted by the Commercial International bank (Security agent), the Company insured for the benefit of the bank an insurance policy against all potential risk the Company's factory and the production lines, in favour for the bank as it's the (Security agent), and the bank is the first and only beneficiary of this policy.

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



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**11. Assets under construction**

EGP	June 30, 2019	December 31, 2018
Balance as of January 1	106 904 072	249 232 824
Additions	2 824 328	96 635 316
Project under construction resulted from acquisition of Egypt Green (29.3)	--	10 294 439
Transfer to fixed assets	(67 214 672)	(249 293 072)
Transfer to debtors and other debit balances	154 663	34 565
<b>Total</b>	<b>42 668 391</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	40 028 993	16 237 235
Other installations	1 265 551	34 938 717
Advance to suppliers	154 663	34 565
<b>TOTAL</b>	<b>42 668 391</b>	<b>106 904 072</b>

**12. Intangible assets**

EGP	Operating license	Electricity contract	Total
<b>Cost</b>			
Cost as of January 1, 2019	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
<b>Cost as of June 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	(13 962 413)	(11 167 453)	(25 129 866)
<b>Total accumulated amortization as of June 30, 2019</b>	<b>(273 273 767)</b>	<b>(194 785 194)</b>	<b>(468 058 961)</b>
<b>Net book value June 30, 2019</b>	<b>289 930 946</b>	<b>30 414 806</b>	<b>320 345 752</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	June 30, 2019	December 31, 2018
<b>Cost</b>	143 404	143 404
Accumulated depreciation		
Balance at the beginning of the period	(95 603)	(59 751)
Period depreciation	(17 925)	(35 852)
<b>Accumulated depreciation at the end of period</b>	<b>(113 528)</b>	<b>(95 603)</b>
<b>Total</b>	<b>29 876</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		
			June 30, 2019	December 31, 2018
Andalus Reliance for mining Company	Egypt	50%	2 463 898	2 264 213
<b>TOTAL</b>			<b>2 463 898</b>	<b>2 264 213</b>

**15. Inventories**

EGP	June 30, 2019	December 31, 2018
Raw materials	115 185 105	101 592 095
Packing materials	29 911 638	32 340 022
Spare parts	10 321 965	10 561 524
Work in progress	3 196 866	2 767 805
Finished goods	71 091 505	140 724 382
<b>TOTAL</b>	<b>229 707 079</b>	<b>287 985 828</b>

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**16. Trade receivables**

EGP	June 30, 2019	December 31, 2018
Trade receivables	72 026 657	94 372 012
Less:- Impairment in trade receivables	(1 485 790)	(1 377 480)
<b>TOTAL</b>	<b>70 540 867</b>	<b>92 994 532</b>

**17. Debtors and other debit balances**

EGP	June 30, 2019	December 31, 2018
Advance to suppliers	29 064 515	38 980 230
Withholding tax	15 678 978	10 387 525
Deposit with others	51 283 150	41 266 256
Employees dividends in advance	3 779 042	7 245 080
Letter of credit	6 877 000	6 877 000
Letters of guarantee - cash margin	34 049	34 049
Cash imprest	3 287 745	3 295 166
Other debit balances	2 472 526	377 264
Less : Impairment in other debit balance	(588 282)	( 588 282)
<b>TOTAL</b>	<b>111 888 723</b>	<b>107 874 288</b>

**18. Cash and bank balances**

EGP	June 30, 2019	December 31, 2018
Cash on hand	2 149 482	1 434 147
Current account - local currency	19 014 823	62 159 310
Current account - foreign currency	36 640 525	25 266 756
Bank deposits	46 342 281	95 730 642
<b>Total</b>	<b>104 147 111</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	June 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	June 30, 2019	December 31, 2018
Balance at beginning of period / year	2 149 810	22 017
Non-controlling interest acquired as a result of acquisition of Egypt Green.	--	3 396 252
Share of profit for the period / year	( 667 304)	(1 268 459)
<b>Balance at end of period / year</b>	<b>1 482 506</b>	<b>2 149 810</b>

**22. Borrowings**

EGP	Current		Non-current	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Credit facilities – CIB	165 803 564	273 674 586	--	--
<b>Total Facilities</b>	<b>165 803 564</b>	<b>273 674 586</b>	--	--
Bank loans – CIB	15 300 000	5 100 000	239 700 000	249 900 000
Less: Loan finance cost	(318 750)	(637 500)	--	--
<b>Net Loans – CIB</b>	<b>14 981 250</b>	<b>4 462 500</b>	<b>239 700 000</b>	<b>249 900 000</b>
Bank loans – EBRD	72 826 095	77 739 130	309 510 861	369 260 870
Less: Loan finance cost	(2 235 072)	(4 470 143)	--	--
<b>Net Loans – EBRD</b>	<b>70 591 023</b>	<b>73 268 987</b>	<b>309 510 861</b>	<b>369 280 870</b>
<b>Total Loans</b>	<b>85 572 273</b>	<b>77 731 487</b>	<b>549 210 861</b>	<b>619 160 870</b>

**23. Trade payables**

EGP	June 30, 2019	December 31, 2018
Local trade payables	367 546 847	271 233 921
Foreign trade payables	271 684 167	314 467 966
Notes payable	3 400 000	6 900 000
<b>TOTAL</b>	<b>642 631 014</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	3 221 161
<b>Balance at June 30, 2019</b>	<b>13 842 871</b>

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

**25. Other liabilities**

EGP	Current		Non-current	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Operating license	10 219 184	106 219 184	--	--
Electricity contract	16 154 250	18 462 000	5 384 750	12 308 000
<b>TOTAL</b>	<b>26 373 434</b>	<b>124 681 184</b>	<b>5 384 750</b>	<b>12 308 000</b>

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**26. Creditors and other credit balances**

EGP	June 30, 2019	December 31, 2018
Advances from customers	34 061 775	52 855 704
Accrued development fees	15 349 968	19 836 333
Accrued customers rebates	30 720 656	58 252 104
Accrued expenses	5 440 664	6 478 469
Retention	5 186 118	6 404 557
Accrued interest	16 682 023	10 059 874
Accrued taxes	39 934 587	48 127 486
Deferred revenue - Grant	12 577 987	12 937 358
Creditors for purchase of investments in subsidiaries	--	287 956
Other credit balances	2 747 278	1 627 678
<b>TOTAL</b>	<b>162 701 056</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	
			June 30, 2019	June 30, 2018
Andalus Reliance for Mining Company	Joint Venture	Purchases	23 289 125	16 372 953

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

EGP	Due from related parties		Due to related parties	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Cementos la Union - Spain Company	17 116	--	--	2 133 357
Andalus Reliance for Mining Company	--	--	11 632 235	6 327 519
<b>Total</b>	<b>17 116</b>	<b>--</b>	<b>11 632 235</b>	<b>8 460 876</b>

**28. Operating lease arrangements**

**28.1 The Group as lessee**

**28.1.1 Leasing arrangements**

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

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

EGP	June 30, 2019	June 30, 2018
Minimum lease payments	1 805 564	2 630 676
<b>TOTAL</b>	<b>1 805 564</b>	<b>2 630 676</b>

**28.1.3 Non-cancellable operating lease commitments**

EGP	Total of future minimum lease payments	
	June 30, 2019	December 31, 2018
No longer than 1 year	2 739 840	3 996 974
Longer than 1 year and not longer than 2 years	1 589 835	3 569 966
More than 2 years	--	782 169
<b>TOTAL</b>	<b>4 329 675</b>	<b>8 349 109</b>

**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 Cabafias Lopez**  
 Chief Financial Officer

