

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements Together with
limited review's report**

For the nine months ended September 30, 2021

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Limited Review Report
For the Condensed Consolidated Interim Financial Statements

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

Introduction

We have conducted our limited review for the accompanying condensed consolidated interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of September 30, 2021 and the related condensed consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Cairo, November 11, 2021



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

EGP	Notes	September 30, 2021	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 051 944 248	2 202 003 667
Assets under construction	11	6 563 562	7 800 244
Intangible assets	12	226 521 530	254 049 586
Right of use	27-1	322 290	1 047 456
Investments in a joint venture	13	2 549 646	2 454 486
TOTAL NON-CURRENT ASSETS		2 287 901 276	2 467 355 439
CURRENT ASSETS			
Inventories	14	291 491 762	176 470 491
Trade receivables	15	35 450 398	15 938 789
Debtors and other debit balances	16	153 466 976	136 384 081
Due from related parties	26	65 750 699	--
Cash and bank balances	17	106 081 601	67 032 927
TOTAL CURRENT ASSETS		652 241 436	395 826 288
TOTAL ASSETS		2 940 142 712	2 863 181 727

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

EGP	Notes	September 30, 2021	December 31, 2020
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	257 830 772	257 830 772
Accumulated Losses / Retained earnings		(11 777 326)	18 551 721
Equity attributable to owners of the Parent Company		1 003 532 846	1 033 861 893
Non-controlling interests	20	35 834	31 108
TOTAL EQUITY		1 003 568 680	1 033 893 001
NON-CURRENT LIABILITIES			
Borrowings	21	302 619 565	387 454 349
Deferred tax liabilities	8-3	310 372 167	323 765 007
Notes payables	22	8 429 599	11 021 813
TOTAL NON-CURRENT LIABILITIES		621 421 331	722 241 169
CURRENT LIABILITIES			
Trade payables	22	651 396 878	459 805 964
Credit facilities	21	332 544 486	340 110 399
Current income tax payable	8-2	13 174 428	438 220
Current portion of long-term borrowings	21	111 784 781	99 165 216
Current portion of long-term other liabilities	24	--	769 250
Creditors and other credit balances	25	175 641 886	180 575 890
Finance lease liability	27-2	467 809	915 298
Due to related parties	26	10 441 746	6 767 033
Provisions	23	19 700 687	18 500 287
TOTAL CURRENT LIABILITIES		1 315 152 701	1 107 047 557
TOTAL LIABILITIES		1 936 574 032	1 829 288 726
TOTAL EQUITY AND LIABILITIES		2 940 142 712	2 863 181 727

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of profit or loss
For the nine months ended September 30, 2021

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Sales revenue	3	677 918 341	601 094 745	1 642 784 214	1 925 004 196
Cost of sales	4	(639 226 119)	(631 599 101)	(1 582 731 038)	(1 873 487 076)
GROSS (LOSS) / PROFIT		38 692 222	(30 504 356)	60 053 176	51 517 120
General and administration expenses	5	(20 969 604)	(16 011 609)	(57 942 023)	(55 879 650)
Provisions	23	(390 664)	(392 000)	(1 200 400)	(1 176 000)
Interest income		124 725	218 047	435 285	1 223 988
Other income		115 357	4 953 606	26 739 055	5 521 184
Finance costs	6	(16 407 147)	(19 148 551)	(52 083 829)	(62 136 793)
Capital gain		--	32 159	--	231 116
Share of profit of a joint venture		38 582	135 000	95 160	277 466
Foreign currency exchange differences		(454 996)	13 104 294	468 887	11 551 878
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAX		748 475	(47 613 410)	(23 434 689)	(48 869 691)
Income tax	8-1	(681 240)	13 477 258	218 410	9 097 914
(LOSS) / PROFIT FOR THE PERIOD AFTER TAX		67 235	(34 136 152)	(23 216 279)	(39 771 777)
Attributable to:					
Owners of the Parent Company		65 370	(34 152 878)	(23 221 005)	(39 776 059)
Non-controlling interests	20	1 865	16 726	4 726	4 282
		67 235	(34 136 152)	(23 216 279)	(39 771 777)
Losses / Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	(0.01)	(0.10)	(0.08)	(0.12)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.
 Condensed consolidated statement of comprehensive income
 For the nine months ended September 30, 2021

