

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements
Together with limited review's report
For the six months ended June 30, 2018**

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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, 2018 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 12, 2018


Kamel Magdy Saleh FCA , FESAA
RAA 8510
EFSA 69

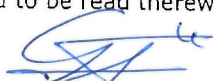

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at June 30, 2018

EGP	Notes	June 30, 2018	December 31, 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 555 396 299	2 389 373 683
Assets under construction	11	76 600 706	249 232 824
Intangible assets	12	371 022 002	396 151 869
Other assets	13	65 727	83 653
Investments in a joint venture	14	2 205 581	2 023 874
TOTAL NON-CURRENT ASSETS		3 005 290 315	3 036 865 903
CURRENT ASSETS			
Inventories	15	255 634 201	240 095 279
Trade receivables	16	15 953 371	15 512 298
Debtors and other debit balances	17	88 012 492	85 007 648
Due from related parties	28	500	--
Cash and bank balances	18	136 160 707	133 557 621
TOTAL CURRENT ASSETS		495 761 271	474 172 846
TOTAL ASSETS		3 501 051 586	3 511 038 749

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at June 30, 2018

EGP	Notes	June 30,2018	December 31, 2017
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	231 456 593	209 713 200
Retained earnings		510 171 920	325 021 738
Equity attributable to owners of the Parent Company		1 499 107 913	1 292 214 338
Non-controlling interests	21	2 865 670	22 017
TOTAL EQUITY		1 501 973 583	1 292 236 355
NON-CURRENT LIABILITIES			
Borrowings	22	556 871 114	601 101 209
Notes payable	24	3 400 000	7 000 000
Deferred tax liabilities	8.3	342 956 602	337 657 419
Other liabilities	26	59 108 798	92 968 685
TOTAL NON-CURRENT LIABILITIES		962 336 514	1 038 727 313
CURRENT LIABILITIES			
Trade payables	23	413 119 649	448 229 498
Current portion of long-term notes payable	24	7 000 000	7 000 000
Credit facilities	22	87 025 294	300 419 651
Current income tax payable	8.2	38 334 636	110 901
Current portion of long-term borrowings	22	170 165 000	167 535 000
Current portion of long-term other liabilities	26	91 303 285	114 462 000
Creditors and other credit balances	27	208 477 138	119 240 630
Due to related parties	28	5 426 052	7 384 177
Provisions	25	15 890 435	15 693 224
TOTAL CURRENT LIABILITIES		1 036 741 489	1 180 075 081
TOTAL LIABILITIES		1 999 078 003	2 218 802 394
TOTAL EQUITY AND LIABILITIES		3 501 051 586	3 511 038 749

– 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.
Condensed consolidated statement of profit or loss for the six month ended
June 30, 2018

EGP	Notes	Three months ended		Six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Sales revenue	3	727 522 032	540 829 076	1 641 457 084	1 227 662 204
Cost of sales	4	(609 402 623)	(494 644 462)	(1 285 234 898)	(1 067 718 960)
GROSS PROFIT		118 119 409	46 184 614	356 222 186	159 943 244
General and administration expenses	5	(28 136 579)	(25 859 963)	(53 425 166)	(49 564 828)
Provisions	25	(350 000)	(4 450 000)	(700 000)	(6 690 757)
Impairment no longer needed		10 000	--	75 000	--
Interest income		919 063	235 081	1 452 471	448 776
Other income		1 005 175	720 990	1 846 455	1 205 892
Finance costs	6	(23 437 439)	(28 162 827)	(45 477 972)	(51 970 628)
Share of profit of a joint venture	14	42 972	257 630	181 707	538 637
Foreign exchange gain / (losses) differences		(8 517 033)	5 847 216	(3 772 122)	15 775 111
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX		59 655 568	(5 227 259)	256 402 559	69 685 447
Income tax	8.1	(8 900 271)	17 202 852	(43 633 819)	2 031 774
PROFIT FOR THE PERIOD AFTER TAX		50 755 297	11 975 593	212 768 740	71 717 221
Profit attributable to:					
Owners of the Parent Company		51 117 237	11 976 213	213 321 339	71 716 404
Non-controlling interests	21	(361 940)	(620)	(552 599)	817
		50 755 297	11 975 593	212 768 740	71 717 221
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.13	0.03	0.55	0.18

- 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.
Condensed consolidated statement of comprehensive income for the six month
ended June 30, 2018

EGP	Notes	Three months ended		Six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
PROFIT FOR THE PERIOD, NET OF INCOME TAX		50 755 297	11 975 593	212 768 740	71 717 221
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		50 755 297	11 975 593	212 768 740	71 717 221
Total comprehensive income attributable to:					
Owners of the Parent Company		51 117 237	11 976 213	213 321 339	71 716 404
Non-controlling interests	21	(361 940)	(620)	(552 599)	817

