

Arabian Cement Company S.A.E.

**Condensed separate interim financial statements
Together with limited review report
For the Six months ended June 30, 2019**

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Limited Review Report
For the Condensed Separate Interim Financial Statements

**To: The Board of directors of Arabian Cement Company
An Egyptian Joint Stock Company**

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of June 30, 2019 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.

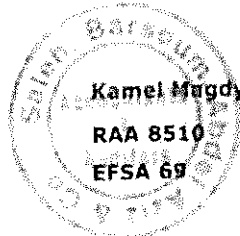
Scope of Review

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 19, 2019



K. Saleh

Kamel Magdy Saleh FCA, FESAA

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

EGP	Notes	June 30, 2019	December 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment (Net)	10	2 435 056 876	2 457 108 755
Assets under construction	11	42 668 391	95 974 030
Intangible assets (Net)	12	320 345 752	345 475 618
Investments in subsidiaries	13.1	37 476 057	37 476 057
Amount paid under investments	13.2	10 000 000	10 000 000
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		2 845 672 076	2 946 159 460
CURRENT ASSETS			
Inventories	15	223 477 486	282 010 320
Trade receivables		41 961 259	69 297 253
Debtors and other debit balances	16	104 163 039	100 180 707
Due from related parties	26	31 037 618	20 464 416
Cash and bank balances	17	84 418 693	164 895 878
TOTAL CURRENT ASSETS		485 058 095	636 848 574
TOTAL ASSETS		3 330 730 171	3 583 008 034

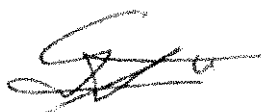
- Limited review report is attached

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

EGP	Notes	June 30, 2019	December 31, 2018
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	254 730 209	231 365 975
Retained earnings		338 337 067	342 180 674
TOTAL EQUITY		1 350 546 676	1 331 026 049
NON-CURRENT LIABILITIES			
Borrowings	21	549 210 861	619 160 870
Deferred tax liabilities	8.3	342 217 916	343 043 930
Other liabilities	23	5 384 750	12 308 000
TOTAL NON-CURRENT LIABILITIES		896 813 527	974 512 800
CURRENT LIABILITIES			
Trade payables	20	625 180 032	576 797 621
Credit facilities	21	165 803 564	273 674 586
Current income tax payable	8.2	26 876	--
Current portion of long-term borrowings	21	85 572 273	77 731 487
Current portion of long-term other liabilities	23	26 373 434	124 681 184
Creditors and other credit balances	25	158 548 361	207 462 248
Due to related parties	26	8 878 130	7 355 922
Provisions	22	12 987 298	9 766 137
TOTAL CURRENT LIABILITIES		1 083 369 968	1 277 469 185
TOTAL LIABILITIES		1 980 183 495	2 251 981 985
TOTAL EQUITY AND LIABILITIES		3 330 730 171	3 583 008 034

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



Arabian Cement Company S.A.E.

Separate statement of profit or loss for the six months 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	748 197 002	701 650 681	1 537 054 860	1 591 242 669
Cost of sales	4	(687 539 836)	(577 190 678)	(1 428 236 850)	(1 224 228 495)
GROSS PROFIT		60 657 166	124 460 003	108 818 010	367 014 174
General and administration expenses	5	(30 522 274)	(33 021 798)	(63 005 754)	(63 770 592)
Provisions	22	(2 371 161)	(350 000)	(3 221 161)	(700 000)
Interest income		412 886	644 484	857 442	833 686
Other income		404 330	1 005 175	876 546	1 846 455
Finance costs	6	(32 923 602)	(22 961 197)	(68 675 523)	(44 500 030)
Foreign exchange gain / (losses) differences		26 372 173	(8 517 033)	50 317 011	(3 772 122)
(LOSS)/PROFIT FOR THE PERIOD BEFORE TAX		22 029 518	61 259 634	25 966 571	256 951 571
Income tax	8.1	501 962	(8 908 369)	799 138	(43 647 050)
PROFIT FOR THE PERIOD AFTER TAX		22 531 480	52 351 265	26 765 709	213 304 521
Earnings per share (Basic and diluted)					
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.
Separate statement of comprehensive income for the six months ended June 30, 2019

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
PROFIT FOR THE PERIOD, NET OF INCOME TAX	22 531 480	52 351 265	26 765 709	213 304 521
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22 531 480	52 351 265	26 765 709	213 304 521

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Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer




Arabian Cement Company S.A.E.

