

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements
Together with limited review's report
For the six months ended June 30, 2020**

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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, 2020 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, 2020


Kamel Magdy Saleh FCA, FESAA
RAA 8510
EFSA 69


Arabian Cement Company S.A.E.

Condensed consolidated statement of financial position at June 30, 2020

EGP	Notes	June 30, 2020	December 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 305 029 397	2 408 100 199
Assets under construction	11	6 563 563	3 777 941
Intangible assets	12	273 664 313	294 799 369
Other assets	13	--	11 951
Right of use	28.1	1 835 797	3 086 102
Investments in a joint venture	14	2 507 748	2 308 791
TOTAL NON-CURRENT ASSETS		2 589 600 818	2 712 084 353
CURRENT ASSETS			
Inventories	15	234 290 639	162 831 419
Trade receivables	16	55 608 271	27 529 031
Debtors and other debit balances	17	122 038 666	115 574 736
Cash and bank balances	18	108 465 046	101 331 254
TOTAL CURRENT ASSETS		520 402 622	407 266 440
TOTAL ASSETS		3 110 003 440	3 119 350 793

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at June 30, 2020

EGP	Notes	June 30, 2020	December 31, 2019
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	257 830 772	254 820 827
Retained earnings		135 716 716	151 416 266
Equity attributable to owners of the Parent Company		1 151 026 888	1 163 716 493
Non-controlling interests	21	18 536	30 980
TOTAL EQUITY		1 151 045 424	1 163 747 473
NON-CURRENT LIABILITIES			
Borrowings	22	447 789 132	491 836 958
Deferred tax liabilities	8.3	331 415 458	338 826 864
Finance leasing	28.2	1 087 950	1 538 321
TOTAL NON-CURRENT LIABILITIES		780 292 540	832 202 143
CURRENT LIABILITIES			
Trade payables	23	562 511 729	704 046 978
Credit facilities	22	300 401 404	62 035 301
Current income tax payable	8.2	11 790 750	13 903 338
Current portion of long-term borrowings	22	90 704 346	90 356 520
Current portion of long-term other liabilities	25	5 384 750	12 308 000
Creditors and other credit balances	26	184 075 098	216 252 373
Finance leasing	28.2	365 131	981 360
Due to related parties	27	9 874 771	10 743 810
Provisions	24	13 557 497	12 773 497
TOTAL CURRENT LIABILITIES		1 178 665 476	1 123 401 177
TOTAL LIABILITIES		1 958 958 016	1 955 603 320
TOTAL EQUITY AND LIABILITIES		3 110 003 440	3 119 350 793

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of profit or loss for the six month ended
June 30, 2020

EGP	Notes	Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Sales revenue	3	621 104 957	772 253 390	1 323 909 451	1 600 104 592
Cost of sales	4	(586 099 250)	(719 839 563)	(1 241 887 975)	(1 502 609 681)
GROSS PROFIT		35 005 707	52 413 827	82 021 476	97 494 911
General and administration expenses	5	(20 445 328)	(25 659 384)	(39 868 041)	(53 624 911)
Provisions	24	(434 000)	(2 371 161)	(784 000)	(3 221 161)
Impairment in receivable formed during the period		--	--	--	(108 310)
Interest income		364 029	571 469	1 005 941	1 219 254
Other income		379 499	404 330	567 578	876 546
Finance costs	6	(20 423 789)	(32 923 602)	(42 988 242)	(68 675 523)
Capital Gain		--	--	142 466	--
Share of profit of a joint venture		101 177	87 667	198 957	199 685
Foreign exchange gain / (losses) differences		(16 070 736)	26 371 324	(1 552 416)	50 316 162
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX		(21 523 441)	18 894 470	(1 256 281)	24 476 457
Income tax	8.1	(20 411)	509 030	(4 379 344)	903 066
(LOSS) / PROFIT FOR THE PERIOD AFTER TAX		(21 543 852)	19 403 500	(5 635 625)	25 379 523
Profit attributable to:					
Owners of the Parent Company		(21 533 072)	19 747 898	(5 623 181)	26 046 827
Non-controlling interests	21	(10 780)	(344 398)	(12 444)	(667 304)
		(21 543 852)	19 403 500	(5 635 625)	25 379 523
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	(0.06)	0.05	(0.02)	0.06

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of comprehensive income for the six month ended June 30, 2020

EGP	Notes	Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
PROFIT FOR THE PERIOD, NET OF INCOME TAX		(21 543 852)	19 403 500	(5 635 625)	25 379 523
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(21 543 852)	19 403 500	(5 635 625)	25 379 523
Total comprehensive income attributable to:					
Owners of the Parent Company		(21 533 072)	19 747 898	(5 623 181)	26 046 827
Non-controlling interests	21	(10 780)	(344 398)	(12 444)	(667 304)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of changes in equity for the six month ended June 30, 2020

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2019	757 479 400	231 456 593	329 029 161	1 317 965 154	2 149 810	1 320 114 964
Transferred to legal reserve	--	23 364 234	(23 364 234)	--	--	--
Dividends distributed	--	--	(7 245 082)	(7 245 082)	--	(7 245 082)
Total comprehensive income for the period after income tax	--	--	26 046 827	26 046 827	(667 304)	25 379 522
Balance at June 30, 2019	757 479 400	254 820 827	324 466 672	1 336 766 899	1 482 506	1 338 249 405
Balance at January 1, 2020	757 479 400	254 820 827	151 416 266	1 163 716 493	30 980	1 163 747 473
Transferred to legal reserve	--	3 009 945	(3 009 945)	--	--	--
Dividends distributed	--	--	(7 066 424)	(7 066 424)	--	(7 066 424)
Total comprehensive income for the period after income tax	--	--	(5 623 181)	(5 623 181)	(12 444)	(5 635 625)
Balance at June 30, 2020	757 479 400	257 830 772	135 716 716	1 151 026 888	18 536	1 151 045 424

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six month
Ended June 30, 2020

EGP	Notes	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Profit for the period		(1 256 281)	24 476 457
Adjusted by:			
Finance costs recognized in profit or loss	6	42 988 242	68 675 523
Interest income		(1 005 941)	(1 219 254)
Share of profit of a joint venture		(198 957)	(199 685)
Capital gain		(142 466)	--
Depreciation of property, plant and equipment	10	104 706 614	102 712 903
Amortization of intangible assets	12	21 135 056	25 129 866
Amortization of other assets		11 951	17 925
Amortization of right of use		1 250 305	--
Impairment in receivable during the period		--	108 310
Foreign exchange losses / (gain) differences		1 478 262	(25 793 478)
Provisions formed	24	784 000	3 221 161
(Increase) / decrease in inventories		(71 459 220)	58 278 749
(Increase) in debtors and other debit balances		(20 367 268)	(4 014 435)
(Increase) / Decrease in trade receivables		(28 079 240)	22 345 355
(Increase) in due from related parties		--	(17 116)
(Decrease) in creditors and other credit balances		(22 125 478)	(60 788 612)
(Decrease) / increase in trade payables		(141 535 249)	50 029 127
(Decrease) / increase in due to related parties		(869 039)	3 171 359
Cash generated by operations		(114 684 709)	266 134 155
Interest paid		(53 040 039)	(62 053 374)
Income taxes paid		--	(293 208)
Net cash (used in) generated by operations		(167 724 748)	203 787 573

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six month
Ended June 30, 2020

EGP	Notes	June 30, 2020	June 30, 2019
CASH FLOWS FROM INVESTING			
ACTIVITIES			
Payments for property, plant and equipment	10	(1 684 946)	(25 808 731)
Proceeds from selling property, plant and equipment		191 600	--
Payments for assets under construction		(2 785 622)	(2 978 991)
Interest income		1 005 941	1 219 254
Cash (used in) investing activities		(3 273 027)	(27 568 468)
CASH FLOWS FROM FINANCING			
ACTIVITIES			
Repayment of borrowings		(45 178 262)	(36 315 745)
(Paid)/Proceeds from credit facilities		238 366 103	(107 871 022)
Repayment of finance lease		(1 066 600)	--
Payment of dividends		(7 066 424)	(7 245 082)
Repayment of other liabilities		(6 923 250)	(105 231 000)
Cash generated by (used in) financing activities		178 131 567	(256 662 849)
Increase (Decrease) in cash and cash equivalents		7 133 792	(80 443 744)
Cash and cash equivalents at the beginning of the period		101 331 254	184 590 855
Cash and cash equivalents at the end of the period	18	108 465 046	104 147 111

- 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

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 admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A), 5th floor.

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 99.99% 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 12, 2020.

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, 2019.

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.

2.4 Amended Egyptian accounting standards

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No. (1), (25), (26) and (40) are to be simultaneously applied.

3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.

4-based on the requirements of this standard the following standards were amended :

- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.
- Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".
- Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.
- Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".
- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "

-These amendments are effective as of the date of implementing Standard No. (47)

The new Egyptian Accounting Standard No. (48) -"Revenue from Contracts with Customers"

- 1- The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:
 - a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.
 - b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.
- 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model.
- 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met

The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.

Standard No. (48) Applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.

Arabian Cement Company S.A.E.

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	4-	the standard requires that contract must have a commercial substance in order for revenue to be recognized		
	5-	Expanding in the presentation and disclosure requirements		
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1-	The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20),"Accounting Rules and Standards related to Financial Leasing" issued in 2015.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued. According to Minister of Investment and Cooperation decision No. (69) of 2019 on the amendment of the Egyptian Accounting
	2-	The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating I or finance lease contracts.		
	3-	As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.		
	4-	As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.		
	5-	As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis		

Arabian Cement Company S.A.E.

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Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none">- (ESA 15) Related Party Disclosures- (ESA 17) Consolidated and Separate Financial Statements- (ESA 18) Investments in Associates- (ESA 24) Income Taxes- (ESA 29) Business Combinations- ESA (30) Periodical Financial Statements- EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	<p>Standards, financial leasing companies and lessees under financial leasing contracts from non-banking financial institutions and companies listed on the Egyptian Stock Exchange should apply the standard of financial leasing contracts earlier than 30/9/2019, with the obligation to disclose the accounting impact resulting from the application of the standard on the financial statements issued during the period from 1/1/2019 until the end of each financial period for which financial statements are prepared.</p> <p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>
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Due to the current situation of the outbreak of Corona virus and the necessary economic and financial implications associated with it, in addition to the implementation of prevention measures and facing its spread, imposing restrictions on the presence of human resources in companies at full capacity on a regular basis, the Financial Supervision Authority agreed to postpone the application of Egyptian accounting standards The new and accompanying amendments issued by Resolution No. 69 on the periodic financial statements that will be issued during the year 2020, provided that companies implement these standards and these amendments to the annual financial statements of these companies by the end of 2020.

Arabian Cement Company S.A.E.

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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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Local sales	560 170 066	611 509 757	1 160 785 819	1 325 741 442
Export sales	31 316 404	125 047 013	96 591 682	203 741 219
Services	29 618 487	35 696 620	66 531 950	70 621 931
TOTAL	621 104 957	772 253 390	1 323 909 451	1 600 104 592

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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Raw materials	461 974 819	590 211 766	984 093 767	1 244 147 601
Manufacturing depreciation	51 451 377	50 303 065	103 018 986	99 886 979
Electricity supply agreement amortization	9 700 762	12 634 353	21 135 057	25 129 866
Amortization of right of use	346 818	--	1 250 305	--
Transportation cost	18 535 619	21 994 023	42 712 255	45 159 643
Overhead cost	44 089 855	44 696 356	89 677 605	88 285 592
TOTAL	586 099 250	719 839 563	1 241 887 975	1 502 609 681

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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Professional fees	4 201 559	6 930 974	6 033 295	8 502 847
Salaries and wages	8 006 880	9 451 458	16 903 279	24 334 376
Security and cleaning services	386 271	823 858	779 042	1 078 185
Rentals	479 658	509 275	958 491	1 806 784
Transportation	214 851	1 069 162	576 922	2 402 890
Advertising	135 000	230 657	915 875	1 279 367
Administration depreciation	832 504	1 111 242	1 687 628	2 208 476
Other expenses	6 188 605	5 532 758	12 013 509	12 012 182
TOTAL	20 445 328	25 659 384	39 868 041	53 625 107

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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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Loan interest expense	11 746 095	19 215 301	25 880 107	39 156 353
Electricity agreement interest expense	1 719 150	3 070 500	4 788 750	6 141 000
Finance lease	67 493	--	151 380	--
Bank overdraft interest expense	6 891 051	8 973 309	12 168 005	19 792 403
Other finance cost	--	1 664 492	--	3 585 767
TOTAL	20 423 789	32 923 602	42 988 242	68 675 523

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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Board of directors allowance	1 984 959	2 866 732	4 638 751	10 409 152
Board of directors salaries	2 569 952	3 867 536	6 150 224	8 331 296
TOTAL	4 554 911	6 734 268	10 788 975	18 740 448

8. Income taxes**8.1 Income tax expense recognised in profit or loss**

EGP	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
CURRENT TAX				
Current tax expense for the current period	4 395 575	(111 866)	11 790 750	26 876
DEFERRED TAX				
Net deferred tax recognized in the current period	(4 375 164)	(397 164)	(7 411 406)	(929 942)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	20 411	(509 030)	4 379 344	(903 066)

8.2 Current tax liabilities

EGP	June 30, 2020	December 31, 2019
Current tax liabilities	11 790 750	13 903 338
CURRENT TAX LIABILITIES	11 790 750	13 903 338

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30, 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	(338 826 864)	7 411 406	(331 415 458)
NET DEFERRED TAX LIABILITY	(338 826 864)	7 411 406	(331 415 458)
December 31, 2019			
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	(344 798 687)	5 971 823	(338 826 864)
NET DEFERRED TAX LIABILITY	(344 798 687)	5 971 823	(338 826 864)

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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
EARNINGS (for basic and diluted earnings per share)				
profit for the period attributable to owners of the parent	(21 533 072)	19 747 898	(5 623 181)	26 046 827
Employees share in distributable profits	(1 750 702)	(1 755 136)	(3 490 211)	(3 779 042)
Distributable profit for the period	(23 283 774)	17 992 762	(9 113 392)	22 267 785
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	(0.06)	0.05	(0.02)	0.06

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 2019	50 243 436	571 875 870	2 817 338 880	35 928 723	13 169 446	290 440 471	20 735 575	3 799 732 401
Additions	--	4 251 715	10 212 579	9 530 082	536 437	877 205	400 713	25 808 731
Transferred from PUC	--	56 017 694	11 196 978	--	--	--	--	67 214 672
Balance at June 30, 2019	50 243 436	632 145 279	2 838 748 437	45 458 805	13 705 883	291 317 676	21 136 288	3 892 755 804
Balance at January 1, 2020	50 243 436	636 144 946	2 872 867 397	46 045 565	15 591 598	302 865 108	21 344 870	3 945 102 920
Additions	--	86 172	870 927	341 485	34 100	299 328	52 934	1 684 946
Transfer from PUC	--	--	--	(245 000)	--	--	--	(245 000)
Balance at June 30, 2020	50 243 436	636 231 118	2 873 738 324	46 142 050	15 625 698	303 164 436	21 397 804	3 946 542 866
Accumulated Depreciation								
Balance at January 1, 2019	--	(206 046 239)	(975 696 987)	(18 295 013)	(5 357 313)	(104 659 200)	(16 499 879)	(1 326 554 630)
Depreciation expense	--	(14 558 320)	(75 196 258)	(2 757 790)	(740 404)	(7 992 059)	(1 468 072)	(102 712 903)
Balance at June 30, 2019	--	(220 604 559)	(1 050 893 245)	(21 052 803)	(6 097 717)	(112 651 259)	(17 967 950)	(1 429 267 533)
Balance at January 1, 2020	--	235 472 259	1 131 111 677	23 630 546	6 965 216	120 551 287	19 271 736	1 537 002 721
Disposal Depreciation	--	--	--	(195 866)	--	--	--	(195 866)
Depreciation expense	--	14 222 647	77 828 610	2 574 312	886 711	8 393 417	800 917	104 706 614
Balance at June 30, 2020	--	249 694 906	1 208 940 287	26 008 992	7 851 927	128 944 704	20 072 653	1 641 513 469
CARRYING AMOUNT								
At June 30, 2020	50 243 436	386 536 212	1 664 798 037	20 133 058	7 773 771	174 219 732	1 325 151	2 305 029 397
At June 30, 2019	50 243 436	411 540 720	1 787 855 192	24 406 002	7 608 166	178 666 417	3 168 338	2 463 488 271
At December 31, 2019	50 243 436	400 672 687	1 741 755 720	22 415 019	8 626 382	182 313 821	2 073 134	2 408 100 199

-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 this policy.

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

11. Assets under construction

EGP	June 30, 2020	December 31, 2019
Balance as of January 1	3 777 941	106 904 072
Additions	--	4 031 855
Transfer to fixed assets	--	(107 333 214)
Transfer to Advance to suppliers	2 785 622	175 228
Total	6 563 563	3 777 941
Projects under construction are represented in the following categories:		
Machinery and equipment	3 465 713	3 465 713
Other installations	137 000	137 000
Advance to suppliers	2 960 850	175 228
TOTAL	6 563 563	3 777 941

12. Intangible assets

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1 , 2020	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of June 30, 2020	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2020	(287 467 603)	(206 137 741)	(493 605 344)
Amortization for the period	(13 885 272)	(7 249 784)	(21 135 056)
Total accumulated amortization as of June 30, 2020	(301 352 875)	(213 387 525)	(514 740 400)
Net book value June 30, 2020	261 851 838	11 812 475	273 664 313
Net book value December 31, 2019	275 737 110	19 062 259	294 799 369

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, 2020	December 31, 2019
Cost	143 404	143 404
Accumulated depreciation		
Balance at the beginning of the period	(131 453)	(95 603)
Period depreciation	(11 951)	(35 850)
Accumulated depreciation at the end of period	(143 404)	(131 453)
Total	--	11 951

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	EGP	
			June 30, 2020	December 31, 2019
Andalus Reliance for mining Company	Egypt	50%	2 507 748	2 308 791
TOTAL			2 507 748	2 308 791

15. Inventories

EGP	June 30, 2020	December 31, 2019
Raw materials	111 049 577	47 495 140
Packing materials	14 874 038	10 982 921
Spare parts	11 271 529	11 178 035
Work in progress	2 856 204	1 967 307
Finished goods	94 239 291	91 208 016
TOTAL	234 290 639	162 831 419

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16. Trade receivables

EGP	June 30, 2020	December 31, 2019
Trade receivables	57 611 891	29 532 651
Less:- Impairment in trade receivables	(2 003 620)	(2 003 620)
TOTAL	55 608 271	27 529 031

17. Debtors and other debit balances

EGP	June 30, 2020	December 31, 2019
Advance to suppliers	24 045 574	23 658 293
Withholding tax	12 754 264	22 199 927
Deposit with others	78 306 355	61 498 053
Employees dividends in advance	3 490 211	7 066 424
Letters of guarantee – cash margin	34 049	338 851
Cash imprest	4 692 884	2 581 390
Other debit balances	663 577	180 046
Less : Impairment in other debit balance	(1 948 248)	(1 948 248)
TOTAL	122 038 666	115 574 736

18. Cash and bank balances

EGP	June 30, 2020	December 31, 2019
Cash on hand	2 460 528	1 397 352
Current account – local currency	61 781 490	54 901 822
Current account – foreign currency	2 276 140	8 265 465
Bank deposits*	41 946 888	36 766 615
Total	108 465 046	101 331 254

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

19. Capital

EGP	June 30, 2020	December 31, 2019
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%

21. Non-controlling interests

EGP	June 30, 2020	December 31, 2019
Balance at beginning of period	30 980	2 149 810
Change in accounting policy	--	202
Acquisition on NCI in Egypt Green	--	(2 129 708)
Profit attributable to Non-controlling interest	(12 444)	10 676
Balance at end of period	18 536	30 980

22. Borrowings

EGP	Current		Non-current	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
First: Credit facilities				
Credit facilities –				
<u>CIB</u>	300 401 404	62 035 301	--	--
Total Facilities	300 401 404	62 035 301	--	--
Second: Bank loans				
Bank loans – CIB	20 400 000	20 400 000	219 300 000	229 500 000
Bank loans - EBRD	70 304 346	69 956 520	228 489 132	262 336 958
Total bank Loans	90 704 346	90 356 520	447 789 132	491 836 958

23. Trade payables

EGP	June 30, 2020	December 31, 2019
Local trade payables	306 426 336	362 180 615
Foreign trade payables	256 085 393	341 866 363
TOTAL	562 511 729	704 046 978

24. Provisions

EGP	Provision for claims
Balance at January 1, 2020	12 773 497
Additional provisions recognized	784 000
Balance at June 30, 2020	13 557 497

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

25. Other liabilities

EGP	Current		Non-current	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Electricity contract	5 384 750	12 308 000	--	--
TOTAL	5 384 750	12 308 000	--	--

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26. Creditors and other credit balances

EGP	June 30, 2020	December 31, 2019
Advances from customers	73 021 033	45 923 565
Accrued development fees	17 001 755	18 111 127
Accrued customers rebates	38 070 097	63 136 807
Accrued expenses	8 533 485	7 945 031
Retention	5 179 130	5 202 664
Accrued interest	2 531 792	12 583 589
Accrued taxes	24 145 931	47 835 797
Deferred revenue – Grant *	14 631 693	12 218 616
Other	960 182	3 295 177
TOTAL	184 075 098	216 252 373

* During the period, the company obtained a new grant from the European Bank in the amount of 170 thousand euros equivalent to approximately EGP 3 million according to the loan contract with the bank, this grant will be amortized over the useful life of the asset accompanying with this grant.

27. Related party transactions

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

EGP	Nature of relationship	Nature of transaction	Amount of transaction	
			June 30, 2020	June 30, 2019
Andalus Reliance for Mining Company	Joint Venture	Purchases	20 599 867	23 289 125

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

EGP	Due from related parties		Due to related parties	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cementos la Union – Spain Company	--	--	18 259	18 259
Andalus Reliance for Mining Company	--	--	9 856 512	10 725 551
Total	--	--	9 874 771	10 743 810

28. Lease contract
28.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
Cost			
Cost as of January 1 , 2020	2 632 718	16 900 557	19 533 275
Additions during period	--	--	--
Cost as of June 30, 2020	2 632 718	16 900 557	19 533 275
Less:- Accumulated amortization			
Accumulated amortization as of January 1, 2020	2 619 397	13 827 777	16 447 174
Amortization for the period	13 321	1 236 984	1 250 305
Total accumulated amortization as of June 30, 2020	2 632 718	15 064 760	17 697 478
Net book value June 30, 2020	--	1 835 797	1 835 797

28.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
lease liability	1 087 950	981 360	365 131	1 538 321
TOTAL	1 087 950	981 360	365 131	1 538 321

* The lease interest cost during period amounted to EGP 151 380 (refer to note 6)

Undiscounted contractual obligations of finance leases

EGP	June 30, 2020	December 31, 2019
No longer than 1 year	1 166 160	2 018 504
Longer than 1 year and not longer than 5 years	423 675	782 169
TOTAL	1 589 835	2 800 673

29. Significant Events during the current period

With the recent and rapid development of the Coronavirus disease, (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations.

Governments, including the Arab Republic of Egypt, have implemented restrictions on travelling as well as strict quarantine measures in addition to the Prime Minister announce a bunch of strict protective measures taken in the face of the coronavirus pandemic including Suspending international flights in all Egyptian airports and the Central Bank of Egypt (CBE) has announced a package of procedures that aim at easing banking operations in the wake of the Coronavirus

Covid-19 has been accompanied by the drop in oil price and the slowdown in demand, Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

On May 17, 2020, The Prime Minister indicated that the work will start gradually return in all sectors of the country as of mid-June with an emphasis on commitment by applying precautionary and preventive measures, and will announce this successively during the next stage.

Management has considered the unique circumstances and the risk exposures of the group has concluded in the light of available information that there is no significant impact in the group's profitability position may arise from current event. The event is not expected to have an immediate material impact on the business operations as the company's management follow certain procedures as follows;

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- The management of the company decreased dependence on other countries through the purchase of coal-petcock from local market, accordingly no expectation for any disruption in business operations, even if the situation extend for 2-3 months.
- Other costs are decreasing such as electricity and petrol due to the current situation, which support in enhance our EBITDA.
- The Company still the main cement exporter in Egypt, which is reporting us some USD revenues to cover any exposure in USD.
- The management follow the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months with no currently cash flow issues, accordingly the management decided to pay all bank loans on time without benefit from the initiative of Central Bank by postponing the installments for six months

The management assessment included taken into consideration the following areas during the assessment of impact of COVID-19

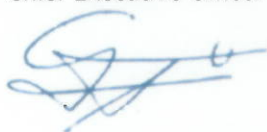
- Risk of impairment in Property, Plant & Equipment
- Risk of impairment due to slow moving in Inventory
- Risk of fail to pay the installments due to bank, creditors and salaries in due date.
- Risk of any expected claims may resulted from any litigation

The management concluded that no impact on the company's operation that could trigger an impairment issue in Property, Plant & Equipment as the factory is working as planned to meet the customers demand with no indication for any risk of slow moving in inventory and for all bank installments paid in due date even the company opted not to benefit from the initiative announced by Central bank of Egypt by postponing the installments for six months.

Management will continue to monitor the situation closely and will assess the need for any further plans or actions in case the period of disruption becomes prolonged

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer