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2021	September 30,2020	September 30, 2021	September 30, 2020
(LOSS) / PROFIT FOR THE PERIOD, NET OF INCOME TAX		67 235	(34 136 152)	(23 216 279)	(39 771 777)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		67 235	(34 136 152)	(23 216 279)	(39 771 777)
Total comprehensive income attributable to:					
Owners of the Parent Company		65 370	(34 152 878)	(23 221 005)	(39 776 055)
Non-controlling interests	20	1 865	16 726	4 726	4 28

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



Arabian Cement Company S.A.E.

Condensed consolidated statement of changes in equity

For the nine months ended September 30, 2020

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2020	757 749 400	254 820 827	151 416 266	1 163 716 493	30 980	1 163 747 473
Transferred to legal reserve	--	3 009 945	(3 009 945)	--	--	--
Dividends distributed	--	--	(7 066 422)	(7 066 422)	--	(7 066 422)
Total comprehensive income for the period after income tax	--	--	(39 776 059)	(39 776 059)	4 282	(39 771 777)
Balance at September 30, 2020	757 479 400	257 830 772	101 563 840	1 116 874 012	35 262	1 116 909 274
Balance at January 1, 2021	757 479 400	257 830 772	18 551 721	1 033 861 893	31 108	1 033 893 001
Dividends distributed	--	--	(7 108 042)	(7 108 042)	--	(7 108 042)
Total comprehensive income for the period after income tax	--	--	(23 221 005)	(23 221 005)	4 726	(23 216 279)
Balance at September 30, 2021	757 479 400	257 830 772	(11 777 326)	1 003 532 846	35 834	1 003 568 680

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer



Salvador Cabañas Lopez
Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows
For the nine months ended September 30, 2021

EGP	Notes	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before tax for the period		(23 434 689)	(48 869 691)
Adjusted by:			
Finance costs recognized in profit or loss	6	52 083 829	62 136 793
Interest income		(435 285)	(1 223 988)
Share of profit of a joint venture		(95 160)	(231 116)
Depreciation of property, plant and equipment	10	156 203 617	157 550 831
Capital gain		--	(277 466)
Amortization of intangible assets	12	27 528 056	30 942 420
Amortization of other assets		--	11 951
Amortization of Right of use	27-1	725 166	1 644 476
Foreign currency exchange (gain) differences		(391 304)	(2 956 522)
Provisions formed	23	1 200 400	1 176 000
(Increase) in inventories		(115 021 271)	(32 636 157)
(Increase) in debtors and other debit balances		(17 082 895)	(32 952 381)
(Increase) in trade receivables		(19 511 609)	(20 249 142)
(Increase) in due from related parties		(65 750 699)	--
(Decrease) / Increase in creditors and other credit balances		(4 499 362)	8 768 140
Increase / (Decrease) in trade payables		188 998 700	(214 731 687)
Increase / (Decrease) in due to related parties		3 674 713	(4 847 330)
Provisions used	23	--	(2 000 000)
Cash generated by operations		184 192 207	(98 744 869)
Interest paid		(52 518 473)	(72 188 589)
Income taxes paid		(438 220)	--
Net cashflows generated by (used in) operating activities		131 235 514	(170 933 458)

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows
For the nine months ended September 30, 2021

EGP	Notes	September 30, 2021	September 30, 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(4 907 516)	(2 228 476)
Payments for assets under construction		--	(2 825 094)
Proceeds from assets disposal		--	326 600
Interest income		435 285	1 223 988
Net cashflows (used in) investing activities		(4 472 231)	(3 502 982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(71 823 915)	(69 854 347)
(Paid to) / Proceeds from credit facilities		(7 565 913)	276 330 511
Payment for finance lease liability		(447 489)	(1 234 424)
Payment of dividends		(7 108 042)	(7 066 422)
Repayment of other liabilities		(769 250)	(9 231 000)
Net cashflows (used in) generated by financing activities		(87 714 609)	188 944 318
Increase in cash and cash equivalents		39 048 674	14 507 878
Cash and cash equivalents at the beginning of the period		67 032 927	101 331 254
Cash and cash equivalents at the end of the period	17	106 081 601	115 839 132

