

# **Arabian Cement Company S.A.E.**

**Condensed separate interim financial statements**

**Together with limited review report**

**For the Six months ended June 30, 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 June 30, 2021 and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the six 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, August 10, 2021

Kamel Magdy Saleh FCA, FESAA

RAA 8510

EFSA 69



Arabian Cement Company S.A.E.  
Condensed Separate statement of financial position  
At June 30, 2021

EGP	Notes	June 30, 2021	December 31, 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment (Net)	10	2 074 510 579	2 175 578 977
Assets under construction	11	6 563 562	6 563 562
Intangible assets (Net)	12	234 701 802	254 049 586
Investments in subsidiaries	13	47 476 057	47 476 057
Investments in a joint venture	14	125 000	125 000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 363 377 000</b>	<b>2 483 793 182</b>
<b>CURRENT ASSETS</b>			
Inventories	15	255 586 813	169 977 656
Trade receivables		31 479 793	--
Debtors and other debit balances	16	156 835 177	124 613 704
Due from related parties	25	18 797 427	22 953 016
Cash and bank balances	17	91 039 313	51 720 149
<b>TOTAL CURRENT ASSETS</b>		<b>553 738 523</b>	<b>369 264 525</b>
<b>TOTAL ASSETS</b>		<b>2 917 115 523</b>	<b>2 853 057 707</b>

- Limited review report is attached

Arabian Cement Company S.A.E.  
Condensed Separate statement of financial position  
At June 30, 2021

EGP	Notes	June 30, 2021	December 31, 2020
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	257 740 154	257 740 154
Retained earnings		9 542 504	37 734 467
<b>TOTAL EQUITY</b>		<b>1 024 762 058</b>	<b>1 052 954 021</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	21	332 184 783	387 454 349
Deferred tax liabilities	8-3	313 705 754	321 893 851
Notes Payable	20	10 134 933	11 021 813
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>656 025 470</b>	<b>720 370 013</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	20	590 574 601	445 631 321
Credit facilities	21	311 104 608	340 110 399
Current income tax payable	8-2	7 161 573	--
Current portion of long-term borrowings	21	109 104 346	99 165 216
Current portion of long-term other liabilities	23	--	769 250
Creditors and other credit balances	24	172 920 486	173 007 938
Due to related parties	25	27 453 667	3 740 835
Provisions	22	18 008 714	17 308 714
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 236 327 995</b>	<b>1 079 733 673</b>
<b>TOTAL LIABILITIES</b>		<b>1 892 353 465</b>	<b>1 800 103 686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 917 115 523</b>	<b>2 853 057 707</b>

-- 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 six months ended June 30, 2021**

EGP	Notes	Three months ended		Six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Sales revenue	3	512 328 164	601 408 705	926 320 761	1 280 082 740
Cost of sales	4	(514 278 191)	(559 663 508)	(890 393 938)	(1 186 488 914)
<b>GROSS PROFIT</b>		<b>(1 950 027)</b>	<b>41 745 197</b>	<b>35 926 823</b>	<b>93 593 826</b>
General and administration expenses	5	(26 481 757)	(25 271 804)	(49 397 970)	(49 482 099)
Provisions	22	(350 000)	(350 000)	(700 000)	(700 000)
Interest income		74 120	286 145	147 434	851 508
Other income		23 232 838	379 499	26 623 698	567 578
Finance costs	6	(17 854 717)	(20 356 296)	(35 636 367)	(42 836 862)
Foreign currency exchange gain / (losses)		80 700	(16 070 736)	925 937	(1 552 416)
Capital gain		--	--	--	142 466
<b>(LOSS)/PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>(23 248 843)</b>	<b>(19 637 995)</b>	<b>(22 110 445)</b>	<b>584 001</b>
Income tax	8.1	6 559 428	(408 385)	1 026 524	(4 366 936)
<b>PROFIT FOR THE PERIOD AFTER TAX</b>		<b>(16 689 415)</b>	<b>(20 046 380)</b>	<b>(21 083 921)</b>	<b>(3 782 935)</b>
<b>Earnings per share (Basic and diluted)</b>					
Basic and diluted (EGP / Share)	9	(0.05)	(0.06)	(0.07)	(0.02)

– 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 six months ended June 30, 2021**

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(LOSS) / PROFIT FOR THE PERIOD, NET OF INCOME TAX	(16 689 415)	(20 046 380)	(21 083 921)	(3 782 935)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		--		--
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(16 689 415)</b>	<b>(20 046 380)</b>	<b>(21 083 921)</b>	<b>(3 782 935)</b>