– 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.
Condensed consolidated statement of changes in equity for the six month ended June 30, 2018

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2017	757 479 400	185 127 989	339 205 125	1 281 812 514	19 114	1 281 831 628
Transferred to legal reserve	--	24 585 211	(24 585 211)	--	--	--
Dividends distributed	--	--	(205 205 932)	(205 205 932)	--	(205 205 932)
Total comprehensive income for the period after income tax	--	--	71 716 404	71 716 404	817	71 717 221
Balance at June 30, 2017	757 479 400	209 713 200	181 130 386	1 148 322 986	19 931	1 148 342 917
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 resulting from acquisition 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

-- 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.
Condensed consolidated statement of cash flows for the six month
ended June 30, 2018

EGP	Notes	June 30, 2018	June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		256 406 559	69 685 447
Adjusted by:			
Finance costs recognized in profit or loss	6	45 477 972	51 970 628
Interest income		(1 452 471)	(448 776)
Share of profit of a joint venture	14	(181 707)	(538 637)
Depreciation of property, plant and equipment	10	95 863 352	92 100 258
Amortization of intangible assets	12	25 129 867	25 129 867
Amortization of other assets	13	17 926	--
Foreign exchange (gain) / losses differences		2 958 997	(11 776 540)
Provisions formed	25	700 000	6 690 757
(Increase) in inventories		(14 242 727)	(78 168 932)
(Increase) in debtors and other debit balances		(5 892 344)	(3 962 046)
		(124 798)	
Decrease in trade receivables			8 334 866
Decrease / (increase) in due from related parties		(500)	1 910 248
(Decrease) in creditors and other credit balances		68 072 160	(57 420 881)
Increase / (decrease) in trade payables		(38 709 849)	110 729 498
(Decrease) in due to related parties		(1 958 125)	(2 222 922)
Impairment not used		(75 000)	--
Provisions used	25	(502 789)	(4 432 528)
Cash generated by operations		431 482 523	207 580 307
Interest paid		(31 149 773)	(55 391 734)
Income taxes paid		(110 901)	(94 490 808)
Net cash generated by operating activities		400 221 849	57 697 765

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six month
ended June 30, 2018

EGP	Notes	June 30, 2018	June 30, 2017
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Payments for property, plant and equipment	10	(11 714 426)	(10 112 648)
Payments for assets under construction *	11	(65 615 819)	(82 332 424)
Net cash flow from acquisition of subsidiaries	29.5	(341 174)	--
Interest income		1 452 471	448 776
Cash (used in) investing activities		(76 218 948)	(91 996 296)
CASH FLOWS FROM FINANCING			
ACTIVITIES			
Repayment of borrowings		(44 559 092)	(75 723 511)
Proceeds from credit facilities		(213 394 357)	135 040 620
Payment of dividends		(6 427 764)	(4 473 890)
Repayment of other liabilities		(57 018 602)	(50 820 007)
Cash generated by (used in) financing activities		(321 399 815)	4 023 212
(Decrease) in cash and cash equivalents		2 603 086	(30 275 320)
Cash and cash equivalents at the beginning of the period		133 557 621	136 820 111
Cash and cash equivalents at the end of the period	18	136 160 707	106 544 791

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 249 293 173 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



Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30, 2018

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 13, 2018.

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, 2017.

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30,2018

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 30,2018

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Local sales	644 112 365	485 327 290	1 463 904 159	1 076 351 590
Export sales	59 935 304	34 758 800	126 673 515	105 562 733
Services	23 474 363	20 742 986	50 879 410	45 747 881
TOTAL	727 522 032	540 829 076	1 641 457 084	1 227 662 204

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Raw materials	487 099 701	386 834 719	1 050 251 005	851 559 059
Manufacturing depreciation	49 042 129	46 379 434	95 595 710	92 099 726
Electricity supply agreement amortization	12 634 353	12 634 353	25 129 867	25 129 867
Transportation cost	18 313 960	14 378 250	38 019 886	30 973 474
Overhead cost	42 312 480	34 417 706	76 238 430	67 956 834
TOTAL	609 402 623	494 644 462	1 285 234 898	1 067 718 960

