Arabian Cement Company S.A.E.

Separate Financial Statements
Together with Auditor's Report
For the year ended December 31, 2020

Contents

Arabian Cement Company (separate financial statements)

Deloitte.

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Auditor's Report

To: The Shareholders of Arabian Cement Company
An Egyptian Joint Stock Company

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Arabian Cement Company an Egyptian Joint Stock Company, which comprise separate statement of financial position as of December 31, 2020, and separate statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

The separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

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Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Arabian Cement Company as of December 31, 2020, and the results of its separate operation and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these separate financial statements.

Emphasis of matters

As detailed in note No. (33) of the notes of the separate financial statements, which indicates that the company received claims from the tax authority – corporate tax on a deem basis for the years from 2011 to 2016 and the company submitted an appeal on these claims, a decision was issued to re-inspect the books based on actual basis, and it is not possible at the current time to determine the final results accurately.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which include all that is required by law and the statutes of the Company. The separate financial statements are in agreement thereto. The inventories were counted by management in accordance with methods in practice.

The financial information referred to in the board of directors report is prepared in compliance with the requirements of Companies Law No. 159 of 1981 and its Executive Regulations thereto and is in agreement with the books of accounts of the Company to the extent that such information are recorded therein.

Cairo, February 27, 2021

Kamel Magdy Saleh FCA
F.E.S.A.A. (R.A.A. 8510)
CMA Registration No. "69"

SALEH BARSOUM ABDEL AZIZ & CO AUDITORS

Arabian Cement Company S.A.E.

Separate statement of financial position

At 31 December 2020

EGP	Notes	31 December 2020	31 December 2019
Assets			
Non-Current Assets			
Property, plant and equipment	11	2 175 578 977	2 379 728 327
Assets under construction	12	6 563 562	3 777 941
Intangible assets (net)	13	254 049 586	294 799 369
Right of use	31	--	13 321
Investments in subsidiaries	14	47 476 057	47 476 057
Investments in a joint venture	15	125 000	125 000
Total Non-Current Assets		**2 483 793 182**	**2 725 920 015**
Current Assets			
Inventories	16	169 977 656	155 894 546
Debtors and other debit balances	17	124 613 704	104 108 840
Due from related parties	29	22 953 016	16 927 511
Cash and bank balances	18	51 720 149	86 186 000
Total Current Assets		**369 264 525**	**363 116 897**
Total Assets		**2 853 057 707**	**3 089 036 912**

Arabian Cement Company S.A.E.

Separate statement of financial position

At 31 December 2020

EGP	Notes	31 December 2020	31 December 2019
Equity			
Capital and Reserves			
Issued and paid-up capital	19	757 479 400	757 479 400
Legal reserve	20	257 740 154	254 730 209
Retained earnings	21	37 734 467	164 024 227
Total Equity		**1 052 954 021**	**1 176 233 836**
Non-Current Liabilities			
Borrowings	22	387 454 349	491 836 958
Deferred tax liabilities	9-3	321 893 851	337 073 457
Notes payables	23	11 021 813	--
Total Non-Current Liabilities		**720 370 013**	**828 910 415**
Current Liabilities			
Trade and notes payable	23	445 631 321	678 337 746
Credit facilities	22	340 110 399	62 035 301
Current income tax payable	9-2	--	13 123 908
Current portion of long-term borrowings	22	99 165 216	90 356 520
Current portion of long-term other liabilities	25	769 250	12 308 000
Lease liability	31	--	8 540
Creditors and other credit balances	27	173 007 938	207 808 755
Due to related parties	29	3 740 835	8 163 967
Provisions	24	17 308 714	11 749 924
Total Current Liabilities		**1 079 733 673**	**1 083 892 661**
Total Liabilities		**1 800 103 686**	**1 912 803 076**
Total Equity And Liabilities		**2 853 057 707**	**3 089 036 912**

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

Sergio Alcantarilla Rodriguez	**Salvador Lopez**
Chief Executive Officer	**Chief Financial Officer**

Arabian Cement Company S.A.E.

