

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements Together with
limited review's report**

For the three months ended March 31, 2021

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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 March 31, 2021 and the related condensed consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the three 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, May 9, 2021



Kamel Magdy Saleh FCA, FESAA

RAA 8510

EFSA 69



Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position
At March 31, 2021

EGP	Notes	March 31, 2021	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 152 810 164	2 202 003 667
Assets under construction	11	6 563 562	7 800 244
Intangible assets	12	244 429 141	254 049 586
Right of use	27-1	805 734	1 047 456
Investments in a joint venture	13	2 464 738	2 454 486
TOTAL NON-CURRENT ASSETS		2 407 073 339	2 467 355 439
CURRENT ASSETS			
Inventories	14	132 018 870	176 470 491
Trade receivables	15	17 038 220	15 938 789
Debtors and other debit balances	16	143 337 646	136 384 081
Cash and bank balances	17	83 134 517	67 032 927
TOTAL CURRENT ASSETS		375 529 253	395 826 288
TOTAL ASSETS		2 782 602 592	2 863 181 727

- Limited review report is attached

Arabian Cement Company S.A.E.
Consolidated statement of financial position
At March 31, 2021

EGP	Notes	March 31, 2021	December 31, 2020
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	257 830 772	257 830 772
Retained earnings		5 109 414	18 551 721
Equity attributable to owners of the Parent Company		1 020 419 586	1 033 861 893
Non-controlling interests	20	32 377	31 108
TOTAL EQUITY		1 020 451 963	1 033 893 001
NON-CURRENT LIABILITIES			
Borrowings	21	359 786 958	387 454 349
Deferred tax liabilities	8.3	319 691 400	323 765 007
Notes Payables		10 134 933	11 021 813
TOTAL NON-CURRENT LIABILITIES		689 613 291	722 241 169
CURRENT LIABILITIES			
Trade and notes payable	22	417 003 815	459 805 964
Credit facilities	21	372 547 985	340 110 399
Current income tax payable	8.2	10 067 673	438 220
Current portion of long-term borrowings	21	104 134 781	99 165 216
Current portion of long-term other liabilities	24	--	769 250
Creditors and other credit balances	25	141 368 059	180 575 890
Finance leasing	27-2	720 854	915 298
Due to related parties	26	7 776 148	6 767 033
Provisions	23	18 918 023	18 500 287
TOTAL CURRENT LIABILITIES		1 072 537 338	1 107 047 557
TOTAL LIABILITIES		1 762 150 629	1 829 288 726
TOTAL EQUITY AND LIABILITIES		2 782 602 592	2 863 181 727

– 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 three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
Sales revenue	3	432 441 815	702 804 494
Cost of sales	4	(402 310 428)	(655 788 725)
GROSS PROFIT		30 131 387	47 015 769
General and administration expenses	5	(17 084 012)	(19 422 713)
Provisions	23	(417 736)	(350 000)
Interest income		153 391	641 912
Other income	6	3 390 860	188 079
Finance costs		(17 804 475)	(22 564 453)
Capital Gain		--	142 466
Share of profit of a joint venture		10 252	97 780
Foreign exchange gain differences	3	843 183	14 518 320
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX		(777 150)	20 267 160
Income tax expense	8.1	(5 555 846)	(4 358 933)
(LOSS) / PROFIT FOR THE PERIOD AFTER TAX		(6 332 996)	15 908 227
Profit attributable to:			
Owners of the Parent Company		(6 334 265)	15 909 891
Non-controlling interests	20	1 269	(1 664)
		(6 332 996)	15 908 227
Earnings per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	(0.02)	0.04

- 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 three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
PROFIT FOR THE PERIOD, NET OF INCOME TAX		(6 332 996)	15 908 227
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(6 332 996)	15 908 227
Total comprehensive income attributable to:			
Owners of the Parent Company		(6 334 265)	15 909 891
Non-controlling interests	20	1 269	(1 664)
		(6 332 996)	15 908 227

- 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 three months ended March 31, 2021

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Mother Company	Non-controlling interests	Total
Balance at January 1, 2020	757 479 400	254 820 827	151 416 266	1 163 716 493	30 980	1 163 747 473
Total comprehensive income for the period after income tax	--	--	15 909 891	15 909 891	(1 664)	15 908 227
Balance at March 31, 2020	757 479 400	257 830 772	167 326 157	1 179 626 384	29 316	1 179 655 700
Balance at January 1, 2021	757 479 400	257 830 772	18 551 721	1 033 861 893	31 108	1 033 893 001
Dividend distribution	--	--	(7 108 042)	(7 108 042)	--	(7 108 042)
Total comprehensive income for the period after income tax	--	--	(6 334 265)	(6 334 265)	1 269	(6 332 996)
Balance at March 31, 2021	757 479 400	257 830 772	5 109 414	1 020 419 586	377 32	1 020 451 963

– 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 three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		(777 150)	20 267 160
Adjusted by:			
Finance costs recognized in profit or loss	6	17 804 475	22 564 453
Interest income		(153 391)	(641 912)
Share of profit of a joint venture		(10 252)	(97 780)
Capital Gain	10	51 576 151	(142 466)
Depreciation of property, plant and equipment		--	52 422 733
Amortization of intangible assets	12	9 620 445	11 434 295
Depreciation of other assets		--	8 963
Amortization of right of use		241 722	903 487
Foreign exchange (gain) / losses differences		(456 522)	(6 065 217)
Provisions formed	23	417 736	350 000
Decrease / (increase) in inventories		44 451 621	(30 360 225)
(Increase) in debtors and other debit balances		(14 061 607)	(40 653 536)
(Increase) / decrease in trade receivables		(1 099 431)	2 002 669
(Decrease) in creditors and other credit balances		(39 006 973)	(44 253 515)
(Decrease) in trade payables		(43 689 029)	(19 497 034)
Increase / (decrease) in due to related parties		1 009 115	(716 818)
Cash generated by operations		25 866 910	(32 474 743)
Interest paid		(18 005 333)	(32 006 241)
Income taxes paid		--	(330 761)
Net cash generated by (used in) operating activities		7 861 577	(64 811 745)

Arabian Cement Company S.A.E.
Consolidated statement of cash flows
For the three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(1 145 966)	(1 352 461)
Proceeds from sale of fixed assets		--	191 600
Payments for assets under construction		--	(598 380)
Interest income		153 391	641 912
Cash (used in) investing activities		(992 575)	(1 117 329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(22 241 304)	(22 589 131)
(Payment) from credit facilities		32 437 586	102 043 710
Repayment of finance lease		(194 444)	(625 380)
Repayment of other liabilities		(769 250)	(4 616 400)
Cash generated by financing activities		9 232 588	74 212 799
Increase in cash and cash equivalents		16 101 590	8 283 725
Cash and cash equivalents at the beginning of the period		67 032 927	101 331 254
Cash and cash equivalents at the end of the period	17	83 134 517	109 614 979

- The non-cash transaction represents in the transferred from project under construction to property, plant and equipment by amount of EGP 1 236 682.
- The accompanying notes form an integral part of the condensed separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.
Condensed consolidated interim financial statements
Together with limited review Report
For the three-months ended March 31, 2021

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 May 9, 2021.

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, 2020.

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.

3. Sales revenue

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

EGP	March 31, 2021	March 31, 2020
Local sales	378 534 153	600 615 753
Export sales	33 948 765	65 275 278
Services	19 958 897	36 913 463
TOTAL	432 441 815	702 804 494

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4. Cost of sales

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

EGP	March 31, 2021	March 31, 2020
Raw materials	285 305 462	522 118 948
Manufacturing depreciation	51 013 741	51 567 609
Electricity supply agreement amortization	9 620 445	11 434 295
Amortization of right of use	241 722	903 487
Transportation cost	9 283 850	24 176 636
Overhead cost	46 845 208	45 587 750
TOTAL	402 310 428	655 788 725

5. General and administration expenses

An analysis of the Group's General and administration expenses for the period is as follows:

EGP	March 31, 2021	March 31, 2020
Professional fees	3 839 714	1 831 736
Salaries and wages	6 797 050	8 896 399
Security and cleaning services	235 515	392 771
Rentals	464 811	478 833
Transportation	230 545	362 071
Advertising	813 850	780 875
Administration depreciations	562 410	855 124
Other expenses	4 140 117	5 824 904
TOTAL	17 084 012	19 422 713

6. Finance costs

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

EGP	March 31, 2021	March 31, 2020
Loan interest expense	9 226 603	14 134 012
Electricity agreement interest expense	572 750	3 069 600
Finance lease	22 825	83 887
Credit facilities interest expense	7 472 722	4 840 466
Other finance cost	509 575	436 488
TOTAL	17 804 475	22 564 453

7. Compensation of key management personnel *

An analysis of the Group's compensation of key management personnel for the period is as follows:

EGP	March 31, 2021	March 31, 2020
Board of directors allowance	2 042 070	2 653 792
Board of directors salaries	2 458 040	3 580 272
TOTAL	4 500 110	6 234 064

* Included in salaries and wages in general and administration expenses.

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8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	March 31, 2021	March 31, 2020
CURRENT TAX		
Current tax expense for the current period	9 629 453	7 395 175
DEFERRED TAX		
Net deferred tax recognized in the current period	(4 073 607)	(3 036 242)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	5 555 846	4 358 933

8.2 Current tax liabilities

EGP	March 31, 2021	December 31, 2020
Current tax liabilities	10 067 673	438 220
CURRENT TAX LIABILITIES	10 067 673	438 220

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 March 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	323 765 007	(4 073 607)	319 691 400
NET DEFERRED TAX LIABILITY	323 765 007	(4 073 607)	319 691 400
31 December 2020			
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	338 826 864	(15 061 857)	323 765 007
NET DEFERRED TAX LIABILITY	338 826 864	(15 061 857)	323 765 007

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	March 31, 2021	March 31, 2020
EARNINGS (for basic and diluted earnings per share)		
profit for the period attributable to owners of the parent	(6 334 265)	15 909 891
Employees share in distributable profits	(1 782 152)	(1 739 509)
Distributable profit for the period	(8 116 417)	14 170 382
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
EARNINGS PER SHARE	(0.02)	0.04

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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, 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	--	15 095	840 946	280 045	2 250	214 125	--	1 352 461
Disposals	--	--	--	(245 000)	--	--	--	(245 000)
Balance at March 31, 2020	50 243 436	636 160 041	2 873 708 343	46 080 610	15 593 848	303 079 233	21 344 870	3 946 210 381
Balance at January 1, 2021	50 243 436	636 361 640	2 875 171 703	46 283 623	15 765 021	303 179 492	21 679 132	3 948 684 047
Additions	--	430 253	62 290	371 563	--	216 000	65 860	1 145 966
Transfer from PUC	--	--	1 236 682	--	--	--	--	1 236 682
Balance at March 31, 2021	50 243 436	636 791 893	2 876 470 675	46 655 186	15 765 021	303 395 492	21 744 992	3 951 066 695
ACCUMULATED DEPRECIATION								
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	--	7 111 153	38 911 069	1 307 141	448 549	4 209 720	435 101	52 422 733
Balance at March 31, 2020	--	242 583 412	1 170 022 746	24 741 821	7 413 765	124 761 007	19 706 837	1 589 229 588
Balance at January 1, 2021	--	264 074 326	1 287 635 013	28 141 018	8 727 368	137 353 393	20 749 262	1 746 680 380
Depreciation expense	--	7 052 053	38 595 177	1 247 659	384 642	4 116 181	180 439	51 576 151
Balance at March 31, 2021	--	271 126 379	1 326 230 190	29 388 677	9 112 010	141 469 574	20 929 701	1 798 256 531
CARRYING AMOUNT								
At March 31, 2021	50 243 436	365 665 514	1 550 240 485	17 266 509	6 653 011	161 925 918	815 291	2 152 810 164
At March 31, 2020	50 243 436	393 576 629	1 703 685 597	21 338 789	8 180 083	178 318 226	1 638 033	2 356 980 793
At December 31, 2020	50 243 436	372 287 314	1 587 536 690	18 142 605	7 037 653	165 826 099	929 870	2 202 003 667

On February 24, 2019 There is a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt, The management currently in the process of the procedures for change mortgage 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.

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11. Assets under construction

EGP	March 31, 2021	December 31, 2020
Balance as of January 1	7 800 244	3 777 941
Additions	--	1 236 682
Transfer to fixed assets	(1 236 682)	--
Transfer to Advance to suppliers	--	2 785 621
Total	6 563 562	7 800 244
Projects under construction are represented in the following categories:		
Machinery and equipment	3 465 713	4 702 394
Other installations	137 000	137 000
Advance to suppliers	2 960 849	2 960 850
TOTAL	6 563 562	7 800 244

12. Intangible assets

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1 , 2021	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of March 31, 2021	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2021	(315 623 852)	(218 731 275)	(534 355 127)
Amortization for the period	(6 942 637)	(2 677 808)	(9 620 445)
Total accumulated amortization as of March 31, 2021	(322 566 489)	(221 409 083)	(543 975 572)
Net book value March 31,2021	240 638 224	3 790 917	244 429 141
Net book value December 31,2020	247 580 861	6 468 725	254 049 586

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.

