

Arabian Cement Company S.A.E.

Condensed separate interim financial statements

Together with limited review report

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

Scope of Review

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

Conclusion

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

Cairo, November 11, 2021


Kamel Magdy Saleh FCA, FESAA
RAA 8510
EFSA 69


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

EGP	Notes	September 30, 2021	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, Plant, and equipment (Net)	10	2 025 886 298	2 175 578 977
Assets under construction	11	6 563 562	6 563 562
Intangible assets (Net)	12	226 521 531	254 049 586
Investments in subsidiaries	13	47 476 057	47 476 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		2 306 572 448	2 483 793 182
CURRENT ASSETS			
Inventories	15	284 728 370	169 977 656
Debtors and other debit balances	16	139 351 599	124 613 704
Due from related parties	25	88 349 196	22 953 016
Cash and bank balances	17	94 507 599	51 720 149
TOTAL CURRENT ASSETS		606 936 764	369 264 525
TOTAL ASSETS		2 913 509 212	2 853 057 707

- Limited review report is attached

Arabian Cement Company S.A.E.
 Separate 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	257 740 154	257 740 154
Retained earnings		6 093 759	37 734 467
TOTAL EQUITY		1 021 313 313	1 052 954 021
NON-CURRENT LIABILITIES			
Borrowings	21	302 619 565	387 454 349
Deferred tax liabilities	8.3	308 449 767	321 893 851
Notes Payable	20	8 429 599	11 021 813
TOTAL NON-CURRENT LIABILITIES		619 498 931	720 370 013
CURRENT LIABILITIES			
Trade payables	20	619 603 403	445 631 321
Credit facilities	21	332 544 486	340 110 399
Current income tax payable	8.2	13 017 435	--
Current portion of long-term borrowings	21	111 784 781	99 165 216
Current portion of long-term other liabilities	23	--	769 250
Creditors and other credit balances	24	169 038 568	173 007 938
Due to related parties	25	8 350 917	3 740 835
Provisions	22	18 357 378	17 308 714
TOTAL CURRENT LIABILITIES		1 272 696 968	1 079 733 673
TOTAL LIABILITIES		1 892 195 899	1 800 103 686
TOTAL EQUITY AND LIABILITIES		2 913 509 212	2 853 057 707

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

Arabian Cement Company S.A.E.
 Separate 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	641 829 881	591 627 454	1 568 150 642	1 871 710 194
Cost of sales	4	(599 914 047)	(615 775 541)	(1 490 307 985)	(1 802 264 455)
GROSS (LOSS) / PROFIT		41 915 834	(24 148 087)	77 842 657	69 445 739
General and administration expenses	5	(27 720 912)	(22 702 290)	(77 118 882)	(72 184 389)
Provisions	22	(348 664)	(350 000)	(1 048 664)	(1 050 000)
Interest income		39 614	135 512	187 048	987 020
Other income		115 352	4 953 606	26 739 050	5 521 184
Finance costs	6	(16 395 231)	(19 098 758)	(52 031 598)	(61 935 620)
Foreign currency exchange differences		(454 863)	13 104 297	471 074	11 551 881
Capital gain		--	--	--	142 466
(LOSS) FOR THE PERIOD BEFORE TAX		(2 848 870)	(48 105 720)	(24 959 315)	(47 521 719)
Income tax	8.1	(599 875)	13 637 709	426 649	9 270 773
(LOSS) FOR THE PERIOD AFTER TAX		(3 448 745)	(34 468 011)	(24 532 666)	(38 250 946)
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 separate interim financial statements and to be read therewith.