Separate statement of profit or loss

For the year ended 31 December 2020

EGP	Notes	31 December 2020	31 December 2019
Sales revenue	4	2 410 497 496	2 971 558 674
Cost of sales	5	(2 352 261 019)	(2 743 702 431)
Gross Profit		**58 236 477**	**227 856 243**
General and administration expenses	6	(122 278 650)	(125 122 902)
Provisions	24	(7 760 240)	(1 983 787)
Impairment in other debit balance		(247 842)	(1 359 966)
Interest income		1 221 818	3 725 468
Other income		7 842 517	4 306 606
Finance costs	7	(80 872 228)	(136 517 774)
Gain in foreign exchange		12 322 683	66 333 599
Gain on disposal of property, plant and equipment	11	142 466	15 398
(Loss) / Profit for the year before tax		**(131 392 999)**	**37 252 885**
Income tax expense	1-9	15 179 606	(7 153 435)
(Loss) / Profit for the year after tax		**(116 213 393)**	**30 099 450**
Earnings Per Share			
Basic	10	**(0.33)**	**0.06**

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Separate statement of comprehensive income

For the year ended 31 December 2020

EGP	Notes	31 December 2020	31 December 2019
Profit of the year after Taxes		**(116 213 393)**	**30 099 450**
Other comprehensive income, Net of tax			--
Items that will not be reclassified subsequently to Profit or Loss		--	--
Total other comprehensive income for the year Net of taxes		--	--
Total comprehensive income for the year	21	**(116 213 393)**	**30 099 450**
Earnings per share from the comprehensive income			
Basic	10	**(0.33)**	**0.06**

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

Sergio Alcantarilla Rodriguez	**Salvador Lopez**
Chief Executive Officer	**Chief Financial Officer**

Arabian Cement Company S.A.E.

Separate statement of changes in equity

For the year ended 31 December 2020

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2019	**757 479 400**	**231 365 975**	**342 541 752**	**1 331 387 127**
Profit for the year	--	--	30 099 450	**30 099 450**
Other comprehensive income	--	--	--	--
Total comprehensive income	--	--	30 099 450	**30 099 450**
Transfer to legal reserve	--	23 364 234	(23 364 234)	--
Dividends	--	--	(185 252 741)	**(185 252 741)**
Balance at 31 December 2019	**757 479 400**	**254 730 209**	**164 024 227**	**1 176 233 836**
Balance at 1 January 2020	**757 479 400**	**254 730 209**	**164 024 227**	**1 176 233 836**
Loss for the year	--	--	(116 213 393)	**(116 213 393)**
Other comprehensive income	--	--	--	--
Total comprehensive income	--	--	(116 213 393)	**(116 213 393)**
Transfer to legal reserve	--	3 009 945	(3 009 945)	--
Dividends (employees)	--	--	(7 066 422)	(7 066 422)
Balance at 31 December 2020	**757 479 400**	**257 740 154**	**37 734 467**	**1 052 954 021**

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Separate statement of cash flows

For the year ended 31 December 2020

EGP	Notes	31 December 2020	31 December 2019
Cash Flows from Operating Activities			
Net (loss) / Profit for the year before taxes		**(131 392 999)**	**37 252 885**
Adjustments for:			
Finance costs recognized in profit or loss	7	80 872 228	136 517 774
Interest income		(1 221 818)	(3 725 468)
(Gain) on disposal of property, plant and equipment	11	(142 466)	(15 398)
Depreciation of property, plant and equipment	11	205 851 501	205 892 637
Amortization of intangible assets	13	40 749 783	50 676 249
Amortization of right of use	31	13 321	690 201
(Profit) foreign exchange for borrowing		(5 217 391)	(36 967 391)
Provisions	24	7 760 240	1 983 787
Impairment of other debit balance	17	247 842	1 359 966
(Increase) / decrease in inventories		(14 083 110)	126 115 774
(Increase) in debtors and other debit balances		(36 662 235)	(5 288 099)
(Increase) / decrease in due from related parties		(6 025 505)	3 536 905
Decrease in trade receivables		--	69 297 253
(Decrease) / increase in trade and notes payable		(221 684 612)	101 540 125
(Decrease) / increase in due to related parties		(4 423 132)	808 045
(Decrease) in creditors and other credit balances		(24 209 241)	(2 177 207)
Provisions used	24	(2 201 450)	--
Cash (used in) generated by operations		**(111 769 044)**	**687 498 038**
Interest paid		(91 463 803)	(133 994 059)
Income taxes paid		--	--
Net cash (used in) generated by operating activities		**(203 232 847)**	**553 503 979**

Arabian Cement Company S.A.E.

Separate cash flow statement

For the year ended 31 December 2020

EGP	Notes	31 December 2020	31 December 2019
Cash Flows from Investing Activities			
Payments for property, plant and equipment	11	(1 751 285)	(33 300 384)
Proceeds from sale of property, plant and equipment	11	191 600	169 693
Payments for assets under construction	12	--	(3 170 031)
Interest income		1 221 818	3 725 468
Net cash (used in) investing activities		**(337 867)**	**(32 575 254)**
Cash Flows from Financing Activities			
Payment of loans		(90 356 522)	(77 731 488)
Payment of other liabilities		(11 538 750)	(124 681 184)
Proceeds / (Payment) of credit facilities		278 075 098	(211 639 285)
Payment for lease liability		(8 541)	(333 905)
Payment of dividends	26	(7 066 422)	(185 252 741)
Net cash generated by (used in) financing activities		**169 104 863**	**(599 638 603)**
Net (decrease) in cash and cash equivalents		(34 465 851)	(78 709 878)
Cash and cash equivalents at the beginning of the year		86 186 000	164 895 878
Cash and cash equivalents at the end of the year	18	**51 720 149**	**86 186 000**

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

1. 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.

2. Significant accounting policies

2.1 Statement of compliance

The separate financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) issued by the Minister of Investment No. 110 of 2015. Moreover, the Minister of Investment Decision No. 69 of 2019 has been issued to amend some provisions of the Egyptian Accounting Standards issued by the Minister of Investment Decision No. 110 of 2015, provided that these amendments apply to the financial periods beginning on January 1, 2020 except for EAS "49" refer to lease (2-19).

The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No.(26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards No. (1), (25), (26) and (40) are to be simultaneously applied.

	2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. - Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". - Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. - Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". - Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "		-These amendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) -"Revenue from Contracts with Customers"	1- The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	Standard No. (48) Applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.

The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,"Accounting rules and standards related to financial leasing", as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was revoked and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019

Due to the current situation of the outbreak of Corona virus and the necessary economic and financial implications associated with it, in addition to the implementation of prevention measures and facing its spread, imposing restrictions on the presence of human resources in companies at full capacity on a regular basis, the Financial Supervision Authority agreed to postpone the application of Egyptian accounting standards The new and accompanying amendments issued by Resolution No. 69 on the periodic financial statements that will be issued during the year 2020, provided that companies implement these standards and these amendments to the annual financial statements of these companies by the end of 2020. On September 23, 2020, the Financial Regulatory Authority announced the postponement of the application of three standards (47), (48) and (49) to the first of January 2021.

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.

The principal accounting policies are set out below.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.3.1 Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership not effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3.2 Rendering of services

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the statement of financial position date can be measured reliably
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

2.3.3 Dividend and interest income

Dividend income from investments other than in joint ventures is recognised when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on original recognition.

2.3.4 Cost of sales

Cost of sales comprises costs related directly to the sale of goods or rendering of services.

2.4 Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.5 Foreign currencies

The financial statements are presented in Egyptian Pound (EGP), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

The exchange rates for the major foreign currencies against EGP relevant to the annual financial statements were:

Currency table	2020		2019	
	Average	Year end	Average	Year end
1 USD US Dollar	15.86	15.77	16.79	16.09
1 EUR Euro	18.21	19.26	18.89	18.08

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The amount of borrowing costs that an entity capitalises during the period shall not exceed the amount of borrowing costs it incurred during that period, provided that the carrying amount of the qualifying asset on which eligible borrowing costs have been capitalized does not exceed its recoverable amount (being the higher of fair value less costs to sell or amount in use for that asset).

2.7 Employee benefits

2.7.1 Profit sharing

The company pays 10% of the cash profits which are allocated for distribution, at maximum of the employees' basic salaries. Employees' profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the company's shareholders. No liability is recognized for profit sharing relating to undistributed profits.