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Professional fees	2 413 057	6 760 102	6 175 266	7 397 970
Salaries and wages	15 075 439	11 074 689	29 707 831	26 170 498
Security and cleaning services	473 121	163 586	686 509	282 802
Rentals	2 687 598	2 532 087	5 356 860	5 241 084
Transportation	3 261 576	544 577	3 854 290	1 371 670
Advertising	201 909	932 628	740 376	982 032
Other expenses	4 023 879	3 852 294	6 904 034	8 118 772
TOTAL	28 136 579	25 859 963	53 425 166	49 564 828

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Loan interest expense	17 132 577	13 234 300	27 135 294	25 928 420
Operation licence interest expense	--	1 871 861	212 398	4 549 892
Electricity agreement interest expense	3 070 500	3 070 500	6 141 000	6 141 000
Bank overdraft interest expense	3 234 362	9 986 166	11 989 280	15 351 316
TOTAL	23 437 439	28 162 827	45 477 972	51 970 628

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Board of directors allowance	7 553 700	7 692 978	15 099 044	16 183 173
Board of directors salaries	4 470 480	4 552 800	8 935 920	8 584 800
TOTAL	12 024 180	12 245 778	24 034 964	24 767 973

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
CURRENT TAX				
Current tax expense for the current period	4 078 198	3 695 708	38 334 636	19 208 221
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	4 822 073	(396 764)	5 299 183	(738 199)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	8 900 271	(17 202 852)	43 633 819	(2 031 774)

8.2 Current tax liabilities

EGP	June 30,2018	December 31, 2017
Current tax liabilities	38 334 636	110 901
CURRENT TAX LIABILITIES	38 334 636	110 901

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30,2018	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	337 657 419	5 299 183	342 956 602
NET DEFERRED TAX LIABILITY	337 657 419	5 299 183	342 956 602
31 December 2017			
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	340 285 124	(2 627 705)	337 657 419
NET DEFERRED TAX LIABILITY	340 285 124	(2 627 705)	337 657 419

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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
EARNINGS (for basic and diluted earnings per share)				
profit for the period attributable to owners of the parent	51 117 236	11 976 213	213 321 338	71 716 404
Employees share in distributable profits	(1 769 586)	(1 588 065)	(3 542 892)	(3 138 526)
Distributable profit for the period	49 347 650	10 388 148	209 778 446	68 577 878
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	0.13	0.03	0.55	0.18

Arabian Cement Company S.A.E.
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For the six months ended June 30, 2018

10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 2017	50 243 436	559 840 220	2 532 216 785	25 603 262	9 933 512	278 033 895	14 266 035	3 470 137 145
Additions	--	3 137 781	2 408 293	991 453	185 149	890 271	2 499 701	10 112 648
Balance at June 30, 2017	50 243 436	562 978 001	2 534 625 078	26 594 715	10 118 661	278 924 166	16 765 736	3 480 249 793
Balance at January 1, 2018	50 243 436	565 337 906	2 556 346 155	27 259 969	12 636 623	283 986 345	19 567 887	3 515 378 321
- restated	--	--	--	--	--	--	--	--
Assets resulted for the acquisition of Egypt Green	--	--	1 805 200	--	--	--	--	1 805 200
Additions	--	537 530	7 968 725	1 331 055	374 794	917 783	584 539	11 714 426
Transfer from PUC	--	4 260 164	243 598 243	--	99	1 434 667	--	249 293 173
Balance at June 30, 2018	50 243 436	570 135 600	2 809 718 323	28 591 024	13 011 516	286 338 795	20 152 426	3 778 191 120
ACCUMULATED DEPRECIATION								
Balance at January 1, 2017	--	147 868 331	693 953 300	10 818 723	2 785 408	73 290 467	11 046 435	939 762 664
Depreciation expense	--	14 348 363	67 123 332	1 568 672	531 706	7 435 387	1 092 798	92 100 258
Balance at June 30, 2017	--	162 216 694	761 076 632	12 387 395	3 317 114	80 725 854	12 139 233	1 031 862 922
Balance at January 1, 2018	--	176 887 377	829 394 523	14 191 965	3 907 688	88 230 225	13 392 860	1 126 004 638
Assets resulted for the acquisition of Egypt Green	--	--	926 831	--	--	--	--	926 831
Depreciation expense	--	14 425 696	69 606 350	1 734 295	709 291	7 798 889	1 588 831	95 863 352
Balance at June 30, 2018	--	191 313 073	899 927 704	15 926 260	4 616 979	96 029 114	14 981 691	1 222 794 821
CARRYING AMOUNT								
At June 30, 2018	50 243 436	378 822 527	1 909 790 619	12 664 764	8 394 538	190 309 680	5 170 735	2 555 396 299
At June 30, 2017	50 243 436	400 761 307	1 773 548 446	14 207 320	6 801 547	198 198 312	4 626 503	2 448 386 871
At December 31, 2017	50 243 436	388 450 529	1 726 951 632	13 068 004	8 728 935	195 756 120	6 175 027	2 389 373 683

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 benefit) on cars and Silos.

