

Arabian Cement Company S.A.E.

Condensed separate interim financial statements

Together with limited review report

For the three months ended March 31, 2021

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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 March 31, 2021 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed 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, May 9, 2021

Kamel Magdy Saleh FCA, FESAA

RAA 8510

EFSA 69



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

EGP	Notes	March 31, 2021	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment (Net)	10	2 125 382 529	2 175 578 977
Assets under construction	11	6 563 562	6 563 562
Intangible assets (Net)	12	244 429 141	254 049 586
Investments in subsidiaries	13	47 476 057	47 476 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		2 423 976 289	2 483 793 182
CURRENT ASSETS			
Inventories	15	124 468 020	169 977 656
Debtors and other debit balances	16	131 366 962	124 613 704
Due from related parties	25	20 486 968	22 953 016
Cash and bank balances	17	71 119 181	51 720 149
TOTAL CURRENT ASSETS		347 441 131	369 264 525
TOTAL ASSETS		2 771 417 420	2 853 057 707

- Limited review report is attached

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

EGP	Notes	March 31, 2021	December 31, 2020
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	257 740 154	257 740 154
Retained earnings		26 231 919	37 734 467
TOTAL EQUITY		1 041 451 473	1 052 954 021
NON-CURRENT LIABILITIES			
Borrowings	21	359 786 958	387 454 349
Deferred tax liabilities	8-3	317 845 980	321 893 851
Notes Payables	20	10 134 933	11 021 813
TOTAL NON-CURRENT LIABILITIES		687 767 871	720 370 013
CURRENT LIABILITIES			
Trade payables	20	399 236 510	445 631 321
Credit facilities	21	372 547 985	340 110 399
Current income tax payable	8-2	9 580 775	--
Current portion of long-term borrowings	21	104 134 781	99 165 216
Current portion of long-term other liabilities	23	--	769 250
Creditors and other credit balances	24	134 178 997	173 007 938
Due to related parties	25	4 860 314	3 740 835
Provisions	22	17 658 714	17 308 714
TOTAL CURRENT LIABILITIES		1 042 198 076	1 079 733 673
TOTAL LIABILITIES		1 729 965 947	1 800 103 686
TOTAL EQUITY AND LIABILITIES		2 771 417 420	2 853 057 707

- 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 Separate statement of profit or loss
For the three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
Sales revenue	3	413 992 597	678 674 035
Cost of sales	4	(376 115 747)	(626 825 406)
GROSS PROFIT		37 876 850	51 848 629
General and administration expenses	5	(22 916 213)	(24 210 295)
Provisions	22	(350 000)	(350 000)
Interest income		73 314	565 363
Other income		3 390 860	188 079
Finance costs	6	(17 781 650)	(22 480 566)
Foreign exchange gain differences		845 237	14 518 320
Capital gain		--	142 466
PROFIT FOR THE PERIOD BEFORE TAX		1 138 398	20 221 996
Income tax expense	1-8	(5 532 904)	(3 958 551)
(Loss) / PROFIT FOR THE PERIOD AFTER TAX		(4 394 506)	16 263 445
Losses / Earnings per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	(0.02)	0.04

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

Arabian Cement Company S.A.E.
Condensed Separate statement of comprehensive income
For the three months ended March 31, 2021

EGP	March 31, 2021	March 31, 2020
Loss / PROFIT FOR THE PERIOD, NET OF INCOME TAX	(4 394 506)	16 263 445
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(4 394 506)	16 263 445

– 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 Separate statement of changes in equity
For the three months ended March 31, 2021

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2020	757 479 400	254 730 209	164 024 227	1 176 233 836
Total comprehensive income	--	--	16 263 445	16 263 445
Balance at March 31, 2020	757 479 400	254 730 209	180 287 672	1 192 497 281
Balance at January 1, 2021	757 479 400	257 740 154	37 734 467	1 052 954 021
Dividends	--	--	(7 108 042)	(7 108 042)
Total comprehensive income	--	--	(4 394 506)	(4 394 506)
Balance at March 31, 2021	757 479 400	257 740 154	26 231 919	1 041 451 473

- 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 Separate statement of cash flows
For the three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1 138 398	20 221 996
Adjusted by:			
Finance costs recognized in profit or loss	6	17 781 650	22 480 566
Interest income		(73 314)	(565 363)
Capital gain		--	(142 466)
Depreciation of property, plant and equipment	10	50 501 471	51 303 702
Amortization of intangible assets	12	9 620 445	11 434 295
Amortization of right of use assets		--	13 321
Foreign exchange (gain) differences		(456 522)	(6 065 217)
Provisions formed	22	350 000	350 000
Decrease / (Increase) in inventories		45 509 636	(29 499 270)
(Increase) in debtors and other debit balances		(13 861 300)	(39 268 102)
Decrease / (increase) in due from related parties		2 466 048	(2 539 612)
(Increase) in trade receivables		--	(5 049 731)
(Decrease) in creditors and other credit balances		(38 628 083)	(41 116 363)
(Decrease) in trade payables		(46 394 811)	(12 798 710)
Increase / (decrease) in due to related parties		1 119 479	(387 134)
Cash generated by operations		29 073 097	(31 628 088)
Interest paid		(17 982 508)	(31 922 354)
Net cash generated by (used in) operating activities		11 090 589	(63 550 442)

Arabian Cement Company S.A.E.
Condensed Separate statement of cash flow
For the three months ended March 31, 2021

EGP	Notes	March 31, 2021	March 31, 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(305 023)	(887 556)
Proceeds from selling property, plant and equipment		--	191 600
Payments for assets under construction	11	--	(598 380)
Interest income		73 314	565 363
Cash (used in) investing activities		(231 709)	(728 973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(22 241 304)	(22 589 131)
Proceeds from credit facilities		32 437 586	102 043 710
Repayment of other liabilities		(1 656 130)	(4 616 400)
Payments of finance lease liability		--	(8 540)
Cash generated by financing activities		8 540 152	74 829 639
Net (Decrease) in cash and cash equivalents		19 399 032	10 550 224
Cash and cash equivalents at the beginning of the period		51 720 149	86 186 000
Cash and cash equivalents at the end of the period		71 119 181	96 736 224

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

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law.

The Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes 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 May 9, 2021.

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, 2020.

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 goods and services.

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

3. Sales revenue

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

EGP	March 31, 2021	March 31, 2020
Local sales	362 018 009	577 490 849
Export sales	33 948 765	65 275 278
Services	18 025 823	35 907 908
TOTAL	413 992 597	678 674 035

4. Cost of sales

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

EGP	March 31, 2021	March 31, 2020
Raw material	280 842 129	516 064 042
Manufacturing depreciation	49 953 580	50 450 320
Electricity supply agreement amortization	9 620 445	11 434 295
Right of use amortization	--	13 321
Transportation cost	9 093 158	23 099 754
Overhead cost	26 606 435	25 763 674
TOTAL	376 115 747	626 825 406

5. General and administration expenses

An analysis of the Company's general and administration expenses for the period is as follows:

EGP	March 31, 2021	March 31, 2020
Professional services	10 179 727	7 811 811
Salaries and wages	6 797 050	8 896 399
Security and cleaning services	235 515	392 770
Rentals	464 811	478 833
Transportation	226 145	362 071
Advertising	813 715	780 875
Depreciation expenses	547 892	853 382
Other	3 651 358	4 634 154
TOTAL	22 916 213	24 210 295

6. Finance costs

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

EGP	March 31, 2021	March 31, 2020
Loan interest expense	9 226 603	14 134 012
Electricity agreement interest expense	572 750	3 069 600
Credit facilities interest expense	7 472 722	4 840 466
Other finance cost	509 575	436 488
TOTAL	17 781 650	22 480 566

7. Compensation of key management personnel *

An analysis of the Company's Compensation of key management personnel for the period is as follows:

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

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

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8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	March 31, 2021	March 31, 2020
CURRENT TAX		
Current tax expense for the current period	9 580 775	7 395 175
DEFERRED TAX		
Deferred tax (income) / expense recognized in the current period	(4 047 871)	(3 436 624)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	5 532 904	3 958 551

8.2 Current tax liabilities

EGP	March 31, 2021	December 31, 2020
Current tax expense (note 8.1)	9 580 775	--
CURRENT TAX LIABILITIES	9 580 775	--

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

March 31, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(321 893 851)	4 047 871	(317 845 980)
NET DEFERRED TAX LIABILITY	(321 893 851)	4 047 871	(317 845 980)
December 31, 2020			
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(337 073 457)	15 179 606	(321 893 851)
NET DEFERRED TAX LIABILITY	(337 073 457)	15 179 606	(321 893 851)