2.7.2 Pension obligations (Social insurance)

For defined contribution plans, the company pays contributions to the General Social Insurance Authority under Law No. 79 of 1975 and its amendments - plans on a mandatory basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions constitute net periodic costs for the period during which they are due and as such are included in staff costs.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8.3 Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Investments in subsidiaries

Investments in subsidiaries are investments in companies in which the company has control. The investor controls the investee when he is exposed or is entitled to variable returns through his contribution to the investee and is able to influence those returns through his authority over the investee.

Investments in subsidiaries are accounted for at cost inclusive of transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of profits or losses for each investment separately.

2.10 Investments in joint ventures

A joint venture is joint arrangement whereby the parties that they have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arraignment, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investments in joint ventures are accounted for at the application of the equity method, and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of profits or losses for each investment separately.

2.11 Property, plant and equipment

Buildings, plant and equipment, furniture and fixtures held for use in the production, supply of goods or services or for administrative purposes are stated in the separate statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, administrative purposes or for a currently undetermined future use are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the entity's accounting policy as described in note 2.6 Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation of buildings, plant and equipment as well as furniture and fixtures commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	10 – 20 years
Plant and equipment	20 years
Furniture and fixtures	16 years
Vehicles	5 – 7 years
Other installations	20 years
Computer and software	3 – 5 years

2.12 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives.

The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimating being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2.13 Impairment of tangible and intangible assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs, including an appropriate portion of fixed and variable production overheads as well as other costs incurred in bringing the inventories to their present location and condition, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a moving average basis.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The net realizable value of an item of inventory may fall below its cost for many reasons including, damage, obsolescence, slow moving items, a decline in selling prices, or an increase in the estimate of costs to complete and costs necessary to make the sale. In such cases, the cost of that item is written-down to its net realizable value and the difference is recognized immediately in profit or loss.

2.15 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.17 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.17.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets are subsequently measured at fair value.

2.17.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "investment income" line item.

2.17.3 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.17.4 De-recognition of financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.18 Financial liabilities and equity instruments

2.18.1 Classification as debt or equity

Debt and equity instruments issued by the entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.18.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

a) The instrument includes no contractual obligation:
   i. to deliver cash or another financial asset to another entity; or
   ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
   i. a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
   ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

A contract that will be settled by the entity receiving or delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument.

Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.18.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

A financial liability is classified as current liability when it satisfies any of the following criteria:

- It is expected to be settled in the entity's normal operating cycle
- It is held primarily for the purposes of trading;
- It is due to be settled within twelve months after the reporting period;
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other financial liabilities are classified as non-current.

2.18.4 De-recognition of financial liabilities

The entity derecognises financial liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.19 Lease Contracts

In accordance with Resolution No. 69 of 2019 issued by the Minister of Investment in March 2019 regarding amending some provisions of the Egyptian Accounting Standards issued by the Minister of Investment No. 110 for the year 2015. These amendments included the addition of Standard No. 49 to replace the Egyptian Accounting Standard No. (20) Accounting of financial leasing operations, provided that it is applied to the financial periods beginning on or after January 1, 2020 and with the exception of the effective date, the date of the initial application is the beginning of the annual reporting period in which the finance lease law No. 95 of 1995 and its amendments was cancelled and in light of Standard No. 49 as at The beginning of the lease recognize the "right of use" and the lease liability.

Initial measurement of the right-of-use asset

At the commencement date, a lessee shall measure the right-of-use asset at cost, the cost of the right-of-use asset shall comprise:

(a) The amount of the initial measurement of the lease liability, at the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

(b) Any lease payments made at or before the commencement date, less any lease incentives received

(c) Any initial direct costs incurred by the lessee; and

(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent measurement of the right-of-use asset

After the commencement date, a lessee shall measure the right-of-use asset. Applying a cost model, a lessee shall measure the right-of-use asset at cost:

(a) Less any accumulated depreciation and any accumulated impairment Losses.

(b) Adjusted for any re-measurement of the lease liability.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by

(a) Increasing the carrying amount to reflect interest on the lease liability

(b) Reducing the carrying amount to reflect the lease payments made

(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

2.20 Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Government grants, including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them; and the grants will be received.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position through recognizes the grant as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the entity's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note (2.3) below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

3.1.1 Deferred income taxes

The measurement of deferred income tax assets and liabilities is based on the judgment of management. Deferred income tax assets are only capitalized if it is probable that they can be used. Whether or not they can be used depends on whether the deductible tax temporary difference can be offset against future taxable gains.

