Arabian Cement Company S.A.E.

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

Contents

Deloitte.

Saleh, Barsoum & Abdel Aziz
Nile City South Tower, 6th floor
2005A Cornish El Nil,
Ramlet Boulaq, Cairo, 11221
Egypt

Tel : +20 (0) 2 246 199 09
www.deloitte.com

Limited Review Report
For the Condensed Separate Interim Financial Statements

To: The Board of directors of Arabian Cement Company
An Egyptian Joint Stock Company

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of September 30, 2020 and the related condensed separate 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 separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) – Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

Conclusion

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

Cairo, 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.
Separate statement of financial position
At September 30, 2020

EGP	Notes	September 30, 2020	December 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment (Net)	10	2 226 881 508	2 379 728 327
Assets under construction	11	6 563 563	3 777 941
Intangible assets (Net)	12	263 856 949	294 799 369
Right-of-use assets	27	--	13 321
Investments in subsidiaries	13	47 476 057	47 476 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		**2 544 903 077**	**2 725 920 015**
CURRENT ASSETS			
Inventories	15	188 891 085	155 894 546
Trade receivables	16	26 550 426	--
Debtors and other debit balances	17	122 785 630	104 108 840
Due from related parties	26	20 955 885	16 927 511
Cash and bank balances	18	102 829 811	86 186 000
TOTAL CURRENT ASSETS		**462 012 837**	**363 116 897**
TOTAL ASSETS		**3 006 915 914**	**3 089 036 912**

- Limited review report is attached

Arabian Cement Company S.A.E.
Separate 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	257 740 154	254 730 209
Retained earnings		115 696 914	164 024 227
TOTAL EQUITY		**1 130 916 468**	**1 176 233 836**
NON-CURRENT LIABILITIES			
Borrowings	22	415 186 958	491 836 958
Deferred tax liabilities	8.3	324 851 046	337 073 457
TOTAL NON-CURRENT LIABILITIES		**740 038 004**	**828 910 415**
CURRENT LIABILITIES			
Trade payables	21	473 133 202	678 337 746
Credit facilities	22	338 365 812	62 035 301
Current income tax payable	8.2	2 899 912	13 123 908
Current portion of long-term borrowings	22	94 195 651	90 356 520
Current portion of long-term other liabilities	24	3 077 000	12 308 000
Creditors and other credit balances	26	210 826 634	207 808 755
Lease liabilities	28	--	8 540
Due to related parties	27	2 663 307	8 163 967
Provisions	23	10 799 924	11 749 924
TOTAL CURRENT LIABILITIES		**1 135 961 442**	**1 083 892 661**
TOTAL LIABILITIES		**1 875 999 446**	**1 912 803 076**
TOTAL EQUITY AND LIABILITIES		**3 006 915 914**	**3 089 036 912**

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

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

Arabian Cement Company S.A.E.
Separate statement of profit or loss
For the nine months ended September 30, 2020

EGP	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Sales revenue	3	591 627 454	712 007 664	1 871 710 194	2 249 062 524
Cost of sales	4	(615 775 541)	(669 925 040)	(1 802 264 455)	(2 096 034 034)
GROSS (LOSS) / PROFIT		**(24 148 087)**	**42 082 624**	**69 445 739**	**153 028 490**
General and administration expenses	5	(22 702 290)	(24 219 066)	(72 184 389)	(89 352 676)
Provisions	23	(350 000)	(350 000)	(1 050 000)	(3 571 161)
Interest income		135 512	490 687	987 020	1 348 129
Other income		4 953 606	969 516	5 521 184	1 846 062
Finance costs	6	(19 098 758)	(27 899 256)	(61 935 620)	(96 574 779)
Foreign exchange gain differences		13 104 297	14 930 066	11 551 881	65 247 077
Capital gain		--	15 398	142 466	15 398
(LOSS)/PROFIT FOR THE PERIOD BEFORE TAX		**(48 105 720)**	**6 019 969**	**(47 521 719)**	**31 986 540**
Income tax	8.1	13 637 709	(204 656)	9 270 773	594 482
(LOSS)/PROFIT FOR THE PERIOD AFTER TAX		**(34 468 011)**	**5 815 313**	**(38 250 946)**	**32 581 022**
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	**Salvador Cabañas Lopez**
Chief Executive Officer	Chief Financial Officer