Separate statement of changes in equity for the six months ended June 30, 2019

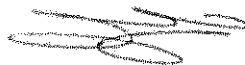
EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2018	757 479 400	209 622 582	337 441 529	1 304 543 511
Transfer to legal reserve	--	21 743 393	(21 743 393)	--
Dividends distributed	--	--	(6 427 764)	(6 427 764)
Net profit for the period	--	--	213 304 521	213 304 521
Balance at June 30, 2018	757 479 400	231 365 975	522 574 893	1 511 420 268
Balance at January 1, 2019	757 479 400	231 365 975	342 180 674	1 331 026 049
Transfer to legal reserve	--	23 364 234	(23 364 234)	--
Dividends distributed	--	--	(7 245 082)	(7 245 082)
Total other comprehensive income, net of income tax	--	--	26 765 709	26 765 709
Balance at June 30, 2019	757 479 400	254 730 209	338 337 067	1 350 546 676

- 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 Cabafias Lopez
Chief Financial Officer



Arabian Cement Company S.A.E.
Separate statement of cash flows for the six months ended June 30, 2019

EGP	Notes	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		25 966 571	256 951 571
Adjusted by:			
Finance costs recognized in profit or loss	6	68 675 523	44 500 030
Interest income		(857 442)	(833 686)
Depreciation of property, plant and equipment	10	100 758 437	94 442 734
Amortization of intangible assets	12	25 129 866	25 129 867
Foreign exchange (gain) differences		(25 793 478)	2 958 997
Provision formed	22	3 221 161	700 000
Decrease / (Increase) in inventories		58 532 834	(14 705 602)
(Increase) in debtors and other debit balances		(3 982 332)	(4 547 404)
Decrease in trade receivables		27 335 994	--
(Increase) in due from related parties		(10 573 202)	(1 852 302)
(Decrease) / Increase in creditors and other credit balances		(55 536 036)	71 380 474
Increase / (Decrease) in trade payables		48 382 411	(40 273 162)
Increase / (Decrease) in due to related parties		1 522 208	(4 894 744)
Provisions used	22	--	(502 789)
Cash generated by operations		262 782 515	428 453 984
Interest paid		(62 053 374)	(30 171 831)
Net cash generated by operating activities		200 729 141	398 282 153

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

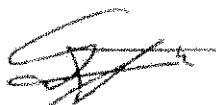
EGP	Notes	June 30, 2019	June 30, 2018
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Payments for property, plant and equipment	10	(22 688 864)	(10 285 636)
Payments for assets under construction*	11	(2 712 055)	(65 615 819)
Interest income		857 442	833 686
Cash (used in) investing activities		(24 543 477)	(75 067 769)
CASH FLOWS FROM FINANCING			
ACTIVITIES			
Repayment of loans		(36 315 745)	(44 559 092)
Repayment for credit facilities		(107 871 022)	(57 018 602)
Payment of dividends	21	(7 245 082)	(211 212 216)
Repayment of other liabilities		(105 231 000)	(6 427 764)
Cash (used in) financing activities		(256 662 849)	(319 217 674)
(Decrease) in cash and cash equivalents		(80 477 185)	3 996 710
Cash and cash equivalents at the beginning of the period		164 895 878	117 204 564
Cash and cash equivalents at the end of the period	17	84 418 693	121 201 274

Non- cash transaction from investment activities

* Non-cash transactions represented in the net change in the projects under constructions and fixed assets by of EGP 56 017 694 have been eliminated.

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



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

1. The Company's general information

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

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

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law. The Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes per annum of cement.

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

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on August 19, 2019.

The Company's term is 25 years starting from the date of its registration at the commercial register.

