

Arabian Cement Company S.A.E.

**Condensed separate interim financial statements
Together with limited review report
For the three months ended March 31, 2020**

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, 2020 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, June 11, 2020


Kamel Magdy Saleh FCA, FESAA
RAA 8510
EFSA 69


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

EGP	Notes	March 31, 2020	December 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment (Net)	10	2 329 263 047	2 379 728 327
Assets under construction	11	4 376 321	3 777 941
Intangible assets (Net)	12	283 365 074	294 799 369
Right of use	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		2 664 605 499	2 725 920 015
CURRENT ASSETS			
Inventories	15	185 393 816	155 894 546
Trade receivables	16	5 049 731	--
Debtors and other debit balances	17	143 376 942	104 108 840
Due from related parties	26	19 467 123	16 927 511
Cash and bank balances	18	96 736 224	86 186 000
TOTAL CURRENT ASSETS		450 023 836	363 116 897
TOTAL ASSETS		3 114 629 335	3 089 036 912

- Limited review report is attached

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

EGP	Notes	March 31, 2020	December 31, 2019
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	254 730 209	254 730 209
Retained earnings		180 287 672	164 024 227
TOTAL EQUITY		1 192 497 281	1 176 233 836
NON-CURRENT LIABILITIES			
Borrowings	22	464 530 436	491 836 958
Deferred tax liabilities	8-3	333 636 833	337 073 457
TOTAL NON-CURRENT LIABILITIES		798 167 269	828 910 415
CURRENT LIABILITIES			
Trade payables	21	665 539 036	678 337 746
Credit facilities	22	164 079 011	62 035 301
Current income tax payable	8-2	20 519 083	13 123 908
Current portion of long-term borrowings	22	89 008 694	90 356 520
Current portion of long-term other liabilities	24	7 691 600	12 308 000
Lease liability	27	--	8 540
Creditors and other credit balances	25	157 250 604	207 808 755
Due to related parties	26	7 776 833	8 163 967
Provisions	23	12 099 924	11 749 924
TOTAL CURRENT LIABILITIES		1 123 964 785	1 083 892 661
TOTAL LIABILITIES		1 922 132 054	1 912 803 076
TOTAL EQUITY AND LIABILITIES		3 114 629 335	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
 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, 2020

EGP	Notes	March 31, 2020	March 31, 2019
Sales revenue	3	678 674 035	788 857 858
Cost of sales	4	(626 825 406)	(739 642 005)
GROSS PROFIT		51 848 629	49 215 853
General and administration expenses	5	(24 210 295)	(33 538 489)
Provisions	23	(350 000)	(850 000)
Interest income		565 363	444 556
Other income		188 079	472 216
Finance costs	6	(22 480 566)	(35 751 921)
Foreign exchange gain differences		14 518 320	23 944 838
Capital gain		142 466	--
PROFIT FOR THE PERIOD BEFORE TAX		20 221 996	3 937 053
Income tax expense	1-8	(3 958 551)	297 176
PROFIT FOR THE PERIOD AFTER TAX		16 263 445	4 234 229
Earnings per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	0.04	0.01

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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, 2020

EGP	March 31, 2020	March 31, 2019
PROFIT FOR THE PERIOD, NET OF INCOME TAX	16 263 445	4 234 229
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16 263 445	4 234 229

- 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, 2020

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2019	757 479 400	231 365 975	342 180 674	1 331 026 049
Transfer to Legal reserve	--	23 364 234	(23 364 234)	--
Dividends	--	--	(7 245 082)	(7 245 082)
Total comprehensive income, net of income tax	--	--	4 234 229	4 234 229
Balance at March 31, 2019	757 479 400	254 730 209	315 805 587	1 328 015 196
Balance at January 1, 2020	757 479 400	254 730 209	164 024 227	1 176 233 836
Transfer to Legal reserve	--	--	--	--
Dividends	--	--	--	--
Total comprehensive income, net of income tax	--	--	16 263 445	16 263 445
Balance at March 31, 2020	757 479 400	254 730 209	180 287 672	1 192 497 281

- 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, 2020

EGP	Notes	March 31, 2020	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		20 221 996	3 937 053
Adjusted by:			
Finance costs recognized in profit or loss	6	22 480 566	35 751 921
Interest income		(565 363)	(444 556)
Capital gain		(142 466)	--
Depreciation of property, plant and equipment	10	51 303 702	50 040 649
Amortization of intangible assets	12	11 434 295	12 495 513
Amortization of right of use assets		13 321	--
Foreign exchange (gain) differences		(6 065 217)	(12 434 783)
Provisions formed	23	350 000	850 000
Decrease / (Increase) in inventories		(29 499 270)	27 503 531
Decrease / (Increase) in debtors and other debit balances		(39 268 102)	9 132 563
Decrease in due from related parties		(2 539 612)	(5 989 692)
Decrease in trade receivables		(5 049 731)	27 826 734
Increase in trade payables		(12 798 710)	15 531 244
Increase in due to related parties		(387 134)	(2 499 204)
(Decrease) / increase in creditors and other credit balances		(41 116 363)	(60 303 321)
Cash generated by operations		(31 628 088)	101 397 652
Interest paid		(31 922 354)	(24 661 573)
Net cash (used in) generated by operating activities		(63 550 442)	76 736 079

Arabian Cement Company S.A.E.
Condensed Separate cash flow statement
For the three months ended March 31, 2020

EGP	Notes	March 31, 2020	March 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(887 556)	(13 891 850)
Proceeds from selling property, plant and equipment		191 600	--
Payments for assets under construction	11	(598 380)	(875 360)
Interest income		565 363	444 556
Cash (used in) investing activities		(728 973)	(14 322 654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(22 589 131)	(18 127 724)
Repayment of other liabilities		(4 616 400)	(60 615 500)
Proceeds / (Payments) from credit facilities		102 043 710	(813 498)
Payments of finance lease liability		(8 540)	--
Dividends distribution		--	(7 245 082)
Cash generated by (used in) financing activities		74 829 639	(86 801 804)
Net (Decrease) in cash and cash equivalents		10 550 224	(24 388 379)
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	18	96 736 224	140 507 499

– 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 June 10, 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 goods and services.

2.3 Amended Egyptian accounting standards

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

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New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No. (1), (25), (26) and (40) are to be simultaneously applied.
			-These amendments are effective as of the date

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other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.

of implementing Standard No. (47)

4-based on the requirements of this standard the following standards were amended :

- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.

- Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".

- Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.

- Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".

- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "

The new Egyptian Accounting Standard No. (48) -"Revenue from Contracts with Customers"

- 1- The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:
 - a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.
 - b. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.
- 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model.
- 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover

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.

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The new Egyptian Accounting Standard No. (49) "Lease Contracts"	<p>those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>4- the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5- Expanding in the presentation and disclosure requirements</p> <p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015.</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based</p>	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. 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

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on the straight-line method or based on any other regular basis

Law No. (176) of 2018 was issued. According to Minister of Investment and Cooperation decision No. (69) of 2019 on the amendment of the Egyptian Accounting Standards, financial leasing companies and lessees under financial leasing contracts from non-banking financial institutions and companies listed on the Egyptian Stock Exchange should apply the standard of financial leasing contracts earlier than 30/9/2019, with the obligation to disclose the accounting impact resulting from the application of the standard on the financial statements issued during the period from 1/1/2019 until the end of each financial period for which financial statements are prepared.

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

Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:

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

The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements

This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.

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

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- (ESA 18) Investments in Associates
 - (ESA 24) Income Taxes
 - (ESA 29) Business Combinations
 - ESA (30) Periodical Financial Statements
 - EAS (44) Disclosure of Interests in Other Entities.
- of Egyptian Accounting Standard No. (42)
"Consolidated Financial Statements", as amended and issued in 2019

Due to the current situation of the outbreak of Corona virus and the necessary economic and financial implications associated with it, in addition to the implementation of prevention measures and facing its spread, imposing restrictions on the presence of human resources in companies at full capacity on a regular basis, the Financial Supervision Authority agreed to postpone the application of Egyptian accounting standards The new and accompanying amendments issued by Resolution No. 69 on the periodic financial statements that will be issued during the year 2020, provided that companies implement these standards and these amendments to the annual financial statements of these companies by the end of 2020.

3. Sales revenue

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

EGP	March 31, 2020	March 31, 2019
Local sales	577 490 849	676 904 901
Export sales	65 275 278	78 694 206
Services	35 907 908	33 258 751
TOTAL	678 674 035	788 857 858

4. Cost of sales

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

EGP	March 31, 2020	March 31, 2019
Raw material	516 064 042	633 714 633
Manufacturing depreciation	50 450 320	48 985 640
Electricity supply agreement amortization	11 434 295	12 495 513
Right of use amortization	13 321	--
Transportation cost	23 099 754	22 315 110
Overhead cost	25 763 674	22 131 109
TOTAL	626 825 406	739 642 005

5. General and administration expenses

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

EGP	March 31, 2020	March 31, 2019
Professional services	7 811 811	8 130 951
Salaries and wages	8 896 399	14 882 918
Security and cleaning services	392 771	254 327
Rentals	478 833	1 297 509
Transportation	362 071	1 333 728
Advertising	780 875	1 048 710
Depreciation expenses	853 382	1 055 009
Other	4 634 154	5 535 337
TOTAL	24 210 295	33 538 489

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6. Finance costs

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

EGP	March 31, 2020	March 31, 2019
Loan interest expense	14 134 012	19 941 052
Electricity agreement interest expense	3 069 600	3 070 500
Credit facilities interest expense	5 276 954	10 819 094
Other finance cost	--	1 921 275
TOTAL	22 480 566	35 751 921

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

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

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	March 31, 2020	March 31, 2019
CURRENT TAX		
Current tax expense for the current period	7 395 175	138 742
DEFERRED TAX		
Deferred tax (income) / expense recognized in the current period	(3 436 624)	(435 918)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	3 958 551	(297 176)

8.2 Current tax liabilities

EGP	March 31, 2020	December 31, 2019
Current tax expense (note 8.1)	20 519 083	13 123 908
CURRENT TAX LIABILITIES	20 519 083	13 123 908

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

March 31, 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(337 073 457)	3 436 624	(333 636 833)
NET DEFERRED TAX LIABILITY	(337 073 457)	3 436 624	(333 636 833)
December 31, 2019	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(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 per share

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

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

EGP	March 31, 2020	March 31, 2019
EARNINGS (for basic and diluted earnings per share)		
Profit for the period	16 263 445	4 234 229
Employees' share in distributable profits (note 16)	(1 739 509)	(2 023 906)
Distributable profit	14 523 936	2 210 323
NUMBER OF SHARES (for basic and diluted earnings per share)		
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700
EARNINGS PER SHARE	0.04	0.01

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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	2 806 303 222	12 412 666	289 518 568	19 819 255	3 768 974 889
Additions	--	1 729 349	6 736 843	4 629 373	477 980	62 305	256 000	13 891 850
Balance at March 31, 2019	50 243 436	572 834 721	26 309 213	2 810 932 595	12 890 646	289 580 873	20 075 255	3 782 866 739
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
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	--	7 190 730	824 282	37 074 591	333 835	3 896 037	721 174	50 040 649
Balance at March 31, 2019	--	213 176 153	9 249 031	1 010 469 253	5 311 391	107 340 457	16 360 498	1 361 906 783
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
CARRYING AMOUNT								
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 March 31, 2019	50 243 436	359 658 568	17 060 182	1 800 463 342	7 579 255	182 240 416	3 714 757	2 420 959 956
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

On February 24, 2019 There is a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt, The management currently in the process of the procedures for change mortgage to be in favour of the Commercial International Bank (CIB) (Security agent).

According to the loans contracts granted by the Commercial international bank (Security agent) , the Company insured for the benefit of the bank an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank as it's the (Security agent) , and the bank is the first and only beneficiary of this policy.

The Company has insured (for its benefits) on cars and silos.

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11. Projects under construction

EGP	March 31, 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)
Advance to suppliers for purchase fixed assets	598 380	175 228
TOTAL	4 376 321	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 for purchase fixed assets	773 608	175 228
TOTAL	4 376 321	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 March 31, 2020	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2020	(287 467 603)	(206 137 741)	(493 605 344)
Amortization for the period	(6 942 636)	(4 491 659)	(11 434 295)
Total accumulated amortization as of March 31, 2020	(294 410 239)	(210 629 400)	(505 039 639)
Net book value March 31,2020	268 794 474	14 570 600	283 365 074
Net book value December 31,2019	275 737 110	19 062 259	294 799 369
Operating license			

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 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).

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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	March 31, 2020	December 31, 2019	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, 2020	December 31, 2019
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	March 31, 2020	December 31, 2019
Raw materials	68 805 420	45 890 809
Packing materials	13 687 705	10 982 921
Spare parts	8 363 010	7 608 663
Work in progress	2 554 957	1 967 307
Finished goods	91 982 723	89 444 846
TOTAL	185 393 816	155 894 546

16. Trade receivables

EGP	March 31, 2020	December 31, 2019
Trade receivables, Export sales	5 049 731	--
Total	5 049 731	--

17. Debtors and other debit balances

EGP	March 31, 2020	December 31, 2019
Advance to suppliers	51 614 758	21 294 071
Withholding tax	15 901 259	14 293 777
Deposit with others	64 925 550	61 444 003
Employees' dividends in advance	8 805 933	7 066 424
Letters of guarantee – cash margin	34 049	34 049
Cash imprest	2 910 629	1 336 482
Other debit balances	544 730	--
Less:- Impairment in other debit balance	(1 359 966)	(1 359 966)
TOTAL	143 376 942	104 108 840

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18. Cash and bank balances

EGP	March 31, 2020	December 31, 2019
Cash on hand	1 441 632	1 182 863
Current account – local currency	46 140 583	45 619 602
Current account – foreign currency	10 668 534	8 262 010
Bank deposits *	38 485 475	31 121 525
Total	96 736 224	86 186 000

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

19. Capital

EGP	March 31, 2020	December 31, 2019
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	757 479 400	757 479 400

20. Legal reserve

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

21. Trade payables

EGP	March 31, 2020	December 31, 2019
Local trade payable	355 495 815	336 471 383
Foreign trade payable	310 043 221	341 866 363
Total	665 539 036	678 337 746

22. Borrowings

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

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23.Provisions

EGP	Provision for claims
Balance at January 1, 2020	11 749 924
Additional provisions recognized	350 000
Balance at March 31, 2020	12 099 924

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

25.Creditors and other credit balances

EGP	March 31, 2020	December 31, 2019
Advances from customers	53 007 676	45 676 860
Accrued expenses	11 519 558	7 945 034
Accrued development fees	18 104 287	18 111 127
Accrued customers rebates	24 772 726	63 136 807
Accrued taxes	26 292 493	42 934 058
Accrued interest	3 141 801	12 583 589
Deferred Revenue - Grant *	15 232 933	12 218 616
Retention	5 179 130	5 202 664
TOTAL	157 250 604	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.

26.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, 2020	March 31, 2019
Andalus Concrete Company	Subsidiary	Sales	4 998 670	4 877 309

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ACC for Management and Trading Company	Subsidiary	Services	10 864 204	11 089 486
Evolve	Subsidiary	Purchases	3 764 831	1 870 910
Andalus Reliance for Mining Company	Joint Venture	Purchases	10 501 987	11 690 141

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

EGP	Due from related parties		Due to related parties	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Andalus Concrete Company	11 494 904	13 153 101	--	--
Evolve Investment & Projects Management Company	3 845 550	3 774 410	--	--
ACC for Management and Trading Company	4 126 669	--	--	378 020
Cementos La Union – Spain Company	--	--	27 000	24 550
Andalus Reliance for Mining Company	--	--	7 749 833	7 761 397
TOTAL	19 467 123	16 927 511	7 776 833	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 supplied alternative fuel for Arabian Cement Company.

27. lease

27.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
Cost			
Cost as of January 1, 2020	2 332 460	1 225 954	3 558 414
Additions during period	--	--	--
Cost as of March 31, 2020	2 332 460	1 225 954	3 558 414
Less:- Accumulated amortization			
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 March 31, 2020	2 332 460	1 225 954	3 558 414
Net book value March 31, 2020	--	--	--

27.2 Financial lease liability.

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Financial lease liability recognized in the statement of financial position

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

28. Significant Events during the current period

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

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

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

On May 17, 2020, The Prime Minister indicated that the work will start gradually return in all sectors of the country as of mid-June with an emphasis on commitment by applying precautionary and preventive measures, and will announce this successively during the next stage

Management has considered the unique circumstances and the risk exposures of the group has concluded in the light of available information that there is no significant impact in the group's profitability position may arise from current event. The event is not expected to have an immediate material impact on the business operations as the company's management follow certain procedures as follows;

- The management of the company decreased dependence on other countries through the purchase of coal-petcock from local market, accordingly no expectation for any disruption in business operations, even if the situation extend for 2-3 months.
- Other costs are decreasing such as electricity and petrol due to the current situation, which support in enhance our EBITDA.
- The Company still the main cement exporter in Egypt, which is reporting us some USD revenues to cover any exposure in USD.
- The management follow the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months with no currently cash flow issues, accordingly the management decided to pay all bank loans on time without benefit from the initiative of Central Bank by postponing the installments for six months

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

- Risk of impairment in Property, Plant & Equipment
- Risk of impairment due to slow moving in Inventory
- Risk of fail to pay the installments due to bank, creditors and salaries in due date.
- Risk of any expected claims may resulted from any litigation

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The management concluded that no impact on the company's operation that could trigger an impairment issue in Property, Plant & Equipment as the factory is working as planned to meet the customers demand with no indication for any risk of slow moving in inventory and for all bank installments paid in due date even the company opted not to benefit from the initiative announced by Central bank of Egypt by postponing the installments for six months.

Management will continue to monitor the situation closely and will assess the need for any further plans or actions in case the period of disruption becomes prolonged

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Salvador Cabañas Lopez
Chief Financial Officer