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments 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	
			March 31, 2021	December 31, 2020
Andalus Reliance for mining Company	Egypt	50%	2 464 738	2 454 486
TOTAL			2 464 738	2 454 486

14. Inventories

EGP	March 31, 2021	December 31, 2020
Raw materials	51 372 507	102 376 435
Packing materials	15 086 350	12 224 129
Spare parts	12 432 748	8 976 605
Work in progress	3 420 752	3 121 477
Finished goods	49 706 513	49 771 845
TOTAL	132 018 870	176 470 491

15. Trade receivables

EGP	March 31, 2021	December 31, 2020
Trade receivables	19 550 940	18 451 509
Less:- Impairment in trade receivables	(2 512 720)	(2 512 720)
TOTAL	17 038 220	15 938 789

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16. Debtors and other debit balances

EGP	March 31, 2021	December 31, 2020
Advance to suppliers	38 364 860	22 969 996
Withholding tax	18 888 125	16 980 899
Deposit with others	79 063 723	78 811 267
Value added tax	--	6 994 687
Employees dividends in advance	1 782 152	7 108 042
Letters of guarantee – cash margin	340 612	495 845
Cash imprest	3 848 830	4 147 678
Other debit balances	3 245 434	1 071 757
Less : Impairment in other debit balance	(2 196 090)	(2 196 090)
TOTAL	143 337 646	136 384 081

17. Cash and bank balances

EGP	March 31, 2021	December 31, 2020
Cash on hand	1 964 333	1 171 061
Current account – local currency	43 074 835	25 896 333
Current account – foreign currency	8 598 147	10 504 487
Bank deposits	29 497 202	29 461 046
Total	83 134 517	67 032 927

18. Capital

EGP	March 31, 2021	December 31, 2020
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	757 479 400	757 479 400

19. Legal reserve

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

20. Non-controlling interests

EGP	March 31, 2021	December 31, 2020
Balance at beginning of period	31 108	30 980
Profit attributable to Non-controlling interest	1 269	128
Balance at end of period	32 377	31 108

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21. Borrowings

EGP	Current		Non-current	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
First: Credit facilities				
Credit facilities – CIB	372 547 985	340 110 399	--	--
Total Facilities	372 547 985	340 110 399	--	--
Second: Bank loans				
Bank loans - CIB	35 700 000	30 600 000	188 700 000	198 900 000
Bank loans - EBRD	68 434 781	68 565 216	171 086 958	188 554 349
Total bank Loans	104 134 781	99 165 216	359 786 958	387 454 349

22. Trade and notes payable

EGP	Current		Non-current	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Local trade payables	196 713 460	274 172 225	--	--
Foreign trade payables	182 395 256	181 838 866	--	--
Notes payable	37 895 099	3 794 873	10 134 933	11 021 813
Total	417 003 815	459 805 964	10 134 933	11 021 813

23. Provisions

EGP	Provision for claims
Balance at January 1, 2021	18 500 287
Additional provisions recognized	417 736
Balance at March 31, 2021	18 918 023

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

24. Other liabilities

EGP	Current		Non-current	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Electricity contract	--	7 691 600	--	--
TOTAL	--	7 691 600	--	--

25. Creditors and other credit balances

EGP	March 31, 2021	December 31, 2020
Advances from customers	43 765 673	58 040 048
Accrued development fees	12 661 163	12 423 454
Accrued customers rebates	28 612 290	64 339 746
Accrued expenses	14 102 506	11 278 446
Retention	5 179 130	5 179 130
Accrued interest	1 791 156	1 992 014
Accrued taxes	18 089 694	10 218 637
Deferred revenue – Grant	14 092 637	14 272 322
Other	3 073 810	2 832 093
TOTAL	141 368 059	180 575 890

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26. 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	
			March 31, 2021	March 31, 2020
Andalus Reliance for Mining Company	Joint Venture	Purchases	3 908 200	10 501 987

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

EGP	Due from related parties		Due to related parties	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Cementos la Union – Spain Company	--	--	1 818 584	1 812 293
Andalus Reliance for Mining Company	--	--	5 957 564	4 954 740
Total	--	--	7 776 148	6 757 033

27. Lease contract

27.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
<u>Cost</u>			
Cost as of January 1, 2021	2 632 718	16 900 557	19 533 275
Additions during period	--	--	--
Cost as of March 31, 2021	2 632 718	16 900 557	19 533 275
<u>Less:- Accumulated amortization</u>			
Accumulated amortization as of January 1, 2021	2 632 718	15 853 101	18 485 819
Amortization for the period	--	241 722	241 722
Total accumulated amortization as of March 31, 2021	2 632 718	16 094 823	18 727 541
Net book value March 31, 2021	--	805 734	805 734

27.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
lease liability	720 854	915 298	--	--
TOTAL	720 854	915 298	--	--

* The lease interest cost during period amounted to EGP 22 825 (refer to note 6)

28. 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;

- 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.
- 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 COVID19.

- 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