2. Significant accounting policies

2.1 Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2018.

2.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

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

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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Local sales	585 786 809	617 114 991	1 262 691 710	1 413 689 744
Export sales	125 047 013	59 935 304	203 741 219	126 673 515
Services	37 363 180	24 600 386	70 621 931	50 879 410
TOTAL	748 197 002	701 650 681	1 537 054 860	1 591 242 669

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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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Raw material	579 777 109	475 520 189	1 213 491 742	1 028 519 843
Manufacturing depreciation	50 717 788	48 559 439	100 758 437	94 442 734
Electricity supply agreement amortization	12 634 353	12 634 351	25 129 866	25 129 866
Transportation cost	21 425 981	18 115 834	43 741 091	37 527 875
Overhead cost	22 984 605	22 360 865	45 115 714	38 608 177
TOTAL	687 539 836	577 190 678	1 428 236 850	1 224 228 495

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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Professional services	12 540 329	8 237 402	20 671 280	17 723 945
Salaries and wages	9 288 399	14 840 505	24 171 317	29 334 949
Security and cleaning services	823 858	526 988	1 078 185	740 376
Rentals	509 275	2 471 431	1 806 784	5 129 193
Transportation	1 069 162	3 261 585	2 402 890	3 854 290
Advertising	230 657	148 042	1 279 367	686 509
Other	6 060 594	3 535 845	11 595 931	6 301 330
TOTAL	30 522 274	33 021 798	63 005 754	63 770 592

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, 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 license interest expense	--	--	--	212 398
Electricity agreement interest expense	3 070 500	3 070 500	6 141 000	6 141 000
Credit facilities interest expense	8 973 309	2 758 120	19 792 403	11 011 338
Other finance cost	1 664 492	--	3 585 767	--
TOTAL	32 923 602	22 961 197	68 675 523	44 500 030

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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, 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
TOTAL	6 734 268	12 024 180	18 740 448	24 034 964

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
CURRENT TAX				
Current tax expense for the current period	(111 866)	4 078 198	26 876	38 334 636
DEFERRED TAX				
Net deferred tax recognized in the current period	(390 096)	4 830 171	(826 014)	5 312 414
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(501 962)	8 908 369	(799 138)	43 647 050

8.2 Current tax liabilities

EGP	June 30, 2019	December 31, 2018
Current tax expense (note 8.1)	26 876	--
CURRENT TAX LIABILITIES	26 876	--

8.3 Deferred tax liabilities

Deferred tax liabilities arise from the following:

June 30, 2019	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(343 043 930)	826 014	(342 217 916)
NET DEFERRED TAX LIABILITY	(343 043 930)	826 014	(342 217 916)
December 31, 2018	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(335 984 957)	(7 058 973)	(343 043 930)
NET DEFERRED TAX LIABILITY	(335 984 957)	(7 058 973)	(343 043 930)

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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
EARNINGS (for basic and diluted earnings per share)				
Profit for the period	22 531 480	52 351 265	26 765 709	213 304 521
Employees' share in distributable profits (note 16)	(1 755 136)	(1 769 586)	(3 779 042)	(3 542 892)
Distributable profit	20 776 344	50 581 679	22 986 667	209 761 629
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	0.05	0.13	0.06	0.55

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10. Property, plant and equipment (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2018	50 243 436	564 826 943	13 151 253	2 529 190 896	11 933 537	283 064 441	18 677 131	3 471 111
Additions	--	306 197	465 609	7 650 184	374 794	904 313	584 539	11 249 340
Transfer from PUC	--	4 260 164	--	243 598 243	99	1 434 667	--	248 591
Balance at June 30, 2018	50 243 436	569 393 304	13 616 862	2 780 439 323	12 308 430	285 403 421	19 261 670	3 730 241
Balance at January 1, 2019	50 243 436	571 105 372	19 572 370	2 806 303 222	12 412 666	289 518 568	19 819 255	3 766 517
Additions	--	3 098 391	7 819 490	9 984 113	518 851	867 306	400 713	21 687 865
Transfer from PUC	--	56 017 694	--	--	--	--	--	56 017 694
Balance at June 30, 2019	50 243 436	630 221 457	27 391 860	2 816 287 335	12 913 517	290 385 874	20 219 968	3 847 438
ACCUMULATED DEPRECIATION								
Balance at January 1, 2018	--	176 840 704	6 392 960	827 590 443	3 639 091	87 861 550	12 578 257	1 114 944
Depreciation expense	--	14 419 462	949 990	69 135 335	658 554	7 711 508	1 567 885	94 000
Balance at June 30, 2018	--	191 260 166	7 342 950	896 725 778	4 297 645	95 573 058	14 146 142	1 209 044
Balance at January 1, 2019	--	205 985 423	8 424 749	973 394 662	4 977 556	103 444 420	15 639 324	1 311 734
Depreciation expense	--	14 546 421	1 752 577	74 425 139	682 481	7 906 494	1 445 375	100 242
Balance at June 30, 2019	--	220 531 844	10 177 326	1 047 819 801	5 660 037	111 350 914	17 084 699	1 412 276
CARRYING AMOUNT								
At June 30, 2019	50 243 436	409 689 613	17 214 534	1 768 467 534	7 271 480	179 035 010	3 135 269	2 435 036
At June 30, 2018	50 243 436	378 133 138	6 273 912	1 883 713 545	8 010 785	189 830 363	5 115 528	2 521 199
At December 31, 2018	50 243 436	365 119 949	11 147 621	1 832 908 560	7 435 110	186 074 148	4 179 931	2 457 195

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 current and future buildings and constructions, and the tangible and intangible elements of the Company's factory. Until the date of the financials, the Company did not 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 risks on the Company's factory and the production lines, in favour for the bank as it's the (Security agent), and the bank is the first and only beneficiary of the 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	95 974 030	249 232 824
Additions	2 557 392	95 999 812
Transfer to fixed assets	(56 017 694)	(249 293 171)
Transfer to debtors and other debit balances	154 663	34 565
TOTAL	42 668 391	95 974 030
Assets under construction are represented in the following categories:		
Buildings	1 219 184	55 693 556
Machinery and equipment	40 028 993	5 307 193
Other installations	1 265 551	34 938 716
Advance to suppliers	154 663	34 565
TOTAL	42 668 391	95 974 030

12.Intangible assets (Net)

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1 , 2019	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of June 30, 2019	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2019	(259 311 354)	(183 617 741)	(442 929 095)
Amortization for the period	(13 962 413)	(11 167 453)	(25 129 866)
Total accumulated amortization as of June 30, 2019	(273 273 767)	(194 785 194)	(468 058 961)
Net book value June 30,2018	289 930 946	30 414 806	320 345 752
Net book value December 31,2018	303 893 359	41 582 259	345 475 618

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

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Electricity contract

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.

In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

13. Investments

13.1 Investments in subsidiaries

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

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

13-2 Amount paid under investment

The amount paid under investment with balance as of June 30, 2019 EGP 10 000 000 represents in amount paid for the capital increasing in Andalus Ready-Mix Concrete and the legal procedures currently in process

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14. Investments in joint venture

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture	Place of incorporation	Proportion of ownership interest and voting power held by the company	EGP	
			June 30, 2019	December 31, 2018
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	June 30, 2019	December 31, 2018
Raw materials	112 572 027	98 934 615
Packing materials	29 911 638	32 340 022
Spare parts	6 705 450	7 903 975
Work in progress	3 196 866	2 767 805
Finished goods	71 091 505	140 063 903
TOTAL	223 477 486	282 010 320

16. Debtors and other debit balances

EGP	June 30, 2019	December 31, 2018
Advance to suppliers	28 460 730	37 474 526
Withholding tax	11 264 018	5 302 490
Deposit with others	51 125 550	41 108 656
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	2 271 151	1 861 757
Other debit balances	351 499	277 149
TOTAL	104 163 039	100 180 707

17. Cash and bank balances

EGP	June 30, 2019	December 31, 2018
Cash on hand	1 979 614	1 276 837
Current account – local currency	6 079 252	51 267 529
Current account – foreign currency	36 636 968	25 263 099
Bank deposits	39 722 859	87 088 413
Total	84 418 693	164 895 878