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the nine months ended September 30, 2021

1. The Company's general information

Arabian Cement Company S.A.E. (The Company or the Parent Company), a joint stock Company incorporated in Cairo, Egypt, is a public company whose shares are traded at the EGX Egyptian Exchange. The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt to be Villa 56 El Gihaz Street, Fifth Settlement, New Cairo, Egypt. The admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A), 5th floor.

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

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The Company's term is 25 years starting from the date of its registration at the Commercial Register.

The principal activities of the Company and its subsidiaries (the Group) are as follows:

- Arabian Cement Company: a cement producer with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.
- Andalus Concrete Company: a producer of concrete products and other constructions materials. The company owns 99.99% of the issued and paid up capital of Andalus Concrete Company.
- ACC Management and Trading Company: providing managerial restructuring services for companies, transportation of goods, projects management, general trading and preparation of feasibility studies. The Company owns 99% of the issued and paid up capital of ACC Management and Trading Company.
- Evolve for Investment and Project Management Principal Activities is Alternative Fuel - Construct and operate factories for recycling. The Company owns 99.99% of the issued and paid up capital of Evolve for Investment and Project Management.
- Egypt Green for environmental services, clean energy production and development: establishment and operate factory for recycle for the wastes of production and services activity. The Company owns 99.99% of the issued and paid up capital of Egypt Green.
- The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on November 11, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed consolidated interim financial statements do not include all the information required in the preparation of the full set annual consolidated financial statements and must be read in conjunction with the annual consolidated financial statements as of December 31, 2020.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the nine months ended September 30, 2021

2.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of a group entity to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Sales revenue

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

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Local sales	568 111 056	525 612 164	1 362 057 818	1 686 397 983
Export sales	78 941 272	47 115 624	196 787 528	143 707 306
Services	30 866 013	28 366 957	83 938 868	94 898 907
TOTAL	677 918 341	601 094 745	1 642 784 214	1 925 004 196

Arabian Cement Company S.A.E.

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4. Cost of sales

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

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Raw materials	474 966 391	519 433 889	1 172 570 276	1 503 527 656
Manufacturing depreciation	52 054 644	50 970 589	154 641 120	153 989 575
Intangible assets Amortization	8 180 272	9 819 314	27 528 056	30 954 371
Right of use Amortization	241 722	394 171	725 166	1 644 476
Transport costs	31 535 022	17 470 080	67 179 451	60 182 335
Overhead costs	72 248 068	33 511 058	160 086 969	123 188 663
TOTAL	639 226 119	631 599 101	1 582 731 038	1 873 487 076

5. General and administration expenses

The analysis of the Group's General and administration expenses for the period is as follows:

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Professional fees	3 390 199	2 175 105	11 456 658	8 208 400
Salaries and wages	7 187 235	3 242 069	21 250 915	20 145 348
Security and cleaning services	381 412	260 776	1 055 119	1 039 818
Rentals	638 978	482 598	1 815 524	1 441 089
Transportation	561 690	256 817	1 106 259	833 739
Advertising	76 930	5 675	1 002 253	921 550
Administrative Depreciation	411 517	1 873 628	1 562 497	3 561 256
Other expenses	8 321 643	7 714 941	18 692 798	19 728 450
TOTAL	20 969 604	16 011 609	57 942 023	55 879 650

6. Finance costs

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

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Loan interest expense	8 696 857	10 826 531	27 016 153	36 706 638
Electricity agreement interest expense	--	1 718 250	572 750	6 507 000
Finance lease interest	11 916	49 793	52 231	201 173
Interest expense on bank overdraft	7 617 192	6 553 977	23 306 656	18 721 982
Other finance costs	81 182	--	1 136 039	--
TOTAL	16 407 147	19 148 551	52 083 829	62 136 793