In order to assess the probability of their future use, estimates must be made of various factors including future taxable profits. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets and accounting for such a change, if any, is to be made on a prospective basis in the reporting periods affected by the change.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Useful lives of property, plant and equipment

The carrying value of the entity's property, plant and equipment at the end of the current reporting period is EGP 2 175 578 977 (31 December 2019: EGP 2 379 728 327) (note 11). Management's assessment of the useful life of property, plant and equipment is based on the expected use of the assets, the expected physical wear and tear on the assets, technological developments as well as past experience with comparable assets. A change in the useful life of any asset may have an effect on the amount of depreciation that is to be recognized in profit or loss for future periods.

3.2.2 Useful lives of intangible assets.

The carrying value of the entity's intangible assets at the end of the current reporting period is EGP 254 049 586 (31 December 2019: EGP 294 799 369), (note 13). Management's assessment of the useful life of property, plant and equipment is based on the expected use of the assets, the expected physical wear and tear on the assets, technological developments as well as past experience with comparable assets. A change in the useful life of any asset may have an effect on the amount of depreciation that is to be recognized in profit or loss for future periods.

3.2.3 Provisions

The carrying amount of provisions at the end of the current reporting period is EGP 17 308 714 (31 December 2019: EGP 11 749 924). This amount is based on estimates of future costs for legal cases and other claims in connection with the Company's operations (note 24). As the provisions cannot be determined exactly, the amount could change based on future developments. Changes in the amount of provisions due to change in management estimates are accounted for on a prospective basis and recognized in the period in which the change in estimates arises.

4. Sales revenue

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

EGP	2020	2019
Local sales	2 091 244 599	2 481 272 007
Export sales	199 251 333	342 865 036
Services	120 001 564	147 421 631
Total	**2 410 497 496**	**2 971 558 674**

5. Cost of sales

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

EGP	2020	2019
Raw material	1 934 133 169	2 287 378 577
Manufacturing depreciation	202 707 360	201 665 809
Amortization of Licenses - intangible assets	40 749 783	50 676 249
Amortization of right of use	13 321	690 201
Transportation cost	72 521 438	93 034 883
Overhead cost	102 135 948	110 256 712
Total	**2 352 261 019**	**2 743 702 431**

6. General and administration expenses

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

EGP	2020	2019
Professional services	39 193 388	39 564 070
Salaries and wages	26 928 189	42 034 290
Security and cleaning services	1 406 144	1 372 667
Rentals	1 941 272	2 445 633
Transportation cost	1 065 809	2 142 012
Advertising	956 550	1 904 690
Administrative depreciation	3 144 141	4 226 828
Other	47 643 157	31 432 712
Total	**122 278 650**	**125 122 902**

The other expenses of general and administrative expenses included an amount of 7 920 640 Egyptian pounds, which is the cost of consultations and training that were carried out through former board members of the company's board of directors and current shareholders.

Other expenses included an amount of EGP 15.8 million representing the net present value for cost of the settlement of gas consumption differences with City Gas, refer to note (23).

7. Finance costs

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

EGP	2020	2019
Loan interest expense	46 797 877	73 838 954
Operation license interest expense *	--	15 286 637
Electricity agreement interest expense	8 225 250	12 282 000
Finance lease	--	18 813
Other finance cost	--	6 531 854
Credit facilities interest expense	25 849 101	28 559 516
Total	**80 872 228**	**136 517 774**

8. Compensation of key management personnel *

EGP	2020	2019
Board of Directors allowance	9 902 880	16 502 613
Board of Directors salaries	8 096 565	15 186 228
Total	**17 999 445**	**31 88 841**

* Included in the Salaries and wages in the administrative expenses.