9. Earnings per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

EGP	March 31, 2021	March 31, 2020
EARNINGS (for basic and diluted earnings per share)		
Loss / Profit for the period	(4 394 506)	16 263 445
Employees' share in distributable profits (note 16)	(1 782 152)	(1 739 509)
Distributable (loss) / profit	(6 176 658)	14 523 936
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
LOSSES / EARNINGS PER SHARE	(0.02)	0.04

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10. Property, plant and equipment (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery/land Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
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	--	--	212 595	458 586	2 250	214 125	--	887 556
Disposals	--	--	(245 000)	--	--	--	--	(245 000)
Balance at March 31, 2020	50 243 436	633 074 458	27 607 534	2 849 674 875	14 826 892	302 071 369	20 442 022	3 897 940 586
Balance at January 1, 2021	50 243 436	633 139 535	27 691 784	2 849 783 583	14 998 065	302 171 628	20 776 284	3 898 804 315
Additions	--	--	23 163	--	--	216 000	65 860	305 023
Balance at March 31, 2021	50 243 436	633 139 535	27 714 947	2 849 783 583	14 998 065	302 387 628	20 842 144	3 899 109 338
ACCUMULATED DEPRECIATION								
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
Disposals	--	--	(195 866)	--	--	--	--	(195 866)
Depreciation expense	--	7 095 821	948 543	38 241 937	422 544	4 164 018	430 839	51 303 702
Balance at March 31, 2020	--	242 459 367	12 697 584	1 163 827 783	6 893 183	123 995 714	18 803 908	1 568 677 539
Balance at January 1, 2021	--	263 902 811	15 476 390	1 279 406 452	8 143 420	136 451 836	19 844 429	1 723 225 338
Depreciation expense	--	7 034 630	901 293	37 929 793	369 544	4 087 864	178 347	50 501 471
Balance at March 31, 2021	--	270 937 441	16 377 683	1 317 336 245	8 512 964	140 539 700	20 022 776	1 773 726 809
CARRYING AMOUNT								
At March 31, 2021	50 243 436	362 202 094	11 337 264	1 532 447 338	6 485 101	161 847 928	819 368	2 125 382 529
At March 31, 2020	50 243 436	390 615 091	14 909 950	1 685 847 092	7 933 709	178 075 655	1 638 114	2 329 263 047
At December 31, 2020	50 243 436	369 236 724	12 215 394	1 570 377 131	6 854 645	165 719 792	931 855	2 175 578 977

- On February 24, 2019 There is a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt, The management currently in the process of the procedures for change mortgage to be in favour of the Commercial International Bank (CIB) (Security agent).
- According to the loans contracts granted by the Commercial international bank (Security agent) , the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank as it's the (Security agent) , and the bank is the first and only beneficiary of this policy.

Arabian Cement Company S.A.E
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11. Projects under construction

EGP	March 31, 2021	December 31, 2020
Balance as of January 1	6 563 562	3 777 941
Advance to suppliers for purchase fixed assets	--	2 785 621
TOTAL	6 563 562	6 563 562
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 for purchase fixed assets	2 960 849	2 960 849
TOTAL	6 563 562	6 563 562

12. Intangible assets (Net)

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

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 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 after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

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

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

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Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments in subsidiaries

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

Company name EGP	Domicile	Share/ paid- in capital	March 31, 2021	December 31, 2020	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	30 926 807	30 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
TOTAL			47 476 057	47 476 057		

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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	Place of incorporation	Proportion of ownership interest and voting power held by the company	EGP	
			March 31, 2021	December 31, 2020
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	March 31, 2021	December 31, 2020
Raw materials	49 700 546	99 093 696
Packing materials	15 086 350	12 224 129
Spare parts	8 596 325	7 822 772
Work in progress	3 420 752	3 121 477
Finished goods	47 664 047	47 715 582
TOTAL	124 468 020	169 977 656

16. Debtors and other debit balances

EGP	March 31, 2021	December 31, 2020
Advance to suppliers	37 950 885	22 574 433
Withholding tax	8 614 017	7 130 884
Value added tax	--	6 994 687
Deposit with others	79 063 723	78 811 267
Employees' dividends in advance	1 782 152	7 108 042
Letters of guarantee – cash margin	35 810	191 043
Cash imprest	2 337 316	2 390 720
Other debit balances	3 190 867	1 020 436
Less:- Impairment in other debit balance	(1 607 808)	(1 607 808)
TOTAL	131 366 962	124 613 704

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17. Cash and bank balances

EGP	March 31, 2021	December 31, 2020
Cash on hand	1 694 128	927 027
Current account – local currency	37 376 256	16 798 510
Current account – foreign currency	8 596 164	10 501 303
Bank deposits	23 452 633	23 493 309
Total	71 119 181	51 720 149

18. Capital

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

19. Legal reserve

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

20. Trade and notes payable

EGP	Current		Non-current	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Local trade payable	178 946 155	259 997 582	--	--
Foreign trade payable	182 395 256	181 838 866	--	--
Notes payable	37 895 099	3 794 873	10 134 933	11 021 813
Total	399 236 510	445 631 321	10 134 933	11 021 813

21. Borrowings

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

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22. Provisions

EGP	Provision for claims
Balance at January 1, 2021	17 308 714
Additional provisions recognized	350 000
Balance at March 31, 2021	17 658 714

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

23. Other liabilities

EGP	Current		Non-current	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Electricity contract	--	769 250	--	--
TOTAL	--	769 250	--	--

24. Creditors and other credit balances

EGP	March 31, 2021	December 31, 2020
Advances from customers	43 506 727	57 765 886
Accrued expenses	11 890 824	10 099 030
Accrued development fees	12 661 163	12 423 454
Accrued customers rebates	28 612 290	64 339 746
Accrued taxes	16 445 070	6 936 356
Accrued interest	1 791 156	1 992 014
Deferred Revenue – Grant	14 092 637	14 272 322
Retention	5 179 130	5 179 130
TOTAL	134 178 997	173 007 938

25. 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	
			March 31, 2021	March 31, 2020
Andalus Concrete Company	Subsidiary	Sales	--	4 998 670
ACC for Management and Trading Company	Subsidiary	Services	11 390 299	10 864 204
Evolve	Subsidiary	Purchases	560 648	3 764 831
Andalus Reliance for Mining Company	Joint Venture	Purchases	3 908 200	10 501 987

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

EGP	Due from related parties		Due to related parties	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Andalus Concrete Company	13 124 692	13 187 492	--	--
Evolve Investment & Projects Management Company	5 359 022	5 338 890	--	--
ACC for Management and Trading Company	2 003 254	4 426 634	--	--
Cementos La Union – Spain Company	--	--	1 818 586	1 818 586
Andalus Reliance for Mining Company	--	--	3 041 728	1 922 249
TOTAL	20 486 968	22 953 016	4 860 314	3 740 835

- 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 supplied alternative fuel for Arabian Cement Company.

26. Significant Events during the current period

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

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

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

On May 17, 2020, the Prime Minister indicated that 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, and will announce this successively during the next stage

On June 20, 2020, a number of decisions were approved, including agreeing to cancel the partial prohibition of movement from Saturday, June 27, 2020, and agreeing to reopen restaurants, gyms, and cafes, but only 25% of its capacity is allowed, as well as closing all stores at nine in the evening, provided that restaurants and cafes continue until ten in the evening, with the continued closure of parks, gardens and public beaches, as it was

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agreed to continue the work of public transportation until midnight, in addition to opening places of worship as included in the decisions, to agree to open cultural facilities Cinemas and theaters, but with a rate of 25% of its absorptive capacity, and decisions also included that ministries, governorates, entities and bodies provide all their services to citizens, according to what the competent authority estimates in each entity, and taking into account commitment to all precautionary measures and health precautions, as well as the commitment of citizens to wear protective masks while they are By all means of mass transportation, whether public or private, while they are visiting all governmental or private establishments, banks or places of worship. International aviation has also resumed as of July 1, 2020

On September 21, 2020 a package of new decisions that will be implemented which include approval of holding funeral , agreed to allow the resumption of holding weddings in open areas, in hotels that have a health safety certificate, with a maximum of 300 people, and the same decision applies to meetings and conferences with an attendance rate of 50% and a maximum of 150 people, and approval of organizing cultural exhibitions is implemented in Open areas, with an attendance rate not exceeding 50%, with the application of the precautionary 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-petcock from local market, accordingly no expectation for any disruption in business operations.
- The Company remains one of the main cement exporters 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 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 the 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 in case the period of disruption becomes prolonged

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer