

Arabian Cement Company
An Egyptian Joint Stock Company
Condensed Separate Interim Financial Statements
For the Six Months Ended June 30, 2016
And the Limited Review Report

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 balance sheet of Arabian Cement Company - An Egyptian Joint Stock Company - as of June 30, 2016 and the related condensed separate statements of income (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

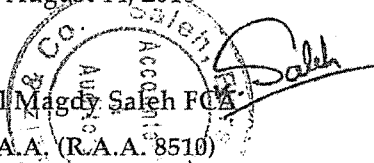
Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, August 14, 2016

Kamel Magdy Saleh FCA

F.E.S.A.A. (R.A.A. 8510)

CMA Registration No. "69"



Arabian Cement Company
An Egyptian Joint Stock Company
Condensed Separate Statement of Financial Position
As of June 30, 2016

	<u>Note</u> <u>No.</u>	<u>June30, 2016</u> <u>EGP</u>	<u>December 31, 2015</u> <u>EGP</u>
<u>Non-current assets</u>			
Fixed assets (net)	(4)	2'476 750 116	2 534 078 675
Projects under construction	(5)	138 318 476	124 756 807
Intangible assets (net)	(6)	97 943 788	109 142 259
Investments in subsidiaries	(7)	21 226 057	20 976 307
Investments in joint ventures	(8)	125 000	125 000
Total non-current assets		2 734 363 437	2 789 079 048
<u>Current assets</u>			
Inventory	(9)	169 251 457	196 042 634
Debtors and other debit balances	(10)	67 724 785	58 596 676
Due from subsidiaries and related parties	(11)	7 521 076	14 926 897
Cash and bank balances	(12)	248 637 778	364 838 686
Total current assets		493 135 096	634 404 893
Total Assets		3 227 498 533	3 423 483 941
<u>Shareholders' equity</u>			
Issued and paid-up capital	(17)	757 479 400	757 479 400
Legal reserve	(18)	185 037 371	156 093 042
Retained earnings		234 223 182	178 626 876
Net profits for the period / year		142 822 748	289 443 293
Total shareholders' equity		1 319 562 701	1 381 642 611
<u>Non-current liabilities</u>			
Loans	(15)	321 432 931	357 584 237
Deferred income tax liability	(19)	330 808 147	329 208 375
Other liabilities	(16)	365 671 000	400 390 000
Total non-current liabilities		1 017 912 078	1 087 182 612
<u>Current liabilities</u>			
Provisions	(13)	15 543 923	15 843 923
Current income tax liability	(25)	45 787 069	71 556 188
Creditors and other credit balances	(14)	358 394 302	522 312 004
Dividends payable	(29)	124 984 101	--
Due to subsidiaries and related parties	(11)	5 637 396	52 219 203
Current portion of long-term loans	(15)	265 990 963	206 297 400
Current portion of long-term other liabilities	(16)	73 686 000	86 430 000
Total current liabilities		890 023 754	954 658 718
Total shareholders' equity and liabilities		3 227 498 533	3 423 483 941

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

Chief Financial Officer
Allan Hestbech

Chief Executive Officer
Jose Maria Magrina

- Limited review report attached.




Arabian Cement Company
An Egyptian Joint Stock Company
Condensed Separate Statement of Income (Profits or Losses)
For the Six Months Ended June 30, 2016

	<u>Note</u> <u>No.</u>	<u>Three months ended</u>		<u>Six Months ended</u>	
		<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net sales	(20)	557 500 156	550 106 915	1 093 775 905	1 135 407 621
<u>Less</u>					
Cost of sales	(21)	(355 972 707)	(406 279 075)	(732 067 142)	(831 850 446)
Gross operating profits		201 527 449	143 827 840	361 708 763	303 557 175
<u>(Less) / Add</u>					
General and administration expenses	(22)	(19 990 578)	(22 408 424)	(38 673 832)	(46 637 790)
Provisions	(13)	(350 000)	--	(700 000)	--
Other income		359 387	416 117	545 982	806 399
Credit interest		5 939 207	1 002 408	6 633 529	1 166 154
Net operating profits		187 485 465	122 837 941	329 514 442	258 891 938
<u>(Less) / Add</u>					
Financing expenses	(23)	(19 910 119)	(24 460 068)	(40 146 778)	(43 859 183)
Losses on foreign currency revaluation	(24)	(27 380 270)	(405 273)	(103 278 831)	(30 950 224)
Dividends from joint venture		--	104 167	--	104 167
Capital gain		--	180 000	--	180 000
Net profits for the period before income tax		140 195 076	98 256 767	186 088 833	184 366 698
Income tax	(25)	(30 696 661)	(31 723 459)	(43 266 085)	(61 807 540)
Net profits for the period after income tax		109 498 415	66 533 308	142 822 748	122 559 158
Earnings per share for the period	(26)	0.28	0.17	0.37	0.32

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

Chief Financial Officer
Allan Hestbech




Chief Executive Officer
Jose Maria Magrina




Arabian Cement Company
An Egyptian Joint Stock Company
Condensed Separate Statement of Changes in Equity
For the Six Months Ended June 30, 2016

