

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements
Together with limited review's report
For the three months ended March 31, 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 March 31, 2020 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, June 11, 2020


Kamel Magdy Saleh FCA, FESAA


RAA 8510

EFSA 69

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position
At March 31, 2020

EGP	Notes	March 31, 2020	December 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 356 980 793	2 408 100 199
Assets under construction	11	4 376 321	3 777 941
Intangible assets	12	283 365 074	294 799 369
Other assets	13	2 988	11 951
Right of use		2 182 615	3 086 102
Investments in a joint venture	14	2 406 570	2 308 791
TOTAL NON-CURRENT ASSETS		2 649 314 361	2 712 084 353
CURRENT ASSETS			
Inventories	15	193 191 644	162 831 419
Trade receivables	16	25 526 362	27 529 031
Debtors and other debit balances	17	156 228 272	115 574 736
Due from related parties	27	109 614 979	--
Cash and bank balances	18	484 561 257	101 331 254
TOTAL CURRENT ASSETS		3 133 875 618	407 266 440
TOTAL ASSETS		193 191 644	3 119 350 793

- Limited review report is attached

Arabian Cement Company S.A.E.
Consolidated statement of financial position
At March 31, 2020

EGP	Notes	March 31, 2020	December 31, 2019
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	254 820 827	254 820 827
Retained earnings		167 326 157	151 416 266
Equity attributable to owners of the Parent Company		1 179 626 384	1 163 716 493
Non-controlling interests	21	29 316	30 980
TOTAL EQUITY		1 179 655 700	1 163 747 473
NON-CURRENT LIABILITIES			
Borrowings	22	464 530 436	491 836 958
Deferred tax liabilities	8.3	335 790 622	338 826 864
Finance leasing		1 258 313	1 538 321
TOTAL NON-CURRENT LIABILITIES		801 579 371	832 202 143
CURRENT LIABILITIES			
Trade payables	23	684 549 944	704 046 978
Credit facilities	22	164 079 011	62 035 301
Current income tax payable	8.2	20 967 752	13 903 338
Current portion of long-term borrowings	22	89 008 694	90 356 520
Current portion of long-term other liabilities	25	7 691 600	12 308 000
Creditors and other credit balances	26	162 557 069	216 252 373
Finance leasing		635 988	981 360
Due to related parties	27	10 026 992	10 743 810
Provisions	24	13 123 497	12 773 497
TOTAL CURRENT LIABILITIES		1 152 640 547	1 123 401 177
TOTAL LIABILITIES		1 954 219 918	1 955 603 320
TOTAL EQUITY AND LIABILITIES		3 133 875 618	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 three month ended March 31, 2020

EGP	Notes	March 31, 2020	March 31, 2019
Sales revenue	3	702 804 494	827 851 202
Cost of sales	4	(655 788 725)	(782 770 118)
GROSS PROFIT		47 015 769	45 081 084
General and administration expenses	5	(19 422 713)	(27 965 723)
Provisions	24	(350 000)	(850 000)
Impairment in receivable formed during period		--	(108 310)
Interest income		641 912	647 785
Other income		188 079	472 216
Finance costs	6	(22 564 453)	(35 751 921)
Capital Gain		142 466	
Share of profit of a joint venture		97 780	112 018
Foreign exchange gain differences		14 518 320	23 944 838
PROFIT FOR THE PERIOD BEFORE TAX		20 267 160	5 581 987
Income tax expense	8.1	(4 358 933)	394 036
PROFIT FOR THE PERIOD AFTER TAX		15 908 227	5 976 023
Profit attributable to:			
Owners of the Parent Company		15 909 891	6 298 929
Non-controlling interests	21	(1 664)	(322 906)
		15 908 227	5 976 023
Earnings per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	0.04	0.01

- 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 month ended March 31, 2020

EGP	Notes	March 31, 2020	March 31, 2019
PROFIT FOR THE PERIOD, NET OF INCOME TAX		15 908 227	5 976 023
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		15 908 227	5 976 023
Total comprehensive income attributable to:			
Owners of the Parent Company		15 909 891	6 298 929
Non-controlling interests	21	(1 664)	(322 906)

- 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 month ended March 31, 2020

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Mother 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
Transfer to legal reserve	--	23 364 234	(23 364 234)	--	--	--
Dividend distribution	--	--	(7 245 082)	(7 245 082)	--	(7 245 082)
Total comprehensive income for the period after income tax	--	--	6 298 929	6 298 929	(322 906)	5 976 023
Balance at March 31, 2019	757 479 400	254 820 827	304 718 774	1 317 019 001	1 826 904	1 318 845 905
Balance at January 1, 2020	757 479 400	254 820 827	151 416 266	1 163 716 493	30 980	1 163 747 473
Transfer to legal reserve	--	--	--	--	--	--
Dividend distribution	--	--	--	--	--	--
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	254 820 827	167 326 157	1 179 626 384	29 316	1 179 655 700

-- 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 month ended March 31, 2020

EGP	Notes	March 31, 2020	March 31, 2019
CASH FLOWS FROM OPERATING			
ACTIVITIES			
Profit for the period		20 267 160	5 581 987
Adjusted by:			
Finance costs recognized in profit or loss	6	22 564 453	35 751 921
Interest income		(641 912)	(647 785)
Share of profit of a joint venture		(97 780)	(112 018)
Depreciation of property, plant and equipment	10	(142 466)	50 909 950
Amortization of intangible assets	12	52 422 733	12 495 513
Depreciation of other assets		11 434 295	8 962
Amortization of right of use		8 963	
Impairment in receivable no longer required		903 487	--
Impairment in receivable formed during period		--	108 310
Foreign exchange (gain) / losses differences		(6 065 217)	(12 434 783)
Provisions formed	24	350 000	850 000
Decrease in inventories		(30 360 225)	27 337 696
Decrease / (increase) in debtors and other debit balances		(40 653 536)	7 232 513
Decrease / (increase) in trade receivables		2 002 669	24 209 138
(Decrease) / increase in creditors and other credit balances		(44 253 515)	(63 602 657)
Increase in trade payables		(19 497 034)	20 573 766
(Decrease) in due to related parties		(716 818)	(1 593 066)
Cash generated by operations		(32 474 743)	106 669 447
Interest paid		(32 006 241)	(24 661 573)
Income taxes paid		(330 761)	(202 769)
Net cash (used in) generated by operating activities		(64 811 745)	81 805 105

Arabian Cement Company S.A.E.
Consolidated statement of cash flows
For the three month ended March 31, 2020

EGP	Notes	March 31, 2020	March 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(1 352 461)	(16 065 043)
Proceeds from sale of fixed assets		191 600	--
Payments for assets under construction *		(598 380)	(1 084 550)
Interest income		641 912	647 785
Cash (used in) investing activities		(1 117 329)	(16 501 808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(22 589 131)	(18 127 724)
(Payment) from credit facilities		102 043 710	(813 498)
Repayment of finance lease		(625 380)	
Dividend distribution		--	(7 245 082)
Repayment of other liabilities		(4 616 400)	(60 615 500)
Cash (used in) financing activities		74 212 799	(86 801 804)
Increase/(Decrease) in cash and cash equivalents		8 283 725	(21 498 507)
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	109 614 979	163 092 348

- 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 June 10, 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, 2018.

2.2 Basis of preparation

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

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

The principal accounting policies are set out below.

2.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of a group entity to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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> <p>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</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.

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.

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

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 "

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

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 January 1st, 2020, and the early implementation thereof is permitted.

<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts"</p>	<p>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</p> <p>4- the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5- Expanding in the presentation and disclosure requirements</p> <p>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.</p> <p>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.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>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.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>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</p>
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on the straight-line method or based on any other regular basis

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 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.

Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"

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:

- (ESA 15) Related Party Disclosures
- (ESA 17) Consolidated and Separate Financial Statements

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 January 1st, 2020, and the early implementation thereof is permitted.

-The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date

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- (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.

of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019

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.

3. Sales revenue

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

EGP	March 31, 2020	March 31, 2019
Local sales	600 615 753	714 231 685
Export sales	65 275 278	78 694 206
Services	36 913 463	34 925 311
TOTAL	702 804 494	827 851 202

4. Cost of sales

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

EGP	March 31, 2020	March 31, 2019
Raw materials	522 118 948	653 935 835
Manufacturing depreciation	51 567 609	49 583 914
Electricity supply agreement amortization	11 434 295	12 495 513
Amortization of right of use	903 487	--
Transportation cost	24 176 636	23 165 620
Overhead cost	45 587 750	43 589 236
TOTAL	655 788 725	782 770 118

5. General and administration expenses

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

EGP	March 31, 2020	March 31, 2019
Professional fees	1 831 736	1 571 873
Salaries and wages	8 896 399	14 882 918
Security and cleaning services	392 771	254 327
Rentals	478 833	1 297 509
Transportation	362 071	1 333 728
Advertising	780 875	1 048 710
Administration depreciations	855 124	1 097 234
Other expenses	5 824 904	6 479 424
TOTAL	19 422 713	27 965 723

6. Finance costs

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

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For the three month ended March 31, 2020

EGP	March 31, 2020	March 31, 2019
Loan interest expense	14 134 012	19 941 052
Electricity agreement interest expense	3 069 600	3 070 500
Finance lease	83 887	--
Credit facilities interest expense	5 276 954	10 819 094
Other finance cost	--	1 921 275
TOTAL	22 564 453	35 751 921

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, 2020	March 31, 2019
Board of directors allowance	2 653 792	7 542 420
Board of directors salaries	3 580 272	4 463 760
TOTAL	6 234 064	12 006 180

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

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	March 31, 2020	March 31, 2019
CURRENT TAX		
Current tax expense for the current period	7 395 175	138 742
DEFERRED TAX		
Net deferred tax recognized in the current period	(3 036 242)	(532 778)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	4 358 933	(394 036)

8.2 Current tax liabilities

EGP	March 31, 2020	December 31, 2019
Current tax liabilities	20 967 752	13 903 338
CURRENT TAX LIABILITIES	20 967 752	13 903 338

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 March 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	338 826 864	(3 036 242)	335 790 622
NET DEFERRED TAX LIABILITY	338 826 864	(3 036 242)	335 790 622
31 December 2019	Opening balance	Recognized in profit or loss	Closing balance
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	March 31, 2020	March 31, 2019
EARNINGS (for basic and diluted earnings per share)		
profit for the period attributable to owners of the parent	15 909 891	6 298 929
Employees share in distributable profits	(1 739 509)	(2 023 906)
Distributable profit for the period	14 170 382	4 275 023
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	0.04	0.01

Arabian Cement Company S.A.E.
Condensed consolidated interim financial statements
Together with limited review Report
For the three months ended March 31, 2020

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	571 875 868	2 817 338 880	35 949 606	13 162 036	290 440 472	20 722 103	3 799 732 401
Additions	--	2 053 956	4 824 134	8 362 935	495 813	72 205	256 000	16 065 043
Transferred from PUC	--	--	3 550 000	--	--	--	--	3 550 000
Balance at March 31, 2019	50 243 436	573 929 824	2 825 713 014	44 312 541	13 657 849	290 512 677	20 978 103	3 819 347 444
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
ACCUMULATED DEPRECIATION								
Balance at January 1, 2019	--	206 046 240	976 367 335	18 298 585	5 357 109	103 988 851	16 496 510	1 326 554 630
Depreciation expense	--	7 195 145	37 249 386	1 301 934	364 231	4 066 251	733 003	50 909 950
Balance at March 31, 2019	--	213 241 385	1 013 616 721	19 600 519	5 721 340	108 055 102	17 229 513	1 377 464 580
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
CARRYING AMOUNT								
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 March 31, 2019	50 243 436	360 688 439	1 812 096 293	24 712 022	7 936 509	182 457 575	3 748 590	2 441 882 864
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

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. The company has insured (for its benefit) on cars and Silos.

11. Assets under construction

EGP	March 31, 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	598 380	175 228
Total	4 376 321	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	773 608	175 228
TOTAL	4 376 321	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 March 31, 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	(6 942 636)	(4 491 659)	(11 434 295)
Total accumulated amortization as of March 31, 2020	(294 410 239)	(210 629 400)	(505 039 639)
Net book value March 31,2020	268 794 474	14 570 600	283 365 074
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.

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	March 31, 2020	December 31, 2019
Cost	143 404	143 404
Accumulated depreciation		
Balance at the beginning of the period	(131 453)	(95 603)
Period depreciation	(8 963)	(35 850)
Accumulated depreciation at the end of period	140 416	(131 453)
Total	2 988	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	March 31, 2020	December 31, 2019
Andalus Reliance for mining Company	Egypt	50%	2 406 570	2 308 791
TOTAL			2 406 570	2 308 791

15. Inventories

EGP	March 31, 2020	December 31, 2019
Raw materials	72 354 598	47 495 140
Packing materials	13 687 705	10 982 921
Spare parts	12 611 660	11 178 035
Work in progress	2 554 958	1 967 307
Finished goods	91 982 723	91 208 016
TOTAL	193 191 644	162 831 419

16. Trade receivables

EGP	March 31, 2020	December 31, 2019
Trade receivables	27 529 981	29 532 651
Less:- Impairment in trade receivables	(2 003 620)	(2 003 620)
TOTAL	25 526 361	27 529 031

17. Debtors and other debit balances

EGP	March 31, 2020	December 31, 2019
Advance to suppliers	54 919 866	23 658 293
Withholding tax	24 089 526	22 199 927
Deposit with others	64 925 550	61 498 053
Employees dividends in advance	8 805 933	7 066 424
Letters of guarantee - cash margin	34 049	338 851
Cash imprest	4 118 342	2 581 390
Other debit balances	1 283 254	180 046
Less : Impairment in other debit balance	(1 948 248)	(1 948 248)
TOTAL	156 228 272	115 574 736

18. Cash and bank balances

EGP	March 31, 2020	December 31, 2019
Cash on hand	5 296 200	1 397 352
Current account - local currency	49 429 273	54 901 822
Current account - foreign currency	10 671 929	8 265 465
Bank deposits	44 217 577	36 766 615
Total	109 614 979	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	March 31, 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	March 31, 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	(1 664)	10 676
Balance at end of period	29 316	30 980

22. Borrowings

EGP	Current		Non-current	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
First: Credit facilities				
Credit facilities -			--	--
CIB	164 079 011	62 035 301	--	--
Total Facilities	164 079 011	62 035 301	--	--
Second: Bank loans				
Bank loans - CIB	20 400 000	20 400 000	224 400 000	229 500 000
Bank loans - EBRD	68 608 694	69 956 520	240 130 436	262 336 958
Total bank Loans	89 008 694	90 356 520	464 530 436	491 836 958

23. Trade payables

EGP	March 31, 2020	December 31, 2019
Local trade payables	374 506 723	362 180 615
Foreign trade payables	310 043 221	341 866 363
TOTAL	684 549 944	704 046 978

24. Provisions

EGP	Provision for claims
Balance at January 1, 2020	12 773 497
Additional provisions recognized	350 000
Balance at March 31, 2020	13 123 497

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	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Operating license	--	--	--	--
Electricity contract	7 691 600	12 308 000	--	--
TOTAL	7 691 600	12 308 000	--	--

26. Creditors and other credit balances

EGP	March 31, 2020	December 31, 2019
Advances from customers	53 007 676	45 923 565
Accrued development fees	18 104 287	18 111 127
Accrued customers rebates	24 772 726	63 136 807
Accrued expenses	12 459 842	7 945 031
Retention	5 179 130	5 202 664
Accrued interest	3 141 801	12 583 589
Accrued taxes	29 223 692	47 835 797
Deferred revenue – Grant *	15 232 933	12 218 616
Other	1 434 982	3 295 177
TOTAL	162 557 069	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	
			March 31, 2020	March 31, 2019
Andalus Reliance for Mining Company	Joint Venture	Purchases	10 501 987	11 690 141

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

EGP	Due from related parties		Due to related parties	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Cementos la Union – Spain Company	--	--	20 709	18 259
Andalus Reliance for Mining Company	--	--	10 006 283	10 725 551
Total	--	--	10 026 992	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 March 31, 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	890 166	903 487
Total accumulated amortization as of March 31, 2020	2 632 718	14 717 942	17 350 660
Net book value March 31, 2020	--	2 182 615	2 182 615

28.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
lease liability		981 360		1 538 321
TOTAL		981 360		1 538 321

* The lease interest cost during period amounted to EGP 83 887 (refer to note 6)

Undiscounted contractual obligations of finance leases

EGP	March 31, 2020	December 31, 2019
No longer than 1 year	1 528 752	2 018 504
Longer than 1 year and not longer than 5 years	564 900	782 169
TOTAL	2 093 652	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;

- 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