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the nine months ended September 30, 2021

7. Compensation of key management personnel*

An analysis of the Group's compensation of key management personnel for the period is as follows:

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Board of directors allowance	2 037 732	1 414 886	6 117 090	6 053 637
Board of directors salaries	2 452 840	1 296 176	7 363 200	7 446 400
TOTAL	4 490 572	2 711 062	13 480 290	13 500 037

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

8. Income taxes**8.1 Income tax expense recognised in profit or loss**

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
CURRENT TAX				
Current tax expense for the current period	5 908 124	(8 688 018)	13 174 430	3 102 732
DEFERRED TAX				
Net deferred tax recognized in the current period	(5 226 884)	(4 789 240)	(13 392 840)	(12 200 646)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD				
	681 240	(13 477 258)	(218 410)	(9 097 914)

8.2 Current tax liabilities

EGP	September 30, 2021	December 31, 2020
Current tax liabilities	13 174 430	438 220
CURRENT TAX LIABILITIES	13 174 430	438 220

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

September 30, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	323 765 007	(13 392 840)	310 372 167
NET DEFERRED TAX LIABILITY	323 765 007	(13 392 840)	310 372 167
31 December 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	338 826 864	(15 061 857)	323 765 007
NET DEFERRED TAX LIABILITY	338 826 864	(15 061 857)	323 765 007

Arabian Cement Company S.A.E.

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Together with limited review Report

For the nine months ended September 30, 2021

9. Earnings and Losses per share

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

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
LOSSES / EARNINGS (for basic and diluted earnings per share)				
(Losses) /profit for the period attributable to owners of the parent				
	65 370	(34 152 878)	(23 221 005)	(39 776 059)
Employees share in distributable profits	(1 729 084)	(1 799 264)	(5 281 015)	(5 289 475)
Distributable for the period	(1 663 714)	(35 952 142)	(28 502 020)	(45 065 534)
NUMBER OF SHARES (for basic and diluted earnings per share)				
Weighted average number of ordinary shares for the purposes of EPS				
	378 739 700	378 739 700	378 739 700	378 739 700
LOSSES / EARNINGS PER SHARE	(0.01)	(0.10)	(0.08)	(0.12)

Arabian Cement Company S.A.E.

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 2020	50 243 436	636 144 946	2 872 867 397	46 045 565	15 591 598	302 865 108	21 344 870	3 945 102 920
Additions	--	208 480	949 655	532 363	35 350	314 383	188 245	2 228 476
Transfer from PUC	--	--	--	--	--	--	--	--
Disposals	--	--	--	(669 000)	--	--	--	(669 000)
Balance at September 30, 2020	50 243 436	636 353 426	2 873 817 052	45 908 928	15 626 948	303 179 491	21 533 115	3 946 662 396
Balance at January 1, 2021	50 243 436	636 361 640	2 875 171 703	46 283 623	15 765 021	303 179 492	21 679 132	3 948 684 047
Additions	--	852 059	1 933 820	1 402 731	71 450	235 035	412 421	4 907 516
Transfer from PUC	--	--	1 236 682	--	--	--	--	1 236 682
Balance at September 30, 2021	50 243 436	637 213 699	2 878 342 205	47 686 354	15 836 471	303 414 527	22 091 553	3 954 828 245
Accumulated Depreciation								
Balance at January 1, 2020	--	(235 472 259)	(1 131 111 677)	(23 630 546)	(6 965 216)	(120 551 287)	(19 271 736)	(1 537 002 721)
Depreciation expense	--	(21 412 689)	(117 168 631)	(3 855 329)	(1 327 127)	(12 594 204)	(1 192 851)	(157 550 831)
Disposals	--	--	--	619 866	--	--	--	619 866
Balance at September 30, 2020	--	(256 884 948)	(1 248 280 308)	(26 866 009)	(8 292 343)	(133 145 491)	(20 464 587)	(1 693 933 686)
Balance at January 1, 2021	--	(264 074 326)	(1 287 635 013)	(28 141 018)	(8 727 368)	(137 353 393)	(20 749 262)	(1 746 680 380)
Depreciation expense	--	(21 381 790)	(117 074 093)	(3 727 802)	(1 144 969)	(12 449 420)	(425 543)	(156 203 617)
Balance at September 30, 2021	--	(285 456 116)	(1 404 709 106)	(31 868 820)	(9 872 337)	(149 802 813)	(21 174 805)	(1 902 883 997)
CARRYING AMOUNT								
At September 30, 2021	50 243 436	351 757 583	1 473 633 099	15 817 534	5 964 134	153 611 714	916 748	2 051 944 248
At September 30, 2020	50 243 436	379 468 478	1 625 536 744	19 042 919	7 334 605	170 034 000	1 068 528	2 252 728 710
At December 31, 2020	50 243 436	372 287 314	1 587 536 690	18 142 605	7 037 653	165 826 099	929 870	2 202 003 667

-Cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans was granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the Company's factory , Until the date of the financials, the Company did not finalize the mortgage amendment procedures to be in favor of the Commercial International Bank (CIB) (Security agent)

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

-The Company has insurance on cars and silos, in favor of the company.

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11. Assets under construction

EGP	September 30, 2021	December 31, 2020
Balance as of January 1	7 800 244	3 777 941
Additions	--	1 236 682
Transfer to fixed assets	(1 236 682)	--
Supplier advance payment for purchase fixed assets	--	2 785 621
Total	6 563 562	7 800 244
Projects under construction are represented in the following categories:		
Machinery and equipment	3 465 712	4 702 394
Other installations	137 000	137 000
Advance to suppliers	2 960 850	2 960 850
TOTAL	6 563 562	7 800 244

12. Intangible assets

EGP	Operating license	Electricity contract	Total
<u>Cost</u>			
Cost as of January 1 , 2021	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of September 30,2021	563 204 713	225 200 000	788 404 713
<u>Accumulated amortization</u>			
Accumulated amortization as of January 1, 2021	(315 623 852)	(218 731 275)	(534 355 127)
Amortization for the period	(21 059 330)	(6 468 725)	(27 528 055)
Total accumulated amortization as of September 30, 2021	(336 683 182)	(225 200 000)	(561 883 182)
Net book value September 30,2021	226 521 531	--	226 521 531
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 2 814 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

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

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

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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 a joint venture

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held by the Group	EGP	
			September 30, 2021	December 31, 2020
Andalus Reliance for mining Company	Egypt	50%	2 549 646	2 454 486
TOTAL			2 549 646	2 454 486

14. Inventories

EGP	September 30, 2021	December 31, 2020
Raw materials	45 323 177	102 376 435
Packing materials	10 869 330	12 224 129
Spare parts	12 859 779	8 976 605
Work in progress	2 220 876	3 121 477
Finished goods	220 218 600	49 771 845
TOTAL	291 491 762	176 470 491

15. Trade receivables

EGP	September 30, 2021	December 31, 2020
Trade receivables	37 963 118	18 451 509
Less:- Impairment in trade receivables	(2 512 720)	(2 512 720)
TOTAL	35 450 398	15 938 789

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16. Debtors and other debit balances

EGP	September 30, 2021	December 31, 2020
Advance to suppliers	42 053 131	22 969 996
Withholding tax	22 006 346	16 980 899
Deposit with others	79 316 179	78 811 267
VAT	--	6 994 687
Amounts paid to Employees to be settled through dividends	5 281 015	7 108 042
Letters of guarantee – cash margin	35 810	495 845
Cash imprest	4 299 314	4 147 678
Other debit balances	2 671 271	1 071 757
Less : Impairment in other debit balance	(2 196 090)	(2 196 090)
TOTAL	153 466 976	136 384 081

17. Cash and bank balances

EGP	September 30, 2021	December 31, 2020
Cash on hand	2 218 955	1 171 061
Current account – local currency	59 697 477	25 896 333
Current account – foreign currency	6 709 786	10 504 487
Bank deposits	37 455 383	29 461 046
Total	106 081 601	67 032 927

18. Capital

EGP	September 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
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. The applied percentage of legal reserve is as follow:

Description	%
Arabian Cement Company	10%
Andalus Concrete Company	10%
ACC for Management and Trading Company	5%

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20. Non-controlling interests

EGP	September 30,	December 31,
	2021	2020
Balance at beginning of period	31 108	30 980
Period Profit	4 726	128
Balance at end of period	35 834	31 108

21. Borrowings

EGP	Current		Non-current	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
First: Credit facilities				
Credit facilities – CIB	332 544 486	340 110 399	--	--
Total Facilities	332 544 486	340 110 399	--	--
Second: Bank loans				
Bank loans – CIB	43 350 000	30 600 000	165 750 000	198 900 000
Bank loans – EBRD	68 434 781	68 565 216	136 869 565	188 554 349
Total bank Loans	111 784 781	99 165 216	302 619 565	387 454 349

22. Trade payables

EGP	September 30,	December 31,	September 30,	December 31,
	2021	2020	2021	2020
Local trade payables	415 537 058	274 172 225	--	--
Foreign trade payables	232 356 571	181 838 866	--	--
Notes Payable	3 503 249	3 794 873	8 429 599	11 021 813
TOTAL	651 396 878	459 805 964	8 429 599	11 021 813

23. Provisions

EGP	Provision for claims
Balance at January 1, 2021	18 500 287
Formed during the period	1 200 400
Balance at September 30, 2021	19 700 687

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

24. Other liabilities

EGP	Current		Non-current	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Electricity contract	--	769 250	--	--
TOTAL	--	769 250	--	--

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25. Creditors and other credit balances

EGP	September 30, 2021	December 31, 2020
Advances from customers	68 444 130	58 040 048
Accrued development fees	13 946 912	12 423 454
Accrued customers rebates	41 504 326	64 339 746
Accrued expenses	10 331 147	11 278 446
Retention	5 138 930	5 179 130
Accrued interest	1 557 370	1 992 014
Accrued taxes	19 963 692	10 218 637
Deferred revenue – Grant	13 733 266	14 272 322
Other	1 022 113	2 832 093
TOTAL	175 641 886	180 575 890

26. Related party transactions

During the period, group entities entered into the following transactions with related parties:

EGP	Nature of relationship	Nature of transaction	Amount of transaction	
			September 30, 2021	September 30, 2020
Andalus Reliance for Mining Company	Joint Venture	Purchases	27 935 414	24 906 097
Cementous la Union	Parent Company	IT Services	--	1 975 593
Cementous la Union	Parent Company	Sales	109 647 988	--

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

EGP	Due from related parties		Due to related parties	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Cementos la Union – Spain Company	65 750 699	--	--	1 812 293
Andalus Reliance for Mining Company	--	--	10 441 746	4 954 740
Total	65 750 699	--	10 441 746	6 767 033

- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Cementos La Union – Spain Purchase clinker from Arabian Cement Company.

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27. Lease Contracts

27.1.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
Cost			
Cost as of January 1, 2021	2 632 718	16 900 557	19 533 275
Additions during period	--	--	--
Cost as of September 30, 2021	2 632 718	16 900 557	19 533 275
Less:- Accumulated amortization			
Accumulated amortization as of January 1, 2021	2 632 718	15 853 101	18 485 819
Amortization for the period	--	725 166	725 166
Total accumulated amortization as of September 30, 2021	2 632 718	16 578 267	19 210 985
Net book value September 30, 2021	--	322 290	322 290

27.2 Financial lease liability.

28.2.1 Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Finance lease liability	467 809	915 298	--	--
	467 809	915 298	--	--

* The finance lease interest cost charged during the period amounted to EGP 52 230 (refer to note6)

28. Significant Events during current period

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

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

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

On May 17, 2020, The Prime Minister indicated that the work will start 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

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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.

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