<u>Description</u>	<u>Note</u>	<u>Capital</u>		<u>Legal reserve</u>		<u>Retained earnings</u>		<u>Net profits for the period</u>		<u>Total</u>	
		<u>No.</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Balance as of January 1, 2015			757 479 400	129 447 589	408 189 557	--	--			1 295 116 546	
Transferred to legal reserve			--	26 645 453	(26 645 453)	--	--			--	
Dividends distributed			--	--	(202 917 228)	--	--			(202 917 228)	
Total comprehensive income for the period			--	--	--	122 559 158	--			122 559 158	
Balance as of June 30, 2015			757 479 400	156 093 042	178 626 876	122 559 158	--			1 214 758 476	
Balance as of January 1, 2016			757 479 400	156 093 042	468 070 169	--	--			1 381 642 611	
Transferred to legal reserve	(29)		--	28 944 329	(28 944 329)	--	--			--	
Dividends distributed	(29)		--	--	(204 902 658)	--	--			(204 902 658)	
Total comprehensive income for the period			--	--	--	142 822 748	--			142 822 748	
Balance as of June 31, 2016			757 479 400	185 037 371	234 223 182	142 822 748	--			1 319 562 701	

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Chief Financial Officer
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Chief Executive Officer
Jose Maria Magrina


Arabian Cement Company
An Egyptian Joint Stock Company
Condensed Separate Statement of Comprehensive Income
For the Six Months Ended June 30, 2016


	<u>Three months ended</u>		<u>Six Months ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profits for the period after income tax	109 498 415	66 533 308	142 822 748	122 559 158
Other comprehensive income	---	---	---	---
Total comprehensive income for the period	<u>109 498 415</u>	<u>66 533 308</u>	<u>142 822 748</u>	<u>122 559 158</u>

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

Chief Financial Officer
Allan Hestbech



Chief Executive Officer
Jose Maria Magrina



Arabian Cement Company
An Egyptian Joint Stock Company
Condensed Separate Statement of Cash Flows
For the Six Months Ended June 30, 2016

	<u>Note</u> <u>No.</u>	<u>June 30, 2016</u> <u>EGP</u>	<u>June 30, 2015</u> <u>EGP</u>
<u>Cash flows from operating activities</u>			
Net profits for the period before tax		186 088 833	184 366 698
<u>Adjusted by:</u>			
Depreciation of fixed assets	(4)	87 394 985	86 089 783
Amortization of intangible assets	(6)	11 198 471	11 167 454
Provisions	(13)	700 000	--
Used Provisions		(1 000 000)	(365 379)
Credit interest		(6 633 529)	(1 166 154)
Finance costs	(23)	40 146 778	43 859 183
Dividends from joint venture		--	(104 167)
Capital gain		--	(180 000)
Losses from foreign exchange rate differences*		69 225 348	29 038 230
Operating profit before changes in working capital		387 120 886	352 705 648
Decrease / (increase) in inventory ***		615 489	(3 407 362)
(Increase) in debtors and other debit balances **		(11 691 450)	(11 653 794)
Decrease in due from subsidiaries and related parties		7 405 822	1 066 395
Increase in creditors and other credit balances & current income tax **		(152 628 529)	(72 764 162)
(Decrease) in due to subsidiaries and related parties		(581 807)	(2 552 876)
Income tax paid **		(67 435 433)	(131 525 949)
Net cash flows generated from operating activities		162 804 978	131 867 900
<u>Cash flows from investing activities</u>			
Proceeds on dividends from joint venture		--	104 167
Proceeds on disposal of fixed assets		--	180 000
Payments for investments in joint venture		--	(93 750)
Payments for investments in subsidiaries	(7)	(249 750)	--
Payments for fixed assets ***	(4)	(3 890 738)	(6 506 883)
Payments for projects under construction	(5)	(13 561 669)	(36 330 810)
Interest income		6 633 529	1 166 154
Net cash flows (used in) investing activities		(11 068 628)	(41 481 122)
<u>Cash flows from financing activities</u>			
Payments of operating licenses and electricity agreement		(47 463 000)	(38 848 809)
Interest paid		(48 872 610)	(45 505 072)
Dividends paid	(29)	(125 918 557)	(23 357 089)
Net change in the loans*		(45 683 091)	(78 253 694)
Proceeds on bank over draft		--	95 245 781
Net cash flows (used in) financing activities		(267 937 258)	(90 718 883)
Net change in cash and cash equivalents during the period		(116 200 908)	(332 105)
Cash and cash equivalents at the beginning of the period		364 838 686	156 060 447
Cash and cash equivalents at the end of the period	(12)	248 637 778	155 728 342

Non-cash transactions

* Non-cash transactions represented in the net changes in the loans and the unrealized foreign exchange rate differences of EGP 69 225 348 have been eliminated.

** Non-cash transactions represented in the net changes in the debtors, creditors and the income tax paid of EGP 2 563 341 have been eliminated.

*** Non-cash transactions represented in the net changes in the fixed assets and the inventory of EGP 26 175 688 have been eliminated.

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

Chief Financial Officer
Allan Hestbech



Chief Executive Officer
Jose Maria Magrina



Arabian Cement Company
An Egyptian Joint Stock Company
Notes to the Condensed Separate Interim Financial Statements
For the Six Months Ended June 30, 2016

1. Incorporation and purpose

- The Arabian Cement Company, an Egyptian Joint Stock Company was established as a joint stock company on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the Chairman of General Authority for Investment and Free Zone (GAFI) under 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 main shareholder of the company is Aridos Jativa – Spanish Company and it owns 60% of the company's share capital.
- The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on August 14, 2016.
- The company's term is 25 years starting from the date of its registration at the Commercial Register.
- 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.

Registration at the stock market

Registration of company shares at the stock market

The shares of the company were registered at the Egyptian Stock Market according to the approval of the Registration Committee held on March 24, 2014. The company's shares were included in the database on March 25, 2014. The company's shares registration data were adjusted after stock splitting by the par value on April 17, 2014.

Registering the company's shares in the central security

The company's shares were registered according to central depository and registry system in Misr for Central Clearing on January 19, 2014 and were adjusted as a result of stock splitting share's par value on April 17, 2014.

2. Basis of preparation

- The condensed separate interim financial statements were prepared in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting - issued by the Minister of Investment Decree No. 110 of 2015, in relation to the issuance of the new Egyptian Accounting Standards which replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements, and they are applied on the entities whose fiscal year starts on or after 1 January 2016, also the Minister of Investment issued Decree No. 53 of 2016, whereby the New Accounting Standards include the addition of the Egyptian Accounting Standard (46) in the provisions of the transitional period for some standards of the New Egyptian Accounting Standards.
- These condensed separate interim financial statements does not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2015.

3. Significant Policies

- The separate financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
- The accounting policies adopted this period are consistent with those of the previous year except for the amendments required by the New Accounting Standards, disclosed below the significant amendments which are applicable to the company and the effects of these amendments on financial statements, if any.

Revised EAS (1) Presentation of Financial Statements

Financial Position Statement

- The amendments to EAS (1) do not require the presentation of working capital. The company has prepared and presented the Statement of Financial Position according to the revised standard.
- The amendments to EAS (1) require to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy or reclassification carried out by the company. There are no retrospective adjustments that require presenting Statement of Financial Position which includes beginning balances of the first presented comparative period.

Income statement (Profit or Loss) / Statement of Comprehensive Income

- The amendments to EAS (1) require the company to disclose all items of income and expenses that were recognized in the period in two separate statements, statement of profit or loss (Statement of Income) which discloses all items of income and expenses and Statement of Comprehensive Income which starts with profit or loss and presents items of other comprehensive income (Statement of Comprehensive Income).

The company has prepared the Statement of Comprehensive Income and presentation of financial statements according to the revised standard.

Revised EAS (10) Property, Plant and Equipment

- The amendments to EAS (10) eliminated the option of using the revaluation model in the subsequent measurement of property, plant and equipment. There is no impact for these amendments on the company's financial statements.
- The movement of property, plant and equipment and related depreciation should be disclosed in the notes to the financial statements for the current period and comparative period. The company has presented the movement of the required period.

Revised EAS (14) Borrowing Costs

- The amendments to EAS (14) eliminated the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Income. The revised standard requires capitalization of this cost on qualifying assets. There is no impact for these amendments on the company's financial statements.

Revised EAS (20) Finance Lease

- The leased passenger automobiles have become under the scope of the amendments to EAS (20). There is no impact for these amendments on the company's financial statements.

Revised EAS (23) Intangible Assets

- The amendments to EAS (23) eliminated the option of using the revaluation model in the subsequent measurement of intangible assets. There is no impact for these amendments on the company's financial statements.

EAS (40) Financial Instrument - Disclosures

- A new EAS (40) Financial Instrument – Disclosures has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements.

EAS (43) Joint Arrangements

- The new EAS (43) Joint Arrangements has been issued to establish principles for financial reporting by entities that have an interest in joint arrangements. This new standard has superseded the EAS (27) Interests in Joint Ventures. In addition, this new standard requires classifying joint arrangements as either: joint operation or joint venture.
- A joint operation is defined as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A party to a joint operation that has joint control of the joint operation is referred to as a "joint operator".
- A joint venture is defined as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A party to a joint venture that has joint control of the joint operation is referred to as a "joint venture".

- The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the cost method in the separate financial statements of the company. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of any revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities as well as revenue and expenses, relating to its interest in the joint operation in accordance with the Egyptian Accounting Standards applicable to those particular assets, liabilities, revenue and expenses.
- The company reviewed and assessed the classification of its investments in joint arrangements in accordance with the requirements of EAS (43). The company concluded that its investment in Andalus Reliance for Mining, which was classified as a jointly controlled entity under EAS (27) and was accounted for using the cost method, should be classified as a joint venture under EAS (43) and accounted for also using the cost method in the company's separate financial statements. There is no impact of this new standard on the company's separate financial statements.

EAS (45) Fair Value Measurement

- The new EAS (45) Fair Value Measurement has been issued and it is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value, establishes the frame to measure fair value in on standard and determines the required disclosures for measurement of fair value.

4. Fixed assets (net)

Cost:	Lands		Buildings		Vehicles		Machinery and equipment		Other installations		Computer and software		Furniture, fixtures and office equipment		Total	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2015	50 243 436	519 041 986	9 734 584	2 598 648 716	255 222 623	9 528 000	6 080 870	3 448 500 215								
Additions	--	4 077 667	23 850	--	1 737 217	304 330	363 819	6 506 883								
Disposals	--	--	(617 026)	--	--	--	--	(617 026)								
Transferred from projects under construction	--	4 947 811	--	1 330 632	5 407 120	--	--	--								
Cost as of June 30, 2015	50 243 436	528 067 464	9 141 408	2 599 979 348	262 366 960	9 832 330	6 444 689	3 466 075 635								
Balance as of January 1, 2016	50 243 436	530 986 938	10 514 236	2 609 346 376	271 783 312	10 365 258	7 373 549	3 490 613 105								
Additions	--	1 678 097	515 000	26 299 528	330 000	593 790	650 011	30 066 426								
Cost as of June 30, 2016	50 243 436	532 665 035	11 029 236	2 635 645 904	272 113 312	10 959 048	8 023 560	3 520 679 531								
Accumulated depreciation:																
Balances as of January 1, 2015	--	93 198 200	3 779 687	630 829 999	45 765 198	8 178 246	1 399 478	783 150 808								
Depreciation	--	13 790 151	652 817	64 464 521	6 528 433	399 714	254 147	86 089 783								
Accumulated depreciation Disposals	--	--	(617 026)	--	--	--	--	(617 026)								
Accumulated depreciation as of June 30, 2015	--	106 988 351	3 815 478	695 294 520	52 293 631	8 577 960	1 653 625	868 623 565								
Balance as of January 1, 2016	--	121 085 440	4 440 402	760 974 089	59 077 447	9 020 225	1 936 827	956 534 430								
Depreciation	--	13 969 663	639 802	65 035 303	6 878 360	503 118	368 739	87 394 985								
Accumulated depreciation as of June 30, 2016	--	135 055 103	5 080 204	826 009 392	65 955 807	9 523 343	2 305 566	1 043 929 415								
Net book value as of June 30, 2016	50 243 436	397 609 932	5 949 032	1 809 636 512	206 157 505	1 435 705	5 717 994	2 476 750 116								
Net book values of December 31, 2015	50 243 436	409 901 498	6 073 834	1 848 372 287	212 705 865	1 345 033	5 436 722	2 534 078 675								
Net book value as of June 30, 2015	50 243 436	421 079 113	5 325 930	1 904 684 828	210 073 329	1 254 370	4 791 064	2 597 452 070								

- 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 as disclosed in details in (Note No. 15).

- 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 the Katamia Villa.

Fixed assets, (net) - continued

The company has assets related to finance lease based on contracts under Law No. 95 of 1995, which states that these assets should not be classified as fixed assets according to the Company's accounting policy.

<u>Five years contracts</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Total contracted lease payments	10 828 129	50 176 916
Bargain purchase value	1	1
Average useful life	5 years	5 years

Commitments for leasing arrangements

The liabilities for financing lease contracts amounted to the following:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Not later than 1 year	1 782 964	5 495 515
Later than 1 year and not later than 2 years	1 033 886	1 350 093
Later than 2 years	717 492	1 185 142
	<u>3 534 342</u>	<u>8 030 750</u>

5. Projects under construction

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Balance as of January 1	124 756 807	98 414 243
Additions	13 454 060	51 381 120
Advance to suppliers	107 609	1 319 012
Transferred to fixed assets	--	(26 357 568)
	<u>138 318 476</u>	<u>124 756 807</u>

- Projects under construction are represented in the following categories:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Buildings	17 070 146	11 462 495
Machinery and equipment	117 708 470	108 636 763
Other installations	3 432 251	3 338 537
Advance to suppliers	107 609	1 319 012
	<u>138 318 476</u>	<u>124 756 807</u>

- Projects under construction are comprised of buildings, machinery and equipment, which are related to the installation of the alternative energy generation lines. And they are expected to be capitalized during the current year.

6. Intangible assets (net)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Cost	225 200 000	225 200 000
Accumulated amortization		
Balance at beginning of the period/year	(116 057 741)	(93 537 741)
Amortization for the period/year	<u>(11 198 470)</u>	<u>(22 520 000)</u>
Total accumulated amortization of the period / year	<u>(127 256 212)</u>	<u>(116 057 741)</u>
Balance at ending of the period/year	<u>97 943 788</u>	<u>109 142 259</u>

* 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 installments due on the first of every month from April 2010 amounting to EGP 1.220 million per each installment.
- 120 monthly installments due on the first of every month from February 2011 amounting to EGP 1.342 million per each installment.
- In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid over four quarterly installments and the last installment was due on February 1, 2011.

7. Investments in subsidiaries

<u>Company</u>	<u>Country of incorporation</u>	<u>Share %</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
			<u>EGP</u>	<u>EGP</u>
Andalus Concrete Company	Egypt	99.99%	20 926 807	20 926 807
Evolve Company	Egypt	99.90%	249 750	--
ACC for Management and Trading Company	Egypt	99.00%	49 500	49 500
			<u>21 226 057</u>	<u>20 976 307</u>

8. Investments in joint ventures

<u>Company</u>	<u>Country of incorporation</u>	<u>Share %</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
			<u>EGP</u>	<u>EGP</u>
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
			<u>125 000</u>	<u>125 000</u>

9. Inventory

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Raw materials	131 882 142	117 846 311
Packing materials	22 820 565	16 014 996
Spare parts *	3 358 373	30 060 008
Work in progress	2 545 021	1 397 426
Finished goods	8 645 356	30 723 893
	<u>169 251 457</u>	<u>196 042 634</u>

* During the period, the company recorded an amount of EGP 26 175 688 in the fixed assets – machinery and equipment category, which related to strategic spare parts of inventory. The company started the depreciation in June 2016 with the same depreciation rate used for machinery and equipment category.

10. Debtors and other debit balances

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Advance to suppliers	34 741 776	25 293 949
Deposits with others	23 813 241	23 813 241
Withholding taxes	3 693 522	2 563 341
Letter of credit	532 986	532 986
Employees' dividends in advance	2 059 288	4 170 617
Imprest – employee's loan	2 653 096	1 880 796
Other debit balances	196 827	307 697
Letter of guarantee	34 049	34 049
	<u>67 724 785</u>	<u>58 596 676</u>

11. Related parties transactions

- Due from subsidiaries and related parties

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Andalus Concrete Company	5 927 560	14 926 897
Evolve Company	614 046	--
ACC for Management and Trading	979 470	--
	<u>7 521 076</u>	<u>14 926 897</u>

- Due to subsidiaries and related parties

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Cementos La Union – Spain Company	--	1 054 163
Aridos Jativa Company	668 655	46 534 200
Andalus Reliance for Mining Company	4 968 741	4 368 928
ACC for Management and Trading Company	--	261 912
	<u>5 637 396</u>	<u>52 219 203</u>

- The following represents the nature and value of main transactions between related parties during the period / year:

<u>Company</u>	<u>Relation type</u>	<u>Transaction nature</u>	<u>Volume of transactions</u>	
			<u>June 30, 2016</u>	<u>December 31, 2015</u>
			<u>EGP</u>	<u>EGP</u>
Andalus Concrete Company	Subsidiary	Sales	19 376 490	18 898 173
Aridos Jativa Company	Main shareholder	Services	576 535	1 250 658
ACC for Management and Trading Company	Subsidiary	Services	17 337 438	36 034 817
Cementos La Union-Spain company	Subsidiary of the parent	Services	--	1 054 163
Andalus Reliance for Mining Company	Joint Ventures	Purchases	30 144 022	32 087 263

- 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.

- Amounts paid for the Board of Directors members during the period / year:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Board of Directors allowance	8 810 094	17 066 608
Board of Directors salaries	4 163 948	7 708 884
	<u>12 974 042</u>	<u>24 775 492</u>

12. Cash and bank balances

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Cash on hand	1 630 948	4 088 046
Current account – local currency	225 446 414	354 561 257
Current account – foreign currency	19 533 331	4 200 915
Bank deposits	2 027 085	1 988 468
	<u>248 637 778</u>	<u>364 838 686</u>

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Average interest rates for bank deposits – USD	0.70%	0.45%
Average interest rates for bank deposits – EGP	6.41%	5.71%
Maturity period for bank deposits	105 Days	214 Days

Cash and cash equivalents include restricted cash as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Non-restricted cash at banks	122 624 360	181 835 680
Restricted cash at banks*	126 013 418	183 003 006
	<u>248 637 778</u>	<u>364 838 686</u>

* The restricted cash represents the amount of due installments in foreign currency, accrued interests on these installments, and a margin rate of the total due installments in anticipation of increase in the exchange rate for the foreign currency. The bank has restricted such amount to cover the due foreign currency installments, until the foreign currency is available.

13. Provisions

	<u>Balance at</u> <u>December 31, 2015</u>	<u>Additions</u> <u>during the</u>	<u>Used during</u> <u>the period</u>	<u>Balance at</u> <u>June 30, 2016</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provisions for claims	15 843 923	700 000	(1 000 000)	15 543 923
	<u>15 843 923</u>	<u>700 000</u>	<u>(1 000 000)</u>	<u>15 543 923</u>

- The provisions for expected claims from some parties, relate to the activities of the company. The company's management reviews these provisions periodically and adjusts the amount allocated in accordance with the latest developments, discussions and agreements with these parties.

14. Creditors and other credit balances

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Trade payable	227 604 890	284 169 387
Advance payment from customers	70 679 255	173 077 453
Accrued development fees	14 692 300	15 106 346
Accrued customers rebates	19 400 042	862 426
Accrued taxes	7 805 369	6 556 667
Accrued interest	10 944 194	27 174 026
Retention	4 020 191	4 602 524
Accrued expenses	3 248 061	10 763 175
	<u>358 394 302</u>	<u>522 312 004</u>

15. Loans

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Current portion from loans	265 990 963	206 297 400
Non- current portion from loans	321 432 931	357 584 237
	<u>587 423 894</u>	<u>563 881 637</u>

- These loans are represented in the following:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Loan A	271 649 320	245 864 189
Loan B	256 080 557	253 237 593
Loan C	59 694 017	64 779 855
	<u>587 423 894</u>	<u>563 881 637</u>

Loan A

- On September 2006, the company obtained a loan from the National Bank of Egypt amounting to USD 103.9 million. On January 31, 2008, the bank agreed to increase the loan to be USD 149 million, to cover the increase in the investment cost, in addition to financing 15% of the operating license cost.
- The loan duration is 10 years including two years of grace period at an interest rate of 1.6%, plus Libor during the first five years, of the loan and an interest rate of 1.7% plus Libor during the following five years.
- On May 27, 2015, the National Bank of Egypt agreed to restructure the due installments to be paid over 16 equal quarterly installments, in addition to the interest which will be added every three months, and paid with the installments. The applied interest rate will be amended to become with a marginal profits of 4%, above the Libor rate for six months.
- On March 21, 2016, the National Bank of Egypt agreed to postpone the payment of the installments due on the first of January 2016 as well as the installments due on the first of April 2016, with a total value of USD 8 million (4 installments) in addition to the related accrued interest, to be all paid with the installment dues on the first of April 2017.

Loan B

- On January 31, 2008, the company obtained a loan from the National Bank of Egypt amounting to USD 142 million to finance the second production, and 25% of the second line's operating license cost. The loan included a portion in Egyptian Pounds equivalent to USD 57 million.
- The loan duration is 10 years including two years of grace period at an interest rate of 1.5% plus Libor for the USD portion of the loan, and 11% for the Egyptian Pounds portion.
- On May 27, 2015, the National Bank of Egypt agreed to restructure the due installments for the USD portion only, to be paid over 16 equal quarterly installments, in addition to the interest which will be added every three months, and paid with the installments.

The applied interest rate will be amended to become with a marginal profits of 4%, above the Libor rate for six months.

- On July 29, 2015, the Egyptian pound portion loan balance was fully paid.
- On March 21, 2016, the National Bank of Egypt agreed to postpone the payment of the installments due on the first of January 2016 as well as the installments due on the first of April 2016, with a total value of USD 8 million (4 installments) in addition to the related due accrued interest, to be all paid with the installment dues on the first of April 2017.

Loan C

- On June 20, 2013, the company obtained a loan from the National Bank of Egypt amounting to EGP 70 million, to finance 70% of the total investment cost which amounted to EGP 100 million, which is needed for the company's new project for the purpose of using the solid and agricultural wastes as an alternative fuel for the natural gas in the process of manufacturing. The financing shall be used in the payment of the suppliers and contractors accruals.
- The loan duration is six years starting from the first withdrawal, at the rate of 2% plus corridor at a minimum rate of 12%, in addition to a monthly commission.
- The company shall enjoy a grant amounting to 20% of the value of the financing amount from the bank, provided that the following conditions are met:
 - The utilization of the finance for its intended purpose.
 - Commitment to the financing conditions including the payments terms.
 - Issuing the required certificate from the Environmental Affairs Department, which indicates the pollution reduction according to the prepared study.

The loans guarantees

- There is a first degree real estate mortgage with excellence in favor of the National Bank of Egypt as a guarantee for all loans and facilities granted by the bank. The mortgage is on the company's land and all current and future buildings and constructions, and the company should not sell, mortgage, waive, lease, or provide power of attorney to sell or mortgage unless there is a prior written consent from the bank.
- There is a first degree commercial mortgage with excellence in favor of the National Bank of Egypt on the company's plant tangible and intangible assets.
- The company is committed not to allow exit of the major shareholders in the project (especially the Spanish Company) until the payment of the loans granted to the bank by the company, while allowing the Egyptian side to increase the share capital through the purchase of the Spanish party however, the Spanish party share should not be less, at any time, than 51% of company's capital. Also, the company should not perform any changes to the nature of its activities or its legal form or structure of ownership until obtaining the prior written consent from the bank.
- The company is committed to issue insurance policies against the dangers of fire, physical damage, business interruptions and machinery failures on all assets owned by the company subjected to this loan contract within 110 % of the full loan's amount, and concede these policies to the bank as first and sole beneficiary.

16. Long-term liabilities

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
<u>Current portion</u>		
Operating license	55 224 000	67 968 000
Electricity contract	18 462 000	18 462 000
Total	73 686 000	86 430 000
<u>Long-term portion</u>		
Operating license	307 208 000	332 696 000
Electricity contract	58 463 000	67 694 000
	365 671 000	400 390 000

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 of EGP 281.4 million for the first production line with the related liability on the company to pay 15% as an advance payment, and the residual amount will be paid over five equal annual installments after one year from the production date at a maximum of 18 months at an 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 the residual amount will be settled over a period of three years at the interest rate determined by Central Bank of Egypt - CBE.
- On January 22, 2015, the Industrial Development Authority accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently in court.
- As of June 30, 2016, the overdue installments and not paid amounted to EGP 8 million including the interest, and recorded in current liabilities.

Electricity contract

- The Arabian Cement Company operating license stipulates that the company should provide its own power generation facility. The Ministry of Electricity suggested that instead of building a separate plant, a fee of EGP 217.2 million should be paid to the Ministry to allow the new cement plant to be connected to the national station.
- 15% down payment amounting to EGP 32.580 million was paid by the company, and the remaining 85% will be paid as follows:
 - 120 monthly installments amounting to EGP 1.220 million per installment including interest, and the first installment will start in April 2010.
 - 120 monthly installments amounting to EGP 1.342 million per installment including interest, and the first installment will start in February 2011.
- In addition to EGP 8 million representing the amount of two ordinary cells, which will be paid over four quarterly installments and the last installment was due on February 1, 2011.

17. Capital

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Authorized capital	757 479 400	757 479 400
Issued and paid up capital	757 479 400	757 479 400
Number of shares	378 739 700	378 739 700
Par value per share	2	2
Issued and paid-up capital	<u><u>757 479 400</u></u>	<u><u>757 479 400</u></u>

- On January 23, 2014, the company's management held an Extraordinary General Assembly Meeting, where a decision was approved for the share split through modifying the par value of the company's share as a prelude of listing the company in the Egyptian Stock Exchange Market. The Extraordinary General Assembly approved the modification of the par value of the share to be EGP 2 instead of EGP 100.
- In addition to the mentioned above, the Extraordinary General Assembly Meeting approved the updating of Article No. (6) of the Articles of Association, which stated that the capital of the company amounted to EGP 757 479 400 distributed among 7 574 794 shares, and the par value for each share is EGP 100, to be distributed among 378 739 700 shares, and the par value for each share would be EGP 2.
- On September 1, 2015, the Ordinary General Assembly agreed on selling all or part of the shares owned by shareholders whose shares are pledged according to the listing rules, provided that the sale is realized according to the seventh item of Article (7) of the rules of entry and the write-off of securities in the Egyptian Stock Exchange issued by the Decree of the Board of Directors of the Egyptian Financial Supervisory Authority No. 170 of 2014 dated December 21, 2014, to amend the Authority's Board of Directors Decree No. (11) of 2014, after the approval of the Egyptian Financial Supervisory Authority and provided that the buyer is a bank, or an insurance company or a direct investment fund or one of the specialized entities in investment or a juridical person who has previous experience in the field of the company's activity, and provided that the buyer undertakes to abide by the condition of retaining the pledged shares until the end of the prescribed period. The Ordinary General Assembly was approved by General Authority for Investment and Free Zones on September 10, 2015.

18. Legal reserve

In accordance with the Companies' Law No. 159 of 1981, and the company's Articles of Association, 10% of annual net profit is transferred to legal reserve. Upon the recommendation of the Board of Directors, the company may cease such transfers when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

19. Deferred income tax generating an asset or a liability

Deferred income tax represents tax expenses on the temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the separate financial statements.

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Fixed assets and intangible assets	330 808 147	329 208 375
	<u>330 808 147</u>	<u>329 208 375</u>

The movement of the deferred tax liability is as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	<u>EGP</u>	<u>EGP</u>
Balance at the beginning of period/year	329 208 375	351 118 999
Deferred tax liability / (assets) charged to the income statement (Note 25)	1 599 772	(21 910 624)
Balance at the beginning of period/year	<u>330 808 147</u>	<u>329 208 375</u>

20. Net sales

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Cement sales	623 999 031	642 231 761	1 242 387 933	1 387 680 395
Services	15 253 402	9 894 306	33 512 384	21 551 032
Total sales	639 252 433	652 126 067	1 275 900 317	1 409 231 427
<u>Less</u>				
Sales discount and returns	(81 752 277)	(102 019 152)	(182 124 412)	(273 823 806)
	<u>557 500 156</u>	<u>550 106 915</u>	<u>1 093 775 905</u>	<u>1 135 407 621</u>

21. Cost of sales

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Raw material	283 504 341	249 886 152	576 008 500	701 461 477
Manufacturing depreciation	43 788 522	43 345 582	87 394 986	86 089 784
Electricity supply agreement amortization	5 599 235	5 614 575	11 198 470	11 167 452
Overhead cost	14 128 221	18 547 634	30 674 009	36 539 096
Change in inventory	8 952 388	88 885 132	26 791 177	(3 407 363)
	<u>355 972 707</u>	<u>406 279 075</u>	<u>732 067 142</u>	<u>831 850 446</u>

22. General and administrative expenses

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,2016</u>	<u>June 30,2015</u>	<u>June 30,2016</u>	<u>June 30,2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Professional services	4 510 497	8 287 446	10 977 150	16 539 041
Salaries and wages	8 858 066	7 870 069	16 030 029	17 497 632
Security and cleaning services	943 397	1 094 384	1 710 624	1 850 466
Rentals	1 138 549	1 171 087	2 261 134	2 138 339
Transportation	820 162	494 020	1 152 783	1 188 003
Advertising and public relations	143 739	377 485	748 675	2 997 420
Real estate tax	--	1 000 674	--	1 000 674
Other expenses	3 576 168	2 113 259	5 793 437	3 426 215
	<u>19 990 578</u>	<u>22 408 424</u>	<u>38 673 832</u>	<u>46 637 790</u>

23. Finance costs

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,2016</u>	<u>June 30,2015</u>	<u>June 30,2016</u>	<u>June 30,2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Loan interest expense	5 040 151	8 219 203	10 677 823	13 291 818
Operation license interest expense	11 256 000	11 256 000	22 512 000	22 512 000
Electricity agreement interest	3 070 500	3 070 500	6 141 000	6 141 000
Loan interest overdraft	--	461 990	--	461 990
Long-term notes payable interest	543 468	1 452 375	815 955	1 452 375
	<u>19 910 119</u>	<u>24 460 068</u>	<u>40 146 778</u>	<u>43 859 183</u>

24. Losses on foreign currency revaluation

Losses on foreign currency revaluation has increased during the six months 2016 comparing with the same period in 2015, the main reason is that the Egyptian pound has declined against both the US Dollar and Euro from 7.63 EGP and 8.57 EGP for US Dollar and EURO respectively as of June 30, 2015 to 8.88 EGP and 9.92 EGP for US Dollar and EURO respectively as of June 30, 2016.

Exposure to foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	<u>June 30,2016</u>		<u>December 31, 2015</u>	
	<u>Change in the exchange rate</u>	<u>Effect on profits before tax</u>	<u>Change in the exchange rate</u>	<u>Effect on profits before tax</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
USD	+46%	(284 391 699)	+15%	(81 600 033)
	-46%	284 391 699	-15%	81 600 033
EURO	+46%	(7 836 239)	+15%	(2 868 041)
	-46%	7 836 239	-15%	2 868 041

25. Income tax

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,2016</u>	<u>June 30,2015</u>	<u>June 30,2016</u>	<u>June 30,2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Deferred income tax (Note 19)	(400 228)	3 853 726	1 599 772	9 853 726
Current income tax	<u>31 096 889</u>	<u>27 869 733</u>	<u>41 666 313</u>	<u>51 953 814</u>
	<u>30 696 661</u>	<u>31 723 459</u>	<u>43 266 085</u>	<u>61 807 540</u>

26. Earnings per share

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,2016</u>	<u>June 30,2015</u>	<u>June 30,2016</u>	<u>June 30,2015</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for period	109 498 415	66 533 308	142 822 748	122 559 158
Employees share in the dividends*	<u>(1 100 717)</u>	<u>(1 838 811)</u>	<u>(2 059 288)</u>	<u>(2 246 660)</u>
Distributable net profit for the period	<u>108 397 698</u>	<u>64 694 497</u>	<u>140 763 460</u>	<u>120 312 498</u>
Weighted average number of shares	<u>378 739 700</u>	<u>378 739 700</u>	<u>378 739 700</u>	<u>378 739 700</u>
Earnings per share of the period	<u>0.28</u>	<u>0.17</u>	<u>0.37</u>	<u>0.32</u>

* Employees' share in the dividends for the period ended June 30, 2016, was estimated based on dividends paid to the employee during the period.

27. Capital commitment

The capital commitment as of June 30, 2016, related to fixed assets acquisition, amounted to EGP 681 320.

28. Contingent liabilities

On June 30, 2016, the company had contingent liabilities in respect to the banks and other guarantees arising from the company's ordinary course of business, and it is not anticipated that material liabilities will arise concerning this issue. The uncovered portion of letter of credit amounted to EGP 1 678 549.

29.Dividends distribution

On April 13, 2016, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year as at December 31, 2015 as analyzed below. The Ordinary General Assembly was approved by General Authority for Investment and Free Zones on April 14, 2016.

Description	<u>EGP</u>
Net profit for the year 2015	289 443 293
Retained earnings at beginning of the year	178 626 876
Distributable net profits	<u>468 070 169</u>
<u>To be distributed as follows:</u>	
Legal reserve	(28 944 329)
Profit attributable to shareholders	(200 732 041)
Profit attributable to employees	(4 170 617)
Retained earnings at end of the year	<u><u>234 223 182</u></u>
Dividends paid	<u><u>79 918 557</u></u>
Dividends payable	<u><u>124 984 101</u></u>

Chief Financial Officer
Allan Hestbech



Chief Executive Officer
Jose Maria Magrina