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11. Assets under construction

EGP	June 30,2018	December 31, 2017
Balance as of January 1	249 232 824	17 670 237
Additions	65 615 819	239 326 574
Project under construction resulted from acquisition of Egypt Green (29.3)	11 045 236	--
Transfer to fixed assets	(249 293 173)	(10 541 194)
Transfer to debtors and other debit balances	--	2 777 207
Total	76 600 706	249 232 824
Projects under construction are represented in the following categories:		
Buildings	48 429 841	45 531 948
Machinery and equipment	26 567 475	200 923 669
Other installations	867 603	--
Advance to suppliers	735 787	2 777 207
TOTAL	76 600 706	249 232 824

12. Intangible assets

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1 , 2018	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of June 30,2018	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2018	(231 155 103)	(161 097 741)	(392 252 844)
Amortization for the period	(13 962 413)	(11 167 454)	(25 129 867)
Total accumulated amortization as of June 30, 2018	(245 117 516)	(172 265 195)	(417 382 711)
Net book value June 30,2018	318 087 197	52 934 805	371 022 002
Net book value December 31,2017	332 049 610	64 102 259	396 151 869

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 30,2018	December 31, 2017
Cost	143 404	143 404
Accumulated depreciation		
Balance at the beginning of the period	(59 751)	--
Period depreciation	(17 926)	(59 751)
Accumulated depreciation at the end of period	(77 677)	(59 751)
Total	65 727	83 653

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 30,2018	December 31, 2017
EGP				
Andalus Reliance for mining Company	Egypt	50%	2 205 581	2 023 874
TOTAL			2 205 581	2 023 874

15. Inventories

EGP	June 30,2018	December 31, 2017 Restated
Raw materials	108 514 262	158 737 320
Packing materials	28 771 261	25 541 593
Spare parts	14 945 508	12 600 235
Work in progress	1 336 280	2 413 295
Finished goods	101 819 048	40 554 917
Advanced to suppliers	247 842	247 919
TOTAL	255 634 201	240 095 279

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16. Trade receivables

EGP	June 30,2018	December 31, 2017
Trade receivables	17 330 851	16 964 778
Less:- Impairment in trade receivables	(1 377 480)	(1 452 480)
TOTAL	15 953 371	15 512 298

17. Debtors and other debit balances

EGP	June 30,2018	December 31, 2017
Advance to suppliers	35 851 788	32 098 048
Withholding tax	6 111 355	6 318 727
Deposit with others	26 831 204	26 831 204
Employees dividends in advance	3 878 635	6 427 766
Letter of credit	6 877 000	6 877 000
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	3 144 659	2 624 055
Other debit balances	10 456 648	6 479 710
Down payment to purchase investments	--	2 887 500
Less : Impairment in other debit balance	(5 172 846)	(5 570 411)
TOTAL	88 012 492	85 007 648

18. Cash and bank balances

EGP	June 30,2018	December 31, 2017
Cash on hand	2 001 526	1 890 126
Current account – local currency	9 143 664	35 218 554
Current account – foreign currency	57 687 154	56 072 862
Bank deposits	67 328 363	40 376 079
Total	136 160 707	133 557 621
Cash and cash equivalents include restricted cash as follows :		
Restricted cash at banks (due loans instalments in U.D. Dollar)	47 063 114	47 370 988

19. Capital

EGP	June 30,2018	December 31, 2017
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. 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 30,2018	December 31, 2017
Balance at beginning of period / year	22 017	19 114
Non-controlling interest acquired as a result of acquisition of Egypt Green.	3 396 252	--
Share of profit for the period / year	(552 599)	2 903
Balance at end of period / year	2 865 670	22 017

22. Borrowings

EGP	Current		Non-current	
	June 30,2018	December 31, 2017	June 30,2018	December 31, 2017
Credit facilities	87 025 294	300 419 651	--	--
Bank loans	170 165 000	167 535 000	556 871 114	601 101 209
TOTAL	257 190 294	467 954 651	556 871 114	601 101 209

23. Trade payables

EGP	June 30,2018	December 31, 2017
Local trade payables	239 406 287	172 735 757
Foreign trade payables	173 713 362	275 493 741
TOTAL	413 119 649	448 229 498

24. Notes payable

EGP	Current		Non-current	
	June 30,2018	December 31, 2017	June 30,2018	December 31, 2017
Credit facilities	7 000 000	7 000 000	3 400 000	7 000 000
TOTAL	7 000 000	7 000 000	3 400 000	7 000 000

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.

25. Provisions

EGP	Provision for claims
Balance at January 1, 2018	15 693 224
Additional provisions recognized	700 000
Used during the period	(502 789)
Balance at June 30,2018	15 890 435

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

26. Other liabilities

EGP	Current		Non-current	
	June 30,2018	December 31, 2017	June 30,2018	December 31, 2017
Operating license	72 841 285	96 000 000	37 569 798	62 198 685
Electricity contract	18 462 000	18 462 000	21 539 000	30 770 000
TOTAL	91 303 285	114 462 000	59 108 798	92 968 685

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27. Creditors and other credit balances

EGP	June 30,2018	December 31, 2017
Advances from customers	92 090 686	36 704 819
Accrued development fees	9 478 748	10 278 355
Accrued customers rebates	31 827 030	23 743 123
Accrued expenses	299 652	1 421 369
Retention	6 423 779	6 803 075
Accrued interest	22 051 600	7 723 399
Accrued taxes	38 971 646	32 557 490
Creditors for purchase of investments in subsidiaries	4 650 205	--
Other credit balances	2 683 792	--
TOTAL	208 477 138	119 240 630

28. 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 30,2018	June 31, 2017
Andalus Reliance for Mining Company	Joint Venture	Purchases	16 372 953	34 966 588

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

EGP	Due from related parties		Due to related parties	
	June 30,2018	December 31, 2017	June 30,2018	December 31, 2017
Cementos la Union – Spain Company	--	--	2 356 450	1 957 324
Andalus Reliance for Mining Company	--	--	3 069 602	5 426 754
Aridos Jative	500	--	--	--
Total	500	--	5 426 052	7 384 177

29. Business combination

29.1 Subsidiaries acquired during period.

Subsidiary	Principle activity	Date of acquisition	Proportion of voting equity interests acquired	consideration transferred EGP
Egypt Green for environmental services, clean energy production and development	Establishment and operate factory for recycle the wastes of production and services activity	January 1 , 2018	70%	7 924 588

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29.2 Cost of acquisition of Egypt Green

Description	EGP
Consideration paid during year 2017	2 887 500
Consideration paid during Ended period June 30, 2018	386 883
A liability recognized in favour of the old shareholders pending implementation of the agreed terms.	4 650 205
TOTAL	7 924 588

29.3 Assets acquired and liability recognized at the date of acquisition

Description	EGP
Current assets	
Cash and cash equivalent	45 709
Trade and other receivables	241 275
Inventory	1 296 195
Non-current assets	
Fixed assets	878 369
Project under construction (i)	11 045 236
Current liability	
Other credit balance	(2 185 944)
	11 320 840

- (i) The company recognized the increasing in the fair value of the entity amounted to EGP 5 720 236 in the cost of project under construction and according to Egyptian accounting standards No 29 business combination paragraph 45 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period shall not exceed one year from the acquisition date.

29.4 Goodwill arising on acquisition

Description	EGP
Acquisition cost	7 924 588
Share of Non-controlling interest (30%)	3 396 252
Total	11 320 840
Less:-	
Fair value of identifiable net assets acquired (note 29-3)	11 320 840
Goodwill arising on acquisition	-

29.5 Net cash flow on acquisition of subsidiary

Description	EGP
Consideration paid during the period	386 883
Less:-	
Balances of cash and cash equivalent acquired (note 29-3)	45 709
Net cash inflow	341 174

30. Operating lease arrangements

30.1 The Group as lessee

30.1.1 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.

30.1.2 Payments recognised as an expense in the period

EGP	June 30, 2018	June 30, 2017
Minimum lease payments	2 630 676	2 799 100
TOTAL	2 630 676	2 799 100

30.1.3 Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	June 30, 2018	December 31, 2017
No longer than 1 year	4 064 913	4 100 023
Longer than 1 year and not longer than 5 years	4 329 675	3 931 228
TOTAL	8 394 588	8 813 420

31. Comparative figures

The comparative figures have been restated as a result of the reclassification of some items from spare parts inventory to fixed assets as shown in the table below and there is no impact of this amendment on the statement of profits or losses.

EGP	2017 Before restating	Reclassification	2017 After restating
Effect on statement of financial position			
Fixed Assets (Net)	2 371 924 441	17 449 242	2 389 373 683
Spare parts inventory	30 049 477	(17 449 242)	12 600 235

32. Commitments for expenditure

The capital commitment as of June 30, 2018 amounted to EGP 20 963 964 in relation to fixed assets acquisition.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Allan Hestbech

Chief Financial Officer