Sergio Alcantarilla Rodriguez
 Chief Executive Officer



Salvador Cabañas Lopez
 Chief Financial Officer



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

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(LOSS) FOR THE PERIOD, NET OF INCOME TAX	(3 448 745)	(34 468 011)	(24 532 666)	(38 250 946)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(3 448 745)	(34 468 011)	(24 532 666)	(38 250 946)

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

Arabian Cement Company S.A.E.
 Separate statement of changes in equity
 For the nine months ended September 30, 2021

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2020	757 479 400	254 730 209	164 024 227	1 176 233 836
Transfer to legal reserve	--	3 009 945	(3 009 945)	--
Dividends distributed	--	--	(7 066 422)	(7 066 422)
Total other comprehensive income, net of income tax	--	--	(38 250 946)	(38 250 946)
Balance at September 30, 2020	757 479 400	257 740 154	115 696 914	1 130 916 468
Balance at January 1, 2021	757 479 400	257 740 154	37 734 467	1 052 954 021
Dividends distributed	--	--	(7 108 042)	(7 108 042)
Total other comprehensive income, net of income tax	--	--	(24 532 666)	(24 532 666)
Balance at September 30, 2021	757 479 400	257 740 154	6 093 759	1 021 313 313

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

Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

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

EGP	Notes	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
(Losses) for the period		(24 959 315)	(47 521 719)
Adjusted by:			
Finance costs recognized in profit or loss	6	52 031 598	61 935 620
Interest income		(187 048)	(987 020)
Depreciation of property, plant and equipment	10	152 894 699	154 216 230
Capital gain		--	(142 466)
Amortization of intangible assets	12	27 528 055	30 942 420
Amortization of Right-of-use assets		--	13 321
Foreign currency exchange (gain) differences		(391 304)	(2 956 522)
Provision formed	22	1 048 664	1 050 000
(Increase) in inventories		(114 750 714)	(32 996 539)
(Increase) in debtors and other debit balances		(14 737 895)	(31 852 424)
(Increase) in trade receivables		--	(26 550 426)
(Increase) in due from related parties		(65 396 180)	(4 028 374)
(Decrease) / Increase in creditors and other credit balances		(3 534 726)	13 427 296
Increase / (Decrease) in trade payables		171 379 868	(205 204 544)
Increase/(Decrease) in due to related parties		4 610 082	(5 500 660)
Provisions used		--	(2 000 000)
Cash generated by operations		185 535 784	(98 155 807)
Interest paid		(52 466 242)	(72 345 037)
Net cashflows generated by (used in) operating activities		133 069 542	(170 500 844)

Arabian Cement Company S.A.E.
 Separate cash flow statement
 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	(3 202 020)	(1 418 545)
Payments for assets under construction	11	--	(2 785 622)
Interest income		187 048	987 020
Proceeds from sale of fixed asset		--	191 600
Net cashflows (used in) investing activities		(3 014 972)	(3 025 547)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(71 823 915)	(69 854 347)
(Payments to) / Proceeds from credit facilities		(7 565 913)	276 330 511
Payments of Finance lease		--	(8 540)
Payment of dividends		(7 108 042)	(7 066 422)
Repayment of other liabilities		(769 250)	(9 231 000)
Net cashflows (used in) generated from financing activities		(87 267 120)	190 170 202
Net change in cash and cash equivalents		42 787 450	16 643 811
Cash and cash equivalents at the beginning of the period		51 720 149	86 186 000
Cash and cash equivalents at the end of the period	17	94 507 599	102 829 811

– 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 nine months ended September 30, 2021

1. The Company's general information

The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

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

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

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

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

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

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on November 11, 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 assets.

3. Sales revenue

The analysis of the Company'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	497 221 148	516 677 933	1 256 729 262	1 635 368 729
Export sales	78 941 272	47 115 623	196 787 528	143 707 306
Services	65 667 461	27 833 898	114 633 852	92 634 159
TOTAL	641 829 881	591 627 454	1 568 150 642	1 871 710 194

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4. Cost of sales

The analysis of the Company'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	459 737 773	517 276 929	1 142 955 414	1 489 913 866
Manufacturing depreciation	50 928 222	50 926 103	151 373 109	151 776 166
Electricity supply agreement amortization	8 180 271	9 807 364	27 528 055	30 942 420
Right-of-use assets – amortization	--	--	--	13 321
Transport costs	30 371 960	16 103 606	64 678 993	56 486 614
Overhead costs	50 695 821	21 661 539	103 772 414	73 132 068
TOTAL	599 914 047	615 775 541	1 490 307 985	1 802 264 455

5. General and administration expenses

The analysis of the Company'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 services	11 009 305	9 889 470	32 723 164	27 854 190
Salaries and wages	6 614 543	3 421 235	20 293 339	20 145 348
Security and cleaning services	380 542	260 776	1 054 249	1 039 818
Rentals	498 982	482 598	1 400 606	1 441 089
Transportation	561 690	256 817	1 100 259	833 739
Advertising	76 930	5 675	1 002 118	921 550
Administrative Depreciation	403 866	807 415	1 521 590	2 440 064
Other	8 175 054	7 578 304	18 023 557	17 508 591
TOTAL	27 720 912	22 702 290	77 118 882	72 184 389

6. Finance costs

The analysis of the Company'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
Credit facilities interest expense	7 617 192	6 553 977	23 306 656	18 721 982
Other finance costs	81 182	--	1 136 039	--
TOTAL	16 395 231	19 098 758	52 031 598	61 935 620

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7. Compensation of key management personnel *

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 in the General and administration expenses

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2019
CURRENT TAX				
Current tax expense for the current period	5 855 862	(8 839 112)	13 017 435	2 951 638
DEFERRED TAX				
Net deferred tax recognized in the current period	(5 255 987)	(4 798 597)	(13 444 084)	(12 222 411)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	599 875	(13 637 709)	(426 649)	(9 270 773)

8.2 Current tax liabilities

EGP	September 30, 2021	December 31, 2020
Current tax Liability (note 8.1)	13 017 435	--
CURRENT TAX LIABILITIES	13 017 435	--

8.3 Deferred tax liabilities

Deferred tax liabilities arise from the following:

September 30, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(321 893 851)	13 444 084	(308 449 767)
NET DEFERRED TAX LIABILITY	(321 893 851)	13 444 084	(308 449 767)
December 31, 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(337 073 457)	15 179 606	(321 893 851)
NET DEFERRED TAX LIABILITY	(337 073 457)	15 179 606	(321 893 851)

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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 (for basic and diluted earnings per share)				
(losses) for the period	(3 448 745)	(34 468 011)	(24 532 666)	(38 250 946)
Employees' share in distributable profits (note 16)	(1 729 084)	(1 799 264)	(5 281 015)	(5 289 475)
Distributable to	(5 177 829)	(36 267 275)	(29 813 681)	(43 540 421)
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)

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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, 2020	50 243 436	633 074 458	27 639 939	2 849 216 289	14 824 642	301 857 244	20 442 022	3 897 298 030
Additions	--	65 077	248 195	567 295	35 350	314 383	188 245	1 418 545
Disposals	--	--	(245 000)	--	--	--	--	(245 000)
Transfer from PUC	--	--	--	--	--	--	--	--
Balance at September 30, 2020	50 243 436	633 139 535	27 643 134	2 849 783 584	14 859 992	302 171 627	20 630 267	3 898 471 575
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	--	401 667	222 978	1 877 505	71 450	216 000	412 420	3 202 020
Balance at September 30, 2021	50 243 436	633 541 202	27 914 762	2 851 661 088	15 069 515	302 387 628	21 188 704	3 902 006 335
ACCUMULATED DEPRECIATION								
Balance at January 1, 2020	--	235 363 546	11 944 907	1 125 585 846	6 470 639	119 831 696	18 373 069	1 517 569 703
Depreciation expense	--	21 366 092	2 799 609	115 153 864	1 255 745	12 456 600	1 184 320	154 216 230
Disposals depreciation	--	--	(195 866)	--	--	--	--	(195 866)
Balance at September 30, 2020	--	256 729 638	14 548 650	1 240 739 710	7 726 384	132 288 296	19 557 389	1 671 590 067
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	--	21 327 679	2 625 837	115 055 921	1 099 663	12 363 672	421 927	152 894 699
Balance at September 30, 2021	--	285 230 490	18 102 227	1 394 462 373	9 243 083	148 815 508	20 266 356	1 876 120 037
CARRYING AMOUNT								
At September 30, 2021	50 243 436	348 310 712	9 812 535	1 457 198 715	5 826 432	153 572 120	922 438	2 025 886 298
At September 30, 2020	50 243 436	376 409 897	13 094 484	1 609 043 874	7 133 608	169 883 331	1 072 878	2 226 881 508
At 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

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

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11. Assets under construction

EGP	September 30, 2021	December 31, 2020
Balance as of January 1	6 563 562	3 777 941
Additions	--	--
Transfer to fixed assets	--	--
Transfer to supplier advance payment	--	2 785 621
TOTAL	6 563 562	6 563 562
Assets under construction are represented in the following categories:		
Machinery and equipment	3 465 713	3 465 713
Other installations	137 000	137 000
Advance to suppliers	2 960 849	2 960 849
TOTAL	6 563 562	6 563 562

12. Intangible assets (Net)

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

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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	
			September 30, 2021	December 31, 2020
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	September 30, 2021	December 31, 2020
Raw materials	41 669 963	99 093 696
Packing materials	10 869 330	12 224 129
Spare parts	9 782 535	7 822 772
Work in progress	2 220 876	3 121 477
Finished goods	220 185 666	47 715 582
TOTAL	284 728 370	169 977 656

16. Debtors and other debit balances

EGP	September 30, 2021	December 31, 2020
Advance to suppliers	40 386 630	22 574 433
Withholding tax	11 251 325	7 130 884
VAT	--	6 994 687
Deposit with others	79 316 179	78 811 267
Amounts paid to Employees to be settled through dividends	5 281 015	7 108 042
Letters of guarantee – cash margin	35 810	191 043
Cash imprest	3 069 388	2 390 720
Other debit balances	1 619 060	1 020 436
Less:- Impairment in Debtors and other debit balances	(1 607 808)	(1 607 808)
TOTAL	139 351 599	124 613 704

17. Cash and bank balances

EGP	September 30, 2021	December 31, 2020
Cash on hand	1 710 716	927 027
Current account – local currency	54 842 664	16 798 510
Current account – foreign currency	6 708 831	10 501 303
Bank deposits	31 245 388	23 493 309
Total	94 507 599	51 720 149

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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.

20. Trade payables

EGP	Current		Non-current	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Local trade payables	383 743 583	259 997 582	--	--
Foreign trade payables	232 356 571	181 838 866	--	--
Notes payables	3 503 249	3 794 873	8 429 599	11 021 813
TOTAL	619 603 403	445 631 321	8 429 599	11 021 813

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. Provisions

EGP	Provision for claims
Balance at January 1, 2021	17 308 714
Additional provisions recognized	1 048 664
Used during the period	--
Balance at September 30, 2021	18 357 378

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

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23. 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	--	--

24. Creditors and other credit balances

EGP	September 30, 2021	December 31, 2020
Advances from customers	67 491 246	57 765 886
Accrued expenses	9 739 276	10 099 030
Accrued development duties	13 946 912	12 423 454
Accrued customers rebates	41 504 325	64 339 746
Accrued taxes	15 927 242	6 936 356
Accrued interest	1 557 370	1 992 014
Deferred Revenue - Grant	13 733 266	14 272 322
Retention	5 138 931	5 179 130
TOTAL	169 038 568	173 007 938

25. Related party transactions

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

EGP	Relation type	Transaction nature	Volume of the transactions	
			September 30, 2021	September 30, 2020
Andalus Concrete Company	Subsidiary	Sales	--	9 489 275
ACC for Management and Trading Company	Subsidiary	Services	38 033 098	39 866 938
Evolve Investment & Projects Management Company	Subsidiary	Purchases	7 508 156	12 235 216
Andalus Reliance for Mining Company	Joint Venture	Purchases	27 935 414	24 906 097
Cementos La Union	Subsidiary	IT Services	--	1 975 593
Cementos La Union	Subsidiary	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
Andalus Concrete Company	13 090 022	13 187 492	--	--
Evolve Investment & Projects Management Company	4 115 069	5 338 890	--	--
ACC for Management and Trading Company	5 393 406	4 426 634	--	--
Cementos La Union	65 750 699	--	--	1 818 586
Andalus Reliance for Mining Company	--	--	8 350 917	1 922 249
TOTAL	88 349 196	22 953 016	8 350 917	3 740 835

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- 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.
- Cementos La Union – Spain Purchase clinker from Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Evolve Company renders alternative fuels to Arabian Cement Company.

26. 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 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.

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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