– 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 six months ended June 30, 2021**

<b>EGP</b>	<b>Issued and Paid-up capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at January 1, 2020</b>	<b>757 479 400</b>	<b>254 730 209</b>	<b>164 024 227</b>	<b>1 176 233 836</b>
Transfer to Legal reserve	--	3 009 945	(3 009 945)	--
Dividends	--	--	(7 066 424)	(7 066 424)
Total comprehensive income, net of income tax	--	--	(3 782 935)	(3 782 935)
<b>Balance at June 30, 2020</b>	<b>757 479 400</b>	<b>257 740 154</b>	<b>150 164 923</b>	<b>1 165 384 477</b>
<b>Balance at January 1, 2021</b>	<b>757 479 400</b>	<b>257 740 154</b>	<b>37 734 467</b>	<b>1 052 954 021</b>
Dividends	--	--	(7 108 042)	(7 108 042)
Total comprehensive income, net of income tax	--	--	(21 083 921)	(21 083 921)
<b>Balance at June 30, 2021</b>	<b>757 479 400</b>	<b>257 740 154</b>	<b>9 542 504</b>	<b>1 024 762 058</b>

– 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 six months ended June 30, 2021

EGP	Notes	June 30, 2021	June 30, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / Profit for the period		(22 110 445)	584 001
Adjusted by:			
Finance costs recognized in profit or loss	6	35 636 367	42 836 862
Interest income		(147 434)	(851 508)
Capital gain		--	(142 466)
Depreciation of property, plant and equipment	10	101 562 611	102 482 712
Amortization of intangible assets	12	19 347 784	21 135 056
Amortization of right of use assets		--	13 321
Foreign currency exchange (gain) / loss.		(847 826)	1 478 262
Provisions formed	22	700 000	700 000
(Increase) in inventories		(85 609 157)	(70 733 223)
(Increase) in debtors and other debit balances		(32 221 473)	(19 891 306)
Decrease (increase) in due from related parties		4 155 589	(4 351 618)
(Increase) in trade receivables		(31 479 793)	(35 836 256)
Increase / (decrease) in trade payables		144 056 400	(134 324 022)
Increase / (decrease) in due to related parties		23 712 832	(922 946)
Increase / (decrease) in creditors and other credit balances		195 077	(18 011 101)
<b>Cash generated by operations</b>		<b>156 950 532</b>	<b>(115 834 232)</b>
Interest paid		(35 918 896)	(52 888 659)
<b>Net cash generated by (used in) operating activities</b>		<b>121 031 636</b>	<b>(168 722 891)</b>

Arabian Cement Company S.A.E.  
Condensed Separate statement cash flows  
For the six months ended June 30, 2021

EGP	Notes	June 30, 2021	June 30, 2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	10	(494 213)	(1 152 601)
Proceeds from selling property, plant and equipment		--	191 600
Payments for assets under construction	11	--	(2 785 622)
Interest income		147 434	851 508
<b>Cash (used in) investing activities</b>		<b>(346 779)</b>	<b>(2 895 115)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
			238 366 103
Repayment of loans		(44 482 610)	(45 178 262)
(Payments) / proceeds of credit facilities		(29 005 791)	238 366 103
(Payments) from other liabilities		(769 250)	(6 923 250)
Payments of finance lease liability		--	(8 540)
Dividends distribution	16	(7 108 042)	(7 066 424)
<b>Cash generated by (used in) financing activities</b>		<b>(81 365 693)</b>	<b>179 189 627</b>
Net increase in cash and cash equivalents		39 319 164	7 571 621
Cash and cash equivalents at the beginning of the period		51 720 149	86 186 000
<b>Cash and cash equivalents at the end of the period</b>		<b>91 039 313</b>	<b>93 757 621</b>

– 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 interim financial statements**  
**Together with limited review Report**  
**For the Six months ended June 30, 2021**

**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 August 10, 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.

**3. Sales revenue**

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Local sales	397 490 105	541 199 947	759 508 114	1 118 690 796
Export sales	83 897 491	31 316 405	117 846 256	96 591 683
Services	30 940 568	28 892 353	48 966 391	64 800 261
<b>TOTAL</b>	<b>512 328 164</b>	<b>601 408 705</b>	<b>926 320 761</b>	<b>1 280 082 740</b>

**Arabian Cement Company S.A.E**  
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**4. Cost of sales**

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Raw material	402 375 512	456 572 895	683 217 641	972 636 937
Manufacturing depreciation	50 491 307	50 399 743	100 444 887	100 850 063
Electricity supply agreement amortization	9 727 339	9 700 761	19 347 784	21 135 056
Right of use amortization	--	--	--	13 321
Transportation cost	25 213 875	17 283 254	34 307 033	40 383 008
Overhead cost	26 470 158	25 706 855	53 076 593	51 470 529
<b>TOTAL</b>	<b>514 278 191</b>	<b>559 663 508</b>	<b>890 393 938</b>	<b>1 186 488 914</b>

**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		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Professional services	11 534 132	10 152 909	21 713 859	17 964 720
Salaries and wages	6 881 746	7 827 714	13 678 796	16 724 113
Security and cleaning services	438 192	386 271	673 707	779 042
Rentals	436 813	479 658	901 624	958 491
Transportation	312 424	214 851	538 569	576 922
Advertising	111 473	135 001	925 188	915 875
Administrative depreciation	569 832	779 267	1 117 724	1 632 645
Other expenses	6 197 145	5 296 133	9 848 503	9 930 287
<b>TOTAL</b>	<b>26 481 757</b>	<b>25 271 804</b>	<b>49 397 970</b>	<b>49 482 095</b>

**6. Finance costs**

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Interest expense on loans	9 092 693	11 746 095	18 319 296	25 880 107
Electricity agreement interest expense	--	1 719 150	572 750	4 788 750
Credit facilities interest expense	8 216 742	6 891 051	15 689 464	12 168 005
Other finance cost	545 282	--	1 054 857	--
<b>TOTAL</b>	<b>17 854 717</b>	<b>20 356 296</b>	<b>35 636 367</b>	<b>42 836 862</b>

**7. Compensation of key management personnel \***

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Board of Directors allowance	2 037 288	1 984 959	4 079 358	4 638 751
Board of Directors salaries	2 452 320	2 569 952	4 910 360	6 150 224
<b>TOTAL</b>	<b>4 489 608</b>	<b>4 554 911</b>	<b>8 989 718</b>	<b>10 788 975</b>

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

**Arabian Cement Company S.A.E**  
**Condensed separate interim financial statements**  
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**8. Income taxes**

**8.1 Income tax recognised in profit or loss**

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>CURRENT TAX</b>				
Current tax expense for the current period	(2 419 202)	4 395 575	7 161 573	11 790 750
<b>DEFERRED TAX</b>				
Net deferred tax recognized in the current period	(4 140 226)	(3 987 190)	(8 188 097)	(7 423 814)
<b>TOTAL INCOME TAX (GAIN) / LOSS RECOGNIZED IN THE CURRENT PERIOD</b>	<b>(6 559 428)</b>	<b>408 385</b>	<b>(1 026 524)</b>	<b>4 366 936</b>

**8.2 Current tax liabilities**

EGP	June 30, 2021	December 31, 2020
Current tax expense (note 8.1)	7 161 573	--
<b>CURRENT TAX LIABILITIES</b>	<b>7 161 573</b>	<b>--</b>

**8.3 Deferred tax balances**

Deferred tax liabilities arise from the following:

June 30, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP		loss	
<b>(LIABILITIES)</b>			
<b>Temporary differences</b>			
Property, plant & equipment	(321 893 851)	8 188 097	(313 705 754)
<b>NET DEFERRED TAX LIABILITY</b>	<b>(321 893 851)</b>	<b>8 188 097</b>	<b>(313 705 754)</b>
December 31, 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP		loss	
<b>(LIABILITIES)</b>			
<b>Temporary differences</b>			
Property, plant & equipment	(337 073 457)	15 179 606	(321 893 851)
<b>NET DEFERRED TAX LIABILITY</b>	<b>(337 073 457)</b>	<b>15 179 606</b>	<b>(321 893 851)</b>

**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:

**Arabian Cement Company S.A.E**  
**Condensed separate interim financial statements**  
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**For the Six months ended June 30, 2021**

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>EARNINGS (for basic and diluted earnings per share)</b>				
(Loss) / Profit for the period	(16 689 415)	(20 046 380)	(21 083 921)	(3 782 935)
Employees' share in distributable profits (note 16)	(1 769 779)	(1 750 702)	(3 551 931)	(3 490 211)
<b>Distributable profit</b>	<b>(18 459 194)</b>	<b>(21 797 082)</b>	<b>(24 635 852)</b>	<b>(7 273 146)</b>
<b>NUMBER OF SHARES (for basic and diluted earnings per share)</b>				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
<b>(LOSS) PER SHARE</b>	<b>(0.05)</b>	<b>(0.06)</b>	<b>(0.07)</b>	<b>(0.02)</b>

**Arabian Cement Company S.A.E**  
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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
<b>COST</b>								
Balance at January 1, 2020	50 243 436	633 074 458	27 639 939	2 849 216 289	14 824 642	301 857 244	20 447 022	3 897 298 030
Additions	--	65 077	212 595	488 567	34 100	299 328	52 934	1 152 601
Disposals	--	--	(245 000)	--	--	--	--	(245 000)
Balance at June 30, 2020	50 243 436	633 139 535	27 607 534	2 849 704 856	14 858 742	302 156 572	20 494 956	3 898 205 631
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	--	--	56 623	--	71 450	216 000	150 140	494 213
Balance at June 30, 2021	50 243 436	633 139 535	27 748 407	2 849 783 583	15 069 515	302 387 628	20 926 424	3 899 298 528
<b>ACCUMULATED DEPRECIATION</b>								
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	--	14 191 968	1 868 661	76 487 419	838 124	8 302 015	794 525	102 482 712
Balance at June 30, 2020	--	249 555 514	13 617 702	1 202 073 265	7 308 763	128 133 711	19 167 594	1 619 856 549
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	--	14 147 425	1 794 496	76 281 028	744 264	8 221 938	373 460	101 562 611
Balance at June 30, 2021	--	278 050 236	17 270 886	1 355 687 480	8 887 684	144 673 774	20 217 889	1 824 787 949
<b>CARRYING AMOUNT</b>								
At June 30, 2021	50 243 436	355 089 299	10 477 521	1 494 096 103	6 181 831	157 713 854	708 535	2 074 510 579
At June 30, 2020	50 243 436	383 584 021	13 989 832	1 647 631 591	7 549 979	174 022 861	1 327 362	2 278 349 082
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.

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

**Arabian Cement Company S.A.E**  
**Condensed separate interim financial statements**  
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**For the Six months ended June 30, 2021**

**11. Projects under construction**

EGP	June 30, 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
<b>TOTAL</b>	<b>6 563 562</b>	<b>6 563 562</b>
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
<b>TOTAL</b>	<b>6 563 562</b>	<b>6 563 562</b>

**12. Intangible assets (Net)**

EGP	Operating license	Electricity contract	Total
<b>Cost</b>			
Cost as of January 1, 2021	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
<b>Cost as of June 30, 2021</b>	<b>563 204 713</b>	<b>225 200 000</b>	<b>788 404 713</b>
<b>Accumulated amortization</b>			
Accumulated amortization as of January 1, 2021	(315 623 852)	(218 731 275)	(534 355 127)
Amortization for the period	(13 962 414)	(5 385 370)	(19 347 784)
<b>Total accumulated amortization as of June 30, 2021</b>	<b>(329 586 266)</b>	<b>(224 116 645)</b>	<b>(553 702 911)</b>
<b>Net book value June 30,2021</b>	<b>233 618 447</b>	<b>1 083 355</b>	<b>234 701 802</b>
<b>Net book value December 31,2020</b>	<b>247 580 861</b>	<b>6 468 725</b>	<b>254 049 586</b>

**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	June 30, 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%
<b>TOTAL</b>			<b>47 476 057</b>	<b>47 476 057</b>		

**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	June 30, 2021	December 31, 2020
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
<b>TOTAL</b>			<b>125 000</b>	<b>125 000</b>

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**15. Inventories**

EGP	June 30, 2021	December 31, 2020
Raw materials	61 777 439	99 093 696
Packing materials	9 342 483	12 224 129
Spare parts	8 115 626	7 822 772
Work in progress	3 645 286	3 121 477
Finished goods	172 705 979	47 715 582
<b>TOTAL</b>	<b>255 586 813</b>	<b>169 977 656</b>

**16. Debtors and other debit balances**

EGP	June 30, 2021	December 31, 2020
Advance payments to suppliers	61 070 126	22 574 433
Withholding tax	9 849 712	7 130 884
Value added tax	—	6 994 687
Deposit held with others	79 316 179	78 811 267
Advance payments to employees *	3 551 931	7 108 042
Letters of guarantee – cash margin	35 810	191 043
Cash imprest	3 239 679	2 390 720
Other debit balances	1 379 548	1 020 436
Less: - Impairment in other debit balance	(1 607 808)	(1 607 808)
<b>TOTAL</b>	<b>156 835 177</b>	<b>124 613 704</b>

\* These amounts were paid to the employees during the period to be settled later through dividends when approved by the general assembly of the company's shareholders.

**17. Cash and bank balances**

EGP	June 30, 2021	December 31, 2020
Cash on hand	2 777 314	927 027
Current account – local currency	53 915 440	16 798 510
Current account – foreign currency	22 001 171	10 501 303
Bank deposits	12 345 388	23 493 309
<b>Total</b>	<b>91 039 313</b>	<b>51 720 149</b>

**18. Capital**

EGP	June 30, 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
<b>Issued capital</b>	<b>757 479 400</b>	<b>757 479 400</b>

**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.

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**20. Trade payables**

EGP	Current		Non-current	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Local trade payable	313 311 767	259 997 582		--
Foreign trade payable	274 529 071	181 838 866		--
Notes payable	2 733 763	3 794 873	10 134 933	11 021 813
<b>Total</b>	<b>590 574 601</b>	<b>445 631 321</b>	<b>10 134 933</b>	<b>11 021 813</b>

**21. Borrowings**

EGP	Current		Non-current	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
<b>First: Credit facilities</b>				
Credit facilities – CIB	311 104 608	340 110 399	--	--
<b>Total Facilities</b>	<b>311 104 608</b>	<b>340 110 399</b>	<b>--</b>	<b>--</b>
<b>Second: Bank loans</b>				
Bank loans - CIB	40 800 000	30 600 000	178 500 000	198 900 000
Bank loans - EBRD	68 304 346	68 565 216	153 684 783	188 554 349
<b>Total bank Loans</b>	<b>109 104 346</b>	<b>99 165 216</b>	<b>332 184 783</b>	<b>387 454 349</b>

**22. Provisions**

EGP	Provision for claims
Balance at January 1, 2021	17 308 714
Additional provisions recognized	700 000
<b>Balance at June 30, 2021</b>	<b>18 008 714</b>

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	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Electricity contract	--	769 250	--	--
<b>TOTAL</b>	<b>--</b>	<b>769 250</b>	<b>--</b>	<b>--</b>

**24. Creditors and other credit balances**

EGP	June 30, 2021	December 31, 2020
Advances from customers	69 142 500	57 765 886
Accrued expenses	7 408 343	10 099 030
Accrued development fees	27 796 704	12 423 454
Accrued customers rebates	32 268 409	64 339 746
Accrued taxes	15 543 164	6 936 356
Accrued interest	1 709 485	1 992 014
Deferred Revenue – Grant	13 912 951	14 272 322
Retention	5 138 930	5 179 130
<b>TOTAL</b>	<b>172 920 486</b>	<b>173 007 938</b>

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**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	
			June 30, 2021	June 30, 2020
Andalus Concrete Company	Subsidiary	Sales		8 271 772
ACC for Management and Trading Company	Subsidiary	Services	24 536 964	22 079 198
Evolve	Subsidiary	Purchases	3 872 539	8 017 888
Cementos La union	Parent	Services	--	109 248
Cementos La union	Parent	Down payment for purchases	21 625 650	--
Andalus Reliance for Mining Company	Joint Venture	Purchases	17 876 508	20 599 867

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

EGP	Due from related parties		Due to related parties	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2021
Andalus Concrete Company	13 124 692	13 187 492	--	--
Evolve Investment & Projects Management Company	3 850 397	5 338 890	--	--
ACC for Management and Trading Company	1 822 338	4 426 634	--	--
Cementos La Union –Spain Company	--	--	21 628 570	1 818 586
Andalus Reliance for Mining Company	--	--	5 825 097	1 922 249
<b>TOTAL</b>	<b>18 797 427</b>	<b>22 953 016</b>	<b>27 453 667</b>	<b>3 740 835</b>

- 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.

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**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 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.

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 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.

The Monetary Policy Committee (MPC) decided at its meeting on Thursday, September 24, 2020 to cut the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 50 basis points to 8.75 percent, 9.75 percent, and 9.25 percent, respectively. The discount rate was also cut by 50 basis points to 9.25 percent.

The Monetary Policy Committee (MPC) decided at its meeting on Monday, November 12, 2020 to cut the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 50 basis points to 8.25 percent, 9.25 percent, and 8.75 percent, respectively. The discount rate was also cut by 50 basis points to 8.75 percent.

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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.
- 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 Inventories
- Risk of fail to pay the installments due to bank, creditors and salaries in due date.
- Risk of any expected claims may result from any litigation

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

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

**Sergio Alcantarilla Rodriguez**

Chief Executive Officer

**Salvador Cabañas Lopez**

Chief Financial Officer