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

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18. 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
Issued capital	757 479 400	757 479 400

19. Legal reserve

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The entity shall cease such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

20. Trade payables

EGP	Current		Non-current	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Local trade payables	350 095 865	255 429 655	--	--
Foreign trade payables	271 684 167	314 467 966	--	--
Notes payables *	3 400 000	6 900 000	--	--
TOTAL	625 180 032	576 797 621	--	--

* Represent the remaining due instalments for the company's new office at Gamal Abdel Nasser square, Fifth Settlement, fifth floor, New Cairo, Egypt.

21. 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	--	--
Total Facilities	165 803 564	273 674 586	--	--
Bank loans - CIB	15 300 000	5 100 000	239 700 000	249 900 000
Less: Loan finance cost	(318 750)	(637 500)	--	--
Net Loans - CIB	14 981 250	4 462 500	239 700 000	249 900 000
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)	--	--
Net Loans - EBRD	70 591 023	73 268 987	309 510 861	369 260 870
Total Loans	85 572 273	77 731 487	549 210 861	619 160 870

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22. Provisions

EGP	Provision for claims
Balance at January 1, 2019	9 766 137
Additional provisions recognized	3 221 161
Balance at June 30, 2019	12 987 298

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

23. Other liabilities

EGP	Current		Non-current	
	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
TOTAL	26 373 434	124 681 184	5 384 750	12 308 000

24. Dividends distribution

On April 26, 2018, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2018.

EGP	December 31, 2018
Profit for the year	233 642 343
Retained earnings at beginning of the year	108 538 330
Distributable profits	342 180 673
To be distributed as follows:	
Legal reserve	23 364 234
Profit attributable to shareholders	--
Profit attributable to employees	7 245 082
Retained earnings at end of the year	311 571 357

25. Creditors and other credit balances

EGP	June 30, 2019	December 31, 2018
Advances from customers	34 061 775	52 573 239
Accrued expenses	5 281 684	4 185 839
Accrued development fees	15 349 968	19 836 333
Accrued customers rebates	30 720 656	58 252 104
Accrued taxes	38 688 150	43 212 944
Accrued interest	16 682 023	10 059 874
Deferred Revenue - Grant	12 577 987	12 937 358
Retention	5 186 118	6 404 557
TOTAL	158 548 361	207 462 248

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26. Related party transactions

During the period, entity entities entered into the following transactions with related parties:

EGP	Relation type	Transaction nature	Volume of the transactions	
			June 30, 2019	June 30, 2018
Andalus Concrete Company	Subsidiary	Sales	10 527 072	16 419 589
ACC for Management and Trading Company	Subsidiary	Services	21 537 495	19 908 704
Evolve Investment & Projects Management Company	Subsidiary	Purchases	3 028 273	--
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
Andalus Concrete Company	23 861 404	17 926 645	--	--
Evolve Investment & Projects Management Company	4 867 871	2 537 771	--	--
ACC for Management and Trading Company	2 308 343	--	--	865 546
Cementos La Union – Spain Company	--	--	24 550	2 175 023
Andalus Reliance for Mining Company	--	--	8 853 580	4 315 353
TOTAL	31 037 618	20 464 416	8 878 130	7 355 922

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- 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.

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27. Operating lease arrangements

a. The entity as lessee

i. 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.

ii. Payments recognised as an expense in the period

EGP	June 30, 2019	June 30, 2018
Minimum lease payments	87 140	274 741
TOTAL	87 140	274 741

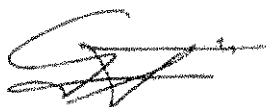
iii. Non-cancellable operating lease commitments

EGP	Total of future minimum lease payments	
	June 30, 2019	December 31, 2018
No longer than 1 year	140 580	365 862
Longer than 1 year and not longer than 5 years	--	8 540
TOTAL	140 580	374 402

28. Significant Events during current period

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabafias Lopez
 Chief Financial Officer

