Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements Together with limited review's report
For the nine months ended September 30, 2020

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Arabian Cement Company (condensed consolidated interim financial statements)

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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 September 30, 2020 and the related condensed consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine 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, November 12, 2020

Kamel Magdy Saleh FCA, FESAA
RAA 8510
EFSA 69

Saleh, Barsoum, Abdel Aziz & Co.
Accountants
Auditors

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

EGP	Notes	September 30, 2020	December 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 252 728 710	2 408 100 199
Assets under construction	11	6 603 035	3 777 941
Intangible assets	12	263 856 949	294 799 369
Other assets	13	--	11 951
Right of use	28-1	1 441 626	3 086 102
Investments in a joint venture	14	2 539 906	2 308 791
TOTAL NON-CURRENT ASSETS		**2 527 170 226**	**2 712 084 353**
CURRENT ASSETS			
Inventories	15	195 467 576	162 831 419
Trade receivables	16	47 778 173	27 529 031
Debtors and other debit balances	17	134 572 052	115 574 736
Cash and bank balances	18	115 839 132	101 331 254
TOTAL CURRENT ASSETS		**493 656 933**	**407 266 440**
TOTAL ASSETS		**3 020 827 159**	**3 119 350 793**

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

EGP	Notes	September 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		101 563 840	151 416 266
Equity attributable to owners of the Parent Company		**1 116 874 012**	**1 163 716 493**
Non-controlling interests	21	35 262	30 980
TOTAL EQUITY		**1 116 909 274**	**1 163 747 473**
NON-CURRENT LIABILITIES			
Borrowings	22	415 186 958	491 836 958
Deferred tax liabilities	8.3	326 626 218	338 826 864
Finance lease liability	28-2	909 911	1 538 321
TOTAL NON-CURRENT LIABILITIES		**742 723 087**	**832 202 143**
CURRENT LIABILITIES			
Trade payables	23	489 315 291	704 046 978
Credit facilities	22	338 365 812	62 035 301
Current income tax payable	8.2	3 051 006	13 903 338
Current portion of long-term borrowings	22	94 195 651	90 356 520
Current portion of long-term other liabilities	25	3 077 000	12 308 000
Creditors and other credit balances	26	214 968 715	216 252 373
Finance lease liability	28-2	375 346	981 360
Due to related parties	27	5 896 480	10 743 810
Provisions	24	11 949 497	12 773 497
TOTAL CURRENT LIABILITIES		**1 161 194 798**	**1 123 401 177**
TOTAL LIABILITIES		**1 903 917 885**	**1 955 603 320**
TOTAL EQUITY AND LIABILITIES		**3 020 827 159**	**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 nine months ended September 30, 2020

		Three months ended		Nine months ended	
EGP	Notes	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Sales revenue	3	601 094 745	744 638 782	1 925 004 196	2 344 743 374
Cost of sales	4	(631 599 101)	(703 380 604)	(1 873 487 076)	(2 210 065 530)
GROSS (LOSS) / PROFIT		**(30 504 356)**	**41 258 178**	**51 517 120**	**134 667 844**
General and administration expenses	5	(16 011 609)	(21 311 227)	(55 879 650)	(70 861 089)
Provisions	24	(392 000)	(350 000)	(1 176 000)	(3 571 161)
Interest income		218 047	612 318	1 223 988	1 831 572
Impairment in receivables		--	--	--	(108 310)
Other income		4 953 606	969 516	5 521 184	1 846 062
Finance costs	6	(19 148 551)	(28 374 484)	(62 136 793)	(97 050 007)
Share of profit of a joint venture		135 000	85 594	277 466	285 279
Capital gain		32 159	15 398	231 116	15 398
Foreign exchange gain differences		13 104 294	14 930 066	11 551 878	65 246 228
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX		**(47 613 410)**	**7 835 359**	**(48 869 691)**	**32 311 816**
Income tax	8.1	13 477 258	(246 978)	9 097 914	656 088
(LOSS) / PROFIT FOR THE PERIOD AFTER TAX		**(34 136 152)**	**7 588 381**	**(39 771 777)**	**32 967 904**
Attributable to:					
Owners of the Parent Company		(34 152 878)	7 271 781	(39 776 059)	33 318 608
Non-controlling interests	21	16 726	316 600	4 282	(350 704)
		(34 136 152)	**7 588 381**	**(39 771 777)**	**32 967 904**
Losses / Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	(0.10)	0.01	(0.12)	0.07

- 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 nine months ended September 30, 2020

		Three months ended		Nine months ended	
EGP	Notes	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
(LOSS) / PROFIT FOR THE PERIOD, NET OF INCOME TAX		**(39 771 777)**	**7 588 381**	**(34 136 152)**	**32 967 904**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(39 771 777)**	**7 588 381**	**(34 136 152)**	**32 967 904**
Total comprehensive income attributable to:					
Owners of the Parent Company		(39 776 059)	7 271 781	(34 152 878)	33 318 608
Non-controlling interests	21	4 282	316 600	16 726	(350 704)

- 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 nine months ended September 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**	**331 105 333**	**1 320 041 326**	**2 150 012**	**1 322 191 338**
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	--	--	33 318 608	33 318 608	(350 704)	**32 967 904**
Balance at September 30, 2019	**757 479 400**	**254 820 827**	**333 814 625**	**1 346 114 852**	**1 799 308**	**1 347 914 160**
Balance at January 1, 2020	**757 749 400**	**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	--	--	(7 066 422)	(7 066 422)	--	(7 066 422)
Total comprehensive income for the period after income tax	--	--	(39 776 059)	(39 776 059)	4 282	(39 771 777)
Balance at September 30, 2020	**757 479 400**	**257 830 772**	**101 563 840**	**1 116 874 012**	**35 262**	**1 116 909 274**

- 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 nine months ended September 30, 2020

EGP	Notes	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ Profit for the period		**(48 869 691)**	**32 311 816**
Adjusted by:			
Finance costs recognized in profit or loss	6	62 136 793	97 050 007
Interest income		(1 223 988)	(1 831 572)
Share of profit of a joint venture		(231 116)	(285 279)
Depreciation of property, plant and equipment	10	157 550 831	155 453 387
Capital gain		(277 466)	(15 398)
Amortization of intangible assets	12	30 942 420	37 903 057
Amortization of other assets		11 951	26 887
Amortization of Right of use	28-1	1 644 476	3 196 598
Impairment in receivable		--	108 310
Foreign exchange (gain) / losses differences		(2 956 522)	(33 695 652)
Provisions formed	24	1 176 000	3 571 161
(Increase) /Decrease in inventories		(32 636 157)	100 686 017
(Increase) in debtors and other debit balances		(32 952 381)	(2 183 357)
(Increase) / Decrease in trade receivables		(20 249 142)	66 176 997
(Increase) in due from related parties		--	(2 177)
Increase / (Decrease) in creditors and other credit balances		8 768 140	(27 433 677)
(Decrease) /Increase in trade payables		(214 731 687)	96 002 243
(Decrease) / Increase in due to related parties		(4 847 330)	411 657
Provisions used	24	(2 000 000)	--
Cash generated by operations		**(98 744 869)**	**527 451 025**
Interest paid		(72 188 589)	(91 171 827)
Income taxes paid		--	(293 208)
Net cash generated by (used in) operating activities		**(170 933 458)**	**435 985 990**

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows
For the nine months ended September 30, 2020

EGP	Notes	September 30, 2020	September 30, 2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(2 228 476)	(35 144 756)
Payments for assets under construction	11	(2 825 094)	(3 694 299)
Proceeds from assets disposal		326 600	169 693
Interest income		1 223 988	1 831 572
Cash (used in) investing activities		**(3 502 982)**	**(36 837 790)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(69 854 347)	(54 526 740)
Proceeds from / (Paid to) credit facilities		276 330 511	(224 983 742)
Payment for finance lease liability		(1 234 424)	(2 171 813)
Payment of dividends		(7 066 422)	(7 245 082)
Repayment of other liabilities		(9 231 000)	(117 846 500)
Cash generated by (used in) financing activities		**188 944 318**	**(406 773 877)**
Increase / (Decrease) in cash and cash equivalents		14 507 878	(7 625 677)
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	**115 839 132**	**176 965 178**

- 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 Selling and exporting the company's products and producing other building materials and construction supplies 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 November 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 assets.

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 No. 69 of 2019 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"	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. 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. 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 :	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.
	- 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.		-These amendments are effective as of the date of implementing Standard No. (47)

	- 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 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 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 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.
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. 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	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.

	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		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.
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 - (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	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 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. On September 23, 2020, the Financial Regulatory Authority announced the postponement of the application of three standards (47), (48) and (49) to the first of January 2021.

3. Sales revenue

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

EGP	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Local sales	525 612 164	619 001 504	1 686 397 983	1 944 742 946
Export sales	47 115 624	90 542 073	143 707 306	294 283 292
Services	28 366 957	35 095 205	94 898 907	105 717 136
TOTAL	**601 094 745**	**744 638 782**	**1 925 004 196**	**2 344 743 374**

4. Cost of sales

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

EGP	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Raw materials	519 433 889	545 285 336	1 503 527 656	1 789 432 937
Manufacturing depreciation	50 970 589	55 424 399	153 989 575	155 311 378
Electricity supply agreement amortization	9 819 314	12 773 191	30 954 371	37 903 057
Right of use Amortization	394 171	--	1 644 476	--
Transport cost	17 470 080	25 328 270	60 182 335	70 487 913
Overhead cost	33 511 058	64 569 408	123 188 663	156 930 245
TOTAL	**631 599 101**	**703 380 604**	**1 873 487 076**	**2 210 065 530**

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		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Professional fees	2 175 105	2 435 807	8 208 400	6 863 409
Salaries and wages	3 242 069	8 777 421	20 145 348	33 111 797
Security and cleaning services	260 776	554 685	1 039 818	1 632 870
Rentals	482 598	77 325	1 441 089	1 884 109
Transportation	256 817	612 002	833 739	3 014 892
Advertising	5 675	73 203	921 550	1 352 570
Admin Depreciation	1 873 628	1 124 099	3 561 256	3 332 575
Other expenses	7 714 941	7 656 685	19 728 450	19 668 867
TOTAL	**16 011 609**	**21 311 227**	**55 879 650**	**70 861 089**

6. Finance costs

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

EGP	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Loan interest expense	10 826 531	18 186 326	36 706 638	57 342 679
Electricity agreement interest expense	1 718 250	3 070 500	6 507 000	9 211 500
Finance lease interest	49 793	493 672	201 173	493 672
Bank overdraft interest expense	6 553 977	5 071 807	18 721 982	24 864 210
Other finance cost	--	1 552 179	--	5 137 946
TOTAL	**19 148 551**	**28 374 484**	**62 136 793**	**97 050 007**

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		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Board of directors allowance	1 414 886	3 758 496	6 053 637	13 195 148
Board of directors salaries	1 296 176	2 785 996	7 446 400	12 089 792
TOTAL	**2 711 062**	**6 544 492**	**13 500 037**	**25 284 940**

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

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
CURRENT TAX				
Current tax expense for the current period	(8 688 018)	--	3 102 732	--
DEFERRED TAX				
Net deferred tax recognized in the current period	(4 789 240)	(246 978)	(12 200 646)	656 088
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	**(13 477 258)**	**(246 978)**	**(9 097 914)**	**656 088**

8.2 Current tax liabilities

EGP	September 30, 2020	December 31, 2019
Current tax liabilities	3 051 006	13 903 338
CURRENT TAX LIABILITIES	**3 051 006**	**13 903 338**

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

September 30,2020 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(338 826 864)	12 200 646	(326 626 218)
NET DEFERRED TAX LIABILITY	**(338 826 864)**	**12 200 646**	**(326 626 218)**

31 December 2019 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
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 and Losses 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 and losses from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings and losses per share are as follows:

EGP	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
LOSSES / EARNINGS (for basic and diluted earnings per share)				
(Losses) /profit for the period attributable to owners of the parent	(34 152 878)	7 271 781	(39 776 059)	33 318 608
Employees share in distributable profits (note 17)	(1 799 264)	(1 649 876)	(5 289 475)	(5 428 918)
Distributable for the period	**(35 952 142)**	**5 621 905**	**(45 065 534)**	**27 889 690**
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
LOSSES / EARNINGS PER SHARE	**(0.10)**	**0.01**	**(0.12)**	**0.07**

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	--	6 151 141	7 254 407	10 360 421	722 813	10 239 997	415 977	35 144 756
Transfer from PUC	--	56 017 694	4 615 639	--	1 582 031	13 303 738	--	75 519 102
Disposals	--	--	--	(343 363)	--	--	--	(343 363)
Balance at September 30, 2019	50 243 436	634 044 703	2 829 208 926	45 966 664	15 466 880	313 984 207	21 138 080	3 910 052 896
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	--	208 480	949 655	532 363	35 350	314 383	188 245	2 228 476
Disposals	--	--	--	(669 000)	--	--	--	(669 000)
Balance at September 30, 2020	50 243 436	636 353 426	2 873 817 052	45 908 928	15 626 948	303 179 491	21 533 115	3 946 662 396
Accumulated Depreciation								
Balance at January 1, 2019	--	(206 046 240)	(975 367 335)	(18 298 585)	(5 357 109)	(103 988 851)	(16 496 510)	(1 326 554 630)
Depreciation expense	--	(22 208 638)	(112 830 659)	(4 132 649)	(1 148 349)	(12 948 866)	(2 184 226)	(155 453 385)
Disposals	--	--	--	189 068	--	--	--	189 068
Balance at September 30, 2019	--	(228 254 878)	(1 089 197 994)	(22 242 166)	(6 505 458)	(116 937 717)	(18 680 736)	(1 481 818 949)
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)
Depreciation expense	--	(21 412 689)	(117 168 631)	(3 855 329)	(1 327 127)	(12 594 204)	(1 192 851)	(157 550 831)
Disposals	--	--	--	619 866	--	--	--	619 866
Balance at September 30, 2020	--	(256 884 948)	(1 248 280 308)	(26 866 009)	(8 292 343)	(133 145 491)	(20 464 587)	(1 693 933 686)
CARRYING AMOUNT								
At September 30, 2020	50 243 436	379 468 478	1 625 536 744	19 042 919	7 334 605	170 034 000	1 068 528	2 252 728 710
At September 30, 2019	50 243 436	405 789 825	1 740 010 932	23 724 498	8 961 422	197 046 490	2 457 344	2 428 233 947
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 favor 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 favor 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	September 30, 2020	December 31, 2019
Balance as of January 1	3 777 941	106 904 072
Additions	39 472	4 031 855
Transfer to fixed assets	--	(107 333 214)
Supplier advance payment for purchase fixed assets	2 785 622	175 228
Total	**6 603 035**	**3 777 941**
Projects under construction are represented in the following categories:		
Machinery and equipment	3 505 185	3 465 713
Other installations	137 000	137 000
Advance to suppliers	2 960 850	175 228
TOTAL	**6 603 035**	**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 September 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	(21 078 723)	(9 863 697)	(30 942 420)
Total accumulated amortization as of September 30, 2020	**(308 546 326)**	**(216 001 438)**	**(524 547 764)**
Net book value September 30,2020	**254 658 387**	**9 198 562**	**263 856 949**
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	September 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 EGP	Place of incorporation	Proportion of ownership interest and voting power held by the Group	September 30, 2020	December 31, 2019
Andalus Reliance for mining Company	Egypt	50%	2 539 906	2 308 791
TOTAL			**2 539 906**	**2 308 791**

15. Inventories

EGP	September 30, 2020	December 31, 2019
Raw materials	82 907 190	47 495 140
Packing materials	6 935 729	10 982 921
Spare parts	11 263 710	11 178 035
Work in progress	2 466 978	1 967 307
Finished goods	91 893 969	91 208 016
TOTAL	**195 467 576**	**162 831 419**

16. Trade receivables

EGP	September 30, 2020	December 31, 2019
Trade receivables	49 781 793	29 532 651
Less:- Impairment in trade receivables	(2 003 620)	(2 003 620)
TOTAL	**47 778 173**	**27 529 031**

17. Debtors and other debit balances

EGP	September 30, 2020	December 31, 2019
Advance to suppliers	31 951 012	23 658 293
Withholding tax	14 684 779	22 199 927
Deposit with others	78 432 583	61 498 053
Employees dividends in advance	5 289 475	7 066 424
Letters of guarantee – cash margin	34 049	338 851
Cash imprest	5 309 830	2 581 390
Other debit balances	818 572	180 046
Less : Impairment in other debit balance	(1 948 248)	(1 948 248)
TOTAL	**134 572 052**	**115 574 736**

18. Cash and bank balances

EGP	September 30, 2020	December 31, 2019
Cash on hand	2 938 980	1 397 352
Current account – local currency	38 961 944	54 901 822
Current account – foreign currency	23 170 105	8 265 465
Bank deposits*	50 768 103	36 766 615
Total	**115 839 132**	**101 331 254**

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

19. Capital

EGP	September 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	September 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)
Period Profit	4 282	10 676
Balance at end of period	**35 262**	**30 980**

22. Borrowings

EGP	Current		Non-current	
	eptember 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
First: Credit facilities				
Credit facilities – CIB	338 365 812	62 035 301	--	--
Total Facilities	**338 365 812**	**62 035 301**	--	--
Second: Bank loans				
Bank loans – CIB	25 500 000	20 400 000	209 100 000	229 500 000
Bank loans – EBRD	68 695 561	69 956 520	206 086 958	262 336 958
Total bank Loans	**94 195 651**	**90 356 520**	**415 186 958**	**491 836 958**

23. Trade payables

EGP	September 30, 2020	December 31, 2019
Local trade payables	261 741 172	362 180 615
Foreign trade payables	227 574 119	341 866 363
TOTAL	**489 315 291**	**704 046 978**

24. Provisions

EGP	Provision for claims
Balance at January 1, 2020	**12 773 497**
Additional provisions recognized	1 176 000
Used during the period	(2 000 000)
Balance at September 30, 2020	**11 949 497**

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	
	September 30, 2020	December 31, 2019	September 30,2020	December 31, 2019
Electricity contract	3 077 000	12 308 000	--	--
TOTAL	**3 077 000**	**12 308 000**	--	--

26. Creditors and other credit balances

EGP	September 30, 2020	December 31, 2019
Advances from customers	70 710 957	45 923 565
Accrued development fees	17 120 873	18 111 127
Accrued customers rebates	57 881 380	63 136 807
Accrued expenses	9 461 863	7 945 031
Retention	5 179 130	5 202 664
Accrued interest	2 174 172	12 583 589
Accrued taxes	36 929 546	47 835 797
Deferred revenue – Grant *	14 452 008	12 218 616
Other	1 058 786	3 295 177
TOTAL	**214 968 715**	**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 September 30, 2020	Amount of transaction September 30, 2019
Andalus Reliance for Mining Company	Joint Venture	Purchases	24 906 097	31 412 348
Individuals	Shareholders / former board members	Consultation, advisory and training	3 910 272	--
Cementos La Union – Spain Company	Parent	Services	1 975 593	--

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

EGP	Due from related parties		Due to related parties	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Cementos la Union – Spain Company	--	--	18 259	18 259
Andalus Reliance for Mining Company	--	--	5 878 221	10 725 551
Total	--	--	5 896 480	10 743 810

28. Lease Contracts

28.1.1 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 September 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	16 447 173
Amortization for the period	13 321	1 631 155	1 644 476
Total accumulated amortization as of September 30, 2020	**2 632 718**	**15 458 931**	**18 091 649**
Net book value September 30, 2020	--	**1 441 626**	**1 441 626**

28.2 Financial lease liability.

28.2.1 Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Finance lease liability	375 346	981 360	909 911	1 538 321
	375 346	**981 360**	**909 911**	**1 538 321**

* The finance lease interest cost charged during the period amounted to EGP 201 173 (refer to note6)

28.2.2 Undiscounted contractual obligations of finance leases

EGP	September 30, 2020	December 31, 2019
No longer than 1 year	1 090 116	2 018 504
Longer than 1 year and not longer than 5 years	282 450	782 169
Total	**1 372 566**	**2 800 673**

29. Significant Events during 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 to gradually return in all sectors of the country as of mid-June with an emphasis on commitment by applying precautionary and preventive measures.
Management has considered the unique circumstances and has concluded in the light of available information, that there is no significant impact on the group's profitability position that may arise from the 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;

- Management of the company decreased dependence on other countries through the purchase of coal-petcoke from local market, accordingly no expectation for any disruption in business operations, even if the situation extends for 2-3 months.
- Other costs are decreasing such as electricity and petrol due to the current situation, which supports the enhancement of earnings before interest, taxes, depreciation, and amortization.
- The Company remain one of the main cement exporter in Egypt, who contributes in achieving returns in United States dollars.
- Management monitors 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 management decided to settle all bank installments on time without benefit from the initiative of the Central Bank by postponing the installments for a period of six months.

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

- Risks of impairment in Property, Plant & Equipment
- Risks of inventory write down due to slow moving items in Inventory
- Risks of default in payment of liabilities due to banks, creditors and employees in their due date.
- Risks that may rise from any claims may resulting from any lawsuits

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 customers' demand with no indication for any risk of slow moving items in inventory. The company pays its liabilities on their due dates also the company opted not to benefit from the initiative announced by the 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.

Sergio Alcantarilla Rodriguez	**Salvador Cabañas Lopez**
Chief Executive Officer	Chief Financial Officer