Arabian Cement Company S.A.E.
Separate statement of comprehensive income
For the nine months ended September 30, 2020

EGP	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
(LOSS) / PROFIT FOR THE PERIOD, NET OF INCOME TAX	**(34 468 011)**	**5 815 313**	**(38 250 946)**	**32 581 022**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(34 468 011)**	**5 815 313**	**(38 250 946)**	**32 581 022**

–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.
Separate statement of changes in equity
For the nine months ended September 30, 2020

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2019	**757 479 400**	**231 365 975**	**342 541 752**	**1 331 387 127**
Transfer to legal reserve	--	23 364 234	(23 364 234)	--
Dividends distributed	--	--	(7 245 082)	(7 245 082)
Total other comprehensive income, net of income tax	--	--	32 581 022	**32 581 022**
Balance at September 30, 2019	**757 479 400**	**254 730 209**	**344 513 458**	**1 356 723 067**
Balance at January 1, 2020	**757 479 400**	**254 730 209**	**164 024 227**	**1 176 233 836**
Transfer to legal reserve	--	3 009 945	(3 009 945)	--
Dividends distributed	--	--	(7 066 422)	**(7 066 422)**
Total other comprehensive income, net of income tax	--	--	(38 250 946)	**(38 250 946)**
Balance at September 30, 2020	**757 479 400**	**257 740 154**	**115 696 914**	**1 130 916 468**

- 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.
Separate 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			
(Losses) / Profit for the period		**(47 521 719)**	**31 986 540**
Adjusted by:			
Finance costs recognized in profit or loss	6	61 935 620	96 574 779
Interest income		(987 020)	(1 348 129)
Depreciation of property, plant and equipment	10	154 216 230	152 523 800
Capital gain		(142 466)	(15 398)
Amortization of intangible assets	12	30 942 420	37 903 057
Amortization of Right-of-use assets		13 321	517 651
Foreign exchange (gain) / loss differences		(2 956 522)	(33 695 652)
Provision formed	23	1 050 000	3 571 161
(Increase) / Decrease in inventories		(32 996 539)	102 498 773
(Increase) / Decrease in debtors and other debit balances		(31 852 424)	1 730 104
(Increase) / Decrease in trade receivables		(26 550 426)	69 297 253
(Increase) / Decrease in due from related parties		(4 028 374)	3 652 881
Increase / (Decrease) in creditors and other credit balances		13 427 296	(24 140 429)
Increase / (Decrease) in trade payables		(205 204 544)	90 985 778
(Decrease) in due to related parties		(5 500 660)	(1 280 296)
Provisions used		(2 000 000)	--
Cash generated by operations		**(98 155 807)**	**530 761 873**
Taxes paid		--	--
Interest paid		(72 345 037)	(90 696 599)
Net cash (used in) generated by operating activities		**(170 500 844)**	**440 065 274**

Arabian Cement Company S.A.E.
Separate cash flow statement
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	(1 418 545)	(30 423 711)
Payments for assets under construction	11	(2 785 622)	(3 427 359)
Interest income		987 020	1 348 129
Proceeds from sale of fixed asset		191 600	169 693
Cash (used in) investing activities		**(3 025 547)**	**(32 333 248)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(69 854 347)	(54 526 740)
Proceeds from / (payments to) credit facilities		276 330 511	(224 983 742)
Payments of Finance lease		(8 540)	(293 008)
Payment of dividends		(7 066 422)	(7 245 082)
Repayment of other liabilities		(9 231 000)	(117 846 500)
Cash (used in) financing activities		**190 170 202**	**(404 895 072)**
Net change in cash and cash equivalents		16 643 811	2 836 954
Cash and cash equivalents at the beginning of the period		86 186 000	164 895 878
Cash and cash equivalents at the end of the period	17	**102 829 811**	**167 732 832**

– 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

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 Company produces cement with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.

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 condensed separate 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 separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2019.

2.2 Basis of preparation

The separate 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.

2.3 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.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No. (1), (25), (26) and (40) are to be simultaneously applied.
	3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended : - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. - Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".		-These amendments are effective as of the date of implementing Standard No. (47)

	- 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 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	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

	classified in respect of the lessee as operating l or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis		its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued.
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 Company'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	516 677 933	586 844 936	1 635 368 729	1 849 536 646
Export sales	47 115 623	90 542 073	143 707 306	294 283 292
Services	27 833 898	34 620 655	92 634 159	105 242 586
TOTAL	**591 627 454**	**712 007 664**	**1 871 710 194**	**2 249 062 524**

4. Cost of sales

An analysis of the Company'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 material	517 276 929	545 018 163	1 489 913 866	1 758 509 905
Manufacturing depreciation	50 926 103	50 678 603	151 776 166	149 309 184
Electricity supply agreement amortization	9 807 364	12 773 191	30 942 420	37 903 057
Right-of-use assets – amortization	--	517 651	13 321	517 651
Transport cost	16 103 606	23 811 465	56 486 614	67 552 556
Overhead cost	21 661 539	37 125 967	73 132 068	82 241 681
TOTAL	**615 775 541**	**669 925 040**	**1 802 264 455**	**2 096 034 034**

5. General and administration expenses

An analysis of the Company'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 services	9 889 470	5 701 997	27 854 190	26 373 277
Salaries and wages	3 421 235	8 629 835	20 145 348	32 801 152
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	610 852	833 739	3 013 742
Advertising	5 675	73 203	921 550	1 352 570
Admin Depreciation	807 415	1 086 760	2 440 064	3 214 616
Other	7 578 304	7 484 409	17 508 591	19 080 340
TOTAL	**22 702 290**	**24 219 066**	**72 184 389**	**89 352 676**

6. Finance costs

An analysis of the Company's finance costs for the period is 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
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
Lease interest expenses	--	18 444	--	18 444
Credit facilities interest expense	6 553 977	5 071 807	18 721 982	24 864 210
Other finance costs	--	1 552 179	--	5 137 946
TOTAL	**19 098 758**	**27 899 256**	**61 935 620**	**96 574 779**

7. Compensation of key management personnel *

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
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 in the General and administration expenses

8. Income taxes

8.1 Income tax recognised in profit or loss

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
CURRENT TAX				
Current tax expense for the current period	(8 839 112)	26 876	2 951 638	--
DEFERRED TAX				
Net deferred tax recognized in the current period	(4 798 597)	(231 532)	(12 222 411)	(594 482)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(13 637 709)	204 556	(9 270 773)	(594 482)

8.2 Current tax liabilities

EGP	September 30, 2020	December 31, 2019
Current tax Liability (note 8.1)	2 899 912	13 123 908
CURRENT TAX LIABILITIES	**2 899 912**	**13 123 908**

8.3 Deferred tax liabilities

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	(337 073 457)	12 222 411	(324 851 046)
NET DEFERRED TAX LIABILITY	**(337 073 457)**	**12 222 411**	**(324 851 046)**

December 31, 2019 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(343 043 930)	5 970 473	(337 073 457)
NET DEFERRED TAX LIABILITY	**(343 043 930)**	**5 970 473**	**(337 073 457)**

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		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
LOSSES / EARNINGS (for basic and diluted earnings per share)				
(losses) / Profit for the period	(34 468 011)	5 815 313	(38 250 946)	32 581 022
Employees' share in distributable profits (note 17)	(1 799 264)	(1 649 876)	(5 289 475)	(5 428 918)
Distributable to	**(36 267 275)**	**4 165 437**	**(43 540 421)**	**27 152 104**
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 (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2019	50 243 436	571 105 372	19 572 370	2 806 303 322	12 412 666	289 516 568	19 819 255	3 768 974 889
Additions	--	3 966 239	8 410 930	6 722 801	705 277	10 202 537	415 977	30 423 711
Disposals	--	--	(343 363)	--	--	--	--	(343 363)
Transfer from PUC	--	56 017 694	--	4 615 639	1 582 031	2 106 756	--	64 322 120
Balance at September 30, 2019	50 243 436	631 089 305	27 639 937	2 817 641 662	14 699 924	301 827 861	20 235 232	3 863 377 357
Balance at January 1, 2020	50 243 436	633 074 458	27 639 939	2 849 216 289	14 824 642	301 857 244	20 442 022	3 897 298 030
Additions	--	65 077	248 195	567 295	35 350	314 383	188 245	1 418 545
Disposals	--	--	(245 000)	--	--	--	--	(245 000)
Balance at September 30, 2020	50 243 436	633 139 535	27 643 134	2 849 783 584	14 859 992	302 171 627	20 630 267	3 898 471 575
ACCUMULATED DEPRECIATION								
Balance at January 1, 2019	--	205 985 423	8 424 749	973 394 662	4 977 556	103 444 420	15 639 324	1 311 866 134
Depreciation expense	--	22 176 796	2 727 245	112 295 468	1 062 614	12 109 675	2 152 002	152 523 800
Disposals depreciation	--	--	(189 068)	--	--	--	--	(189 068)
Balance at September 30, 2019	--	228 162 219	10 962 926	1 085 690 130	6 040 170	115 554 095	17 791 326	1 464 200 866
Balance at January 1, 2020	--	235 363 546	11 944 907	1 125 585 846	6 470 639	119 831 696	18 373 069	1 517 569 703
Depreciation expense	--	21 366 092	2 799 609	115 153 864	1 255 745	12 456 600	1 184 320	154 216 230
Disposals depreciation	--	--	195 866	--	--	--	--	195 866
Balance at September 30, 2020	--	256 729 638	14 548 650	1 240 739 710	7 726 384	132 288 296	19 557 389	1 671 590 067
CARRYING AMOUNT								
At September 30, 2020	50 243 436	376 409 897	13 094 484	1 609 043 874	7 133 608	169 883 331	1 072 878	2 226 881 508
At September 30, 2019	50 243 436	402 927 086	16 677 011	1 731 951 532	8 659 754	186 273 766	2 443 906	2 399 176 491
At December 31, 2019	50 243 436	397 710 912	15 695 032	1 723 630 443	8 354 003	182 025 548	2 068 953	2 379 728 327

- Cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans was granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the Company's factory . Until the date of the financials, the Company did not finalize the mortgage amendment procedures to be in favour of the Commercial International Bank (CIB) (Security agent)
- According to the loans contracts granted by the Commercial International bank (Security agent) , the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank as it's the (Security agent), and the bank is the first and only beneficiary of this policy.
- The Company has insured (for its benefits) on cars and silos.

11. Assets under construction

EGP	September 30, 2020	December 31, 2019
Balance as of January 1	3 777 941	95 974 030
Additions	--	2 994 803
Transfer to fixed assets	--	(95 366 120)
Transfer to supplier advance payment	2 785 622	175 228
TOTAL	6 563 563	3 777 941
Assets under construction are represented in the following categories:		
Machinery and equipment	3 465 713	3 465 713
Other installations	137 000	137 000
Advance to suppliers	2 960 850	175 228
TOTAL	6 563 563	3 777 941

12. Intangible assets (Net)

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 281.4 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 after1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments in subsidiaries

The Company has control over all the subsidiaries as listed below:

Company name EGP	Domicile	Share/ paid- in capital	September 30, 2020	December 31, 2019	Proportion of ownership interest and voting power held by the Company	Principal activities
Andalus Concrete Company	Egypt	99.99 %	30 926 807	30 926 807	99.99%	Concert products, mainly ready mix
Evolve Investment & Projects Management Company	Egypt	99.99 %	16 499 750	16 499 750	99.99%	Alternative fuel and recycling
ACC for Management and Trading Company	Egypt	99.99 %	49 500	49 500	99%	Providing managerial services
TOTAL			**47 476 057**	**47 476 057**		

14. Investments in joint venture

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture EGP	Place of incorporation	Proportion of ownership interest and voting power held by the company	September 30, 2020	December 31, 2019
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			**125 000**	**125 000**

15. Inventories

EGP	September 30, 2020	December 31, 2019
Raw materials	79 423 327	45 890 809
Packing materials	6 935 729	10 982 921
Spare parts	8 171 082	7 608 663
Work in progress	2 466 978	1 967 307
Finished goods	91 893 969	89 444 846
TOTAL	**188 891 085**	**155 894 546**

16. Trade receivables

EGP	September 30, 2020	December 31, 2019
Trade receivables	26 550 426	--
TOTAL	**26 550 426**	--

17. Debtors and other debit balances

EGP	September 30, 2020	December 31, 2019
Advance to suppliers	30 479 282	21 294 071
Withholding tax	5 604 481	14 293 777
Deposit with others	78 432 582	61 444 003
Employees' dividends in advance	5 289 475	7 066 424
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	4 305 727	1 336 482
Less:- Impairment in Debtors and other debit balances	(1 359 966)	(1 359 966)
TOTAL	**122 785 630**	**104 108 840**

18. Cash and bank balances

EGP	September 30, 2020	December 31, 2019
Cash on hand	2 557 607	1 182 863
Current account – local currency	32 221 840	45 619 602
Current account – foreign currency	23 166 832	8 262 010
Bank deposits*	44 883 532	31 121 525
Total	**102 829 811**	**86 186 000**

*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.

21. Trade payables

EGP	September 30, 2020	December 31, 2019
Local trade payables	245 559 083	336 471 383
Foreign trade payables	227 574 119	341 866 363
TOTAL	**473 133 202**	**678 337 746**

22. Borrowings

EGP	Current		Non-current	
	September 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. Provisions

EGP	Provision for claims
Balance at January 1, 2020	**11 749 924**
Additional provisions recognized	1 050 000
Used during the period	(2 000 000)
Balance at September 30, 2020	**10 799 924**

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

24. Other liabilities

EGP	Current		Non-current	
	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**	--	--

25. Dividends distribution

On April 26, 2020, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2019.

EGP	December 31, 2019
Profit for the year	30 099 450
Retained earnings at beginning of the year	133 924 777
Distributable profits	**164 024 227**
To be distributed as follows:	
Legal reserve	3 009 945
Profit attributable to shareholders	--
Profit attributable to employees	7 066 424
Retained earnings at end of the year	**153 947 858**

26. Creditors and other credit balances

EGP	September 30, 2020	December 31, 2019
Advances from customers	70 710 957	45 676 860
Accrued expenses	8 732 295	7 945 034
Accrued development fees	17 120 873	18 111 127
Accrued customers rebates	57 881 380	63 136 807
Accrued taxes	34 575 819	42 934 058
Accrued interest	2 174 172	12 583 589
Deferred Revenue - Grant	14 452 008	12 218 616
Retention	5 179 130	5 202 664
TOTAL	**210 826 634**	**207 808 755**

* 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, entity entities entered into the following transactions with related parties:

EGP	Relation type	Transaction nature	Volume of the transactions September 30, 2020	September 30, 2019
Andalus Concrete Company	Subsidiary	Sales	9 489 275	13 389 030
ACC for Management and Trading Company	Subsidiary	Services	39 866 938	34 262 822
Evolve Investment & Projects Management Company	Subsidiary	Purchases	12 235 216	7 395 181
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 September 30, 2020	Due from related parties December 31, 2019	Due to related parties September 30, 2020	Due to related parties December 31, 2019
Andalus Concrete Company	13 429 556	13 153 101	--	--
Evolve Investment & Projects Management Company	3 867 002	3 774 410	--	--
ACC for Management and Trading Company	3 659 327	--	--	378 020
Cementos La Union –Spain Company	--	--	24 550	24 550
Andalus Reliance for Mining Company	--	--	2 638 757	7 761 397
TOTAL	**20 955 885**	**16 927 511**	**2 663 307**	**8 163 967**

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Evolve Company renders alternative fuels to Arabian Cement Company.

28. Lease Contracts

i. <u>Right of Use</u>

EGP	Vehicles	Machinery & Equipment	Total
<u>Cost</u>			
Cost as of January 1 , 2020	2 332 460	1 225 954	3 558 414
Additions during period	--	--	--
Cost as of September 30, 2019	**2 332 460**	**1 225 954**	**3 558 414**
<u>Less:- Accumulated amortization</u>			
Accumulated amortization as of January 1, 2020	2 319 139	1 225 954	3 545 093
Amortization for the period	13 321	--	13 321
Total accumulated amortization as of September 30, 2020	**2 332 460**	**1 225 954**	**3 558 414**
Net book value September 30,2020	--	--	--

ii. **Financial lease liability.**

<u>Financial lease liability recognized in the statement of financial position</u>

EGP	Current		Non-current	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
lease liability	--	8 540	--	--
TOTAL	--	8 540	--	--

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 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 remains 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 current 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' demands 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