9. Income taxes

9.1 Income tax recognised in profit or loss

EGP	2020	2019
Current tax		
Current tax expense for the current year	--	13 123 908
Deferred tax		
Deferred tax recognized in the current year	(15 179 606)	(5 970 473)
Total income tax expense recognized in the current year	**(15 179 606)**	**7 153 435**

The following table provides reconciliation between income tax expense recognized for the year and the tax calculated by applying the applicable tax rates on accounting profit:

EGP	2020	2019
Profit before tax	(131 392 999)	37 252 885
Tax using applicable tax rate 22.5%	--	8 381 899
Add:		
Effect of reversal of accounting depreciation and amortization	246 601 284	257 259 086
Effect of expenses that are not deductible in determining taxable profit	12 846 160	16 535 026
Effect of provisions formed that are not deductible in determining taxable profit	7 760 240	3 343 753
Changing in accounting policies	--	361 078
Effect of unrealized net foreign exchange losses that are not deductible in determining taxable profit	65 838 411	25 195 419
Less:		
Effect of tax depreciation and amortization that are deductible in determining taxable profit	(167 568 899)	(204 593 599)
Capital gain	(142 466)	(15 398)
Effect of realized net foreign exchange losses that are deductible in determining taxable profit	(42 402 129)	(63 866 042)
Effect of provisions used that are deductible in determining taxable profit	(2 201 450)	--
Carry forward tax losses	--	(13 143 728)
Taxable income	(10 661 848)	58 328 480
Income tax expense recognized in profit or loss	--	**13 123 908**

9.2 Current tax liabilities

EGP	2020	2019
Current tax liability (note 9.1)	--	13 123 908
Current tax liabilities	--	**13 123 908**

The average effective tax rate in 2020 is 0% against 35% in 2019.

9.3 Deferred tax balances

Deferred tax liabilities arise from the following:

2020 EGP	Opening balance	Recognized in profit or loss	Closing balance
(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)**

2019 EGP	Opening balance	Recognized in profit or loss	Closing balance
(Liabilities)			
Temporary differences			
Property, plant & equipment	(343 043 930)	5 970 473	(337 073 457)
Net deferred tax liability	**(343 043 930)**	**5 970 473**	**(337 073 457)**

10. 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 year. 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:

	2020	2019
Earnings (for basic and diluted earnings per share)		
(Loss) / profit for the year (EGP)	(116 213 393)	30 099 450
Employees' share in the dividends (note 17) (EGP)	(7 108 042)	(7 066 422)
Distributable net loss /profit for the year (EGP)	**(123 321 435)**	**23 033 028**
Number of shares (for basic and diluted earnings per share)		
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700
Earnings per share from continuing operations – (EGP)	**(0.33)**	**0.06**

11. Property, Plant and Equipment

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
Cost								
Balance at 1 January 2019	**50 243 436**	**571 105 372**	**19 572 370**	**2 806 303 222**	**12 412 666**	**289 518 568**	**19 819 255**	**3 768 974 889**
Additions	--	4 106 398	8 410 932	9 216 422	711 945	10 231 920	622 767	33 300 384
Disposals	--	--	(343 363)	--	--	--	--	(343 363)
Transfer from assets under construction	--	57 862 688	--	33 696 645	1 700 031	2 106 756	--	95 366 120
Balance at 1 January 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	296 845	567 294	173 423	314 384	334 262	1 751 285
Disposals	--	--	(245 000)	--	--	--	--	(245 000)
Balance at 31 December 2020	**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**

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
Accumulated depreciation and impairment								
Balance at 1 January 2019	--	**205 985 423**	**8 424 749**	**973 394 662**	**4 977 556**	**103 444 420**	**15 639 324**	**1 311 866 134**
Eliminated on disposals of assets	--	--	(189 068)	--	--	--	--	**(189 068)**
Depreciation expense	--	29 378 123	3 709 226	152 191 184	1 493 083	16 387 276	2 733 745	**205 892 637**
Balance at 1 January 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 of assets	--	--	(195 866)	--	--	--	--	**(195 866)**
Depreciation expense	--	28 539 265	3 727 349	153 820 606	1 672 781	16 620 140	1 471 360	**205 851 501**
Balance at 31 December 2020	--	**263 902 811**	**15 476 390**	**1 279 406 452**	**8 143 420**	**136 451 836**	**19 844 429**	**1 723 225 338**
Carrying amount								
At 31 December 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**
At 31 December 2019	**50 243 436**	**397 710 912**	**15 695 032**	**1 723 630 443**	**8 354 003**	**182 025 548**	**2 068 953**	**2 379 728 327**

- On February 24, 2019 There is a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt , The management currently in the process of the procedures for change mortgage to be in favour of the Commercial International Bank (CIB) (Security agent)as disclosed in details in (note 22)
- 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 benefit on cars and silos.
- The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, note (6) in the amount of EGP 3 144 141. The depreciation expense for the remaining assets is included in the cost of sales of note (5) in the amount of EGP 202 707 360.
- The sales value of transportation exclusions reached EGP 191 600 and its net book value amounted to 49 134 EGP, which resulted in capital gains amounting to 142 466 EGP, which were included in the statement of profit or loss.

12. Assets under construction

EGP	2020	2019
Balance as of January 1	3 777 941	95 974 030
Additions	--	2 994 803
Transfer to fixed assets	--	(95 366 120)
Advance to suppliers for purchase fixed assets	2 785 621	175 228
Total	**6 563 562**	**3 777 941**

Project under construction are represented in the following categories:

EGP	2020	2019
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	175 228
Total	**6 563 562**	**3 777 941**

13. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1, 2019	563 204 713	225 200 000	788 404 713
Additions	--	--	--
Cost as of December 31, 2019	**563 204 713**	**225 200 000**	**788 404 713**
Accumulated amortization			
Accumulated amortization as of January 1, 2019	(259 311 354)	(183 617 741)	(442 929 095)
Amortization for the year	(28 156 249)	(22 520 000)	(50 676 249)
Total accumulated amortization as of December 31, 2019	**(287 467 603)**	**(206 137 741)**	**(493 605 344)**
Cost			
Cost as of January 1, 2020	**563 204 713**	**225 200 000**	**788 404 713**
Additions	--	--	--
Cost as of December 31, 2020	**563 204 713**	**225 200 000**	**788 404 713**
Accumulated amortization			
Accumulated amortization as of January 1, 2020	**(287 467 603)**	**(206 137 741)**	**(493 605 344)**
Amortization for the year	(28 156 249)	(12 593 534)	(40 749 783)
Total accumulated amortization as of December 31, 2020	**(315 623 852)**	**(218 731 275)**	**(534 355 127)**
Net book value December 31,2020	**247 580 861**	**6 468 725**	**254 049 586**
Net book value December 31,2019	**275 737 110**	**19 062 259**	**294 799 369**

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

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

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

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

14. Investments is subsidiaries

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

Company name	Domicile	Share/ Paid - in capital	2020 EGP	2019 EGP	Principal activities	Proportion of ownership interest and voting power held by the Company
1- Andalus Concrete Company	Egypt	99.99%	30 926 807	30 926 807	Concert products, mainly ready mix	99.99%
2- Evolve Investment & Projects Management Company	Egypt	99.99%	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
3- ACC for Management and Trading Company	Egypt	99.99%	49 500	49 500	Providing managerial services	99.99%
Total			**47 476 057**	**47 476 057**		

15. Investments in joint venture

Name of joint venture EGP	Place of incorporation	Proportion of ownership interest and voting power held by the company	2020 EGP	2019 EGP
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
Total			**125 000**	**125 000**

16. Inventories

EGP	2020	2019
Raw materials	99 093 696	45 890 809
Packing materials	12 224 129	10 982 921
Spare parts	7 822 772	7 608 663
Work in progress	3 121 477	1 967 307
Finished goods	47 715 582	89 444 846
Total	**169 977 656**	**155 894 546**

17. Debtors and other debit balances

EGP	2020	2019
Advance to suppliers	22 574 433	21 294 071
Withholding tax	7 130 884	14 293 777
Value added tax	6 994 687	--
Deposit with others	78 811 267	61 444 003
Employees' dividends in advance	7 108 042	7 066 424
Letters of guarantee – cash margin	191 043	34 049
Cash imprest	2 390 720	1 336 482
Other debit balances	1 020 436	--
Less:- Impairment in debtors	(1 607 808)	(1 359 966)
Total	**124 613 704**	**104 108 840**

18. Cash and bank balances

EGP	2020	2019
Cash on hand	927 027	1 182 863
Current account – local currency	16 798 510	45 619 602
Current account – foreign currency	10 501 303	8 262 010
Bank deposits	23 493 309	31 121 525
Total	**51 720 149**	**86 186 000**

19. Authorized and Issued capital

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

20. Legal reserve

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

21. Retained earnings

EGP	2020	2019
Balance at beginning of year	**164 024 227**	**342 180 674**
Total comprehensive income for the year	(116 213 393)	30 099 450
Change in accounting policy	--	361 078
Transfer to legal reserve	(3 009 945)	(23 364 234)
Payment of dividends	(7 066 422)	(185 252 741)
Balance at end of year	**37 734 467**	**164 024 227**

22. Borrowings

	Current		Non-current	
EGP	2020	2019	2020	2019
First: Credit facilities				
Credit facilities - CIB	340 110 399	62 035 301	--	--
Total Facilities	**340 110 399**	**62 035 301**	--	--
Second: Bank loans				
Bank loans - CIB	30 600 000	20 400 000	198 900 000	229 500 000
Net Loans – CIB (A)	**30 600 000**	**20 400 000**	**198 900 000**	**229 500 000**
Bank loans - EBRD	68 565 216	69 956 520	188 554 349	262 336 958
Net Loans – EBRD (B)	**68 565 216**	**69 956 520**	**188 554 349**	**262 336 958**
Total Loans (A+B)	**99 165 216**	**90 356 520**	**387 454 349**	**491 836 958**

On December 3, 2018 two borrowing contracts have been signed with Commercial international Bank "CIB" (Egypt) S.A.E a joint stock company as the "Lending Bank" and "Security agent", and European Bank for Reconstruction and Development "EBRD" and according to these contracts the lending banks have agreed to each enter into separate agreement with the company (borrower) to refinance part of the borrower loans from NBE.

In light of the above, the lending banks agreed to the following:

First: Commercial international bank (CIB) -Security agent

Bank has agreed to extend the borrower facility packages for EGP 705 Million comprising two tranches as follows:

1. Tranche (A) facility not exceeding EGP 225 Million with interest rate at CBE Overnight offer rate plus the margin of 2% .in the form of medium loan for the purpose of (1) refinancing EGP 230 Million existing medium-term loan provided by NBE granted to the borrower to finance the investment cost related to the second coal mill, a bucket elevator for line 1 and the bypass dust dosing system; and (2) refinancing EGP25 million of outstanding amounts owed to the NBE by the borrower under the Egyptian pollution abatement "EPAP".
2. Tranche (B) facility not exceeding EGP 450 million in the form of multipurpose renewable facility available in local and foreign currencies for the purpose of financing the company`s working investments needs and refinancing the company outstanding working capital facility at NBE

   Thus the company shall repay the Tranche (A) loan to the lender in (23) quarterly unequal instalments starts from 31 December 2019 and ends on 30 June 2025, and the Borrowing contract obligates the company with the following securities:

   - Conclude first-degree pledge on each of the facility accounts in favour of the lender for itself and the lending banks thereon by no later than five days from the contract date.
   - Conclude in favour of the lender, for itself and on behalf of the lending banks a first degree real-estate

mortgage on the land and the buildings and other real property of the borrower that are built thereon by no later than six months from the date of the issuance of the relevant power of attorney in favour of the lender and by no later than 30 September 2019.The borrower shall add any buildings to be added to the aforementioned mortgage. Moreover, until the date of the financial statements, the procedures for mortgage have not been completed for the bank.

- Conclude in favour of the lender, for itself and on behalf of the lending banks a first degree FDC mortgage over the tangible and intangible assets of the borrower including machinery and equipment, goodwill and industrial property rights related to the borrower's assets, no later than the date falling (1) month from the date of the insurance of the relevant power of attorney in favour of the lender and by no later than 30 April 2019.
- Issue irrevocable powers of attorney authorizing the Lender, for itself and on behalf of the lending banks, to conclude and register each of the Mortgages.
- Endorsement of the Borrower's all-risk insurance policy/policies in favour of the lender for itself and on behalf of the lenders in all assets in no more than (2) weeks from the date of this agreement, covering not less than 110% of the loans extended to the borrower by the lending banks.
- Not to distribute dividends unless the Borrower is in compliance with all financial covenants pre and post distribution and no occurrence of the event of default would be caused as a result of said distribution.
- The borrower undertakes that the financial leverage ratio shall not to exceed (2) in the financial year of 2019 and (1.5) thereafter throughout the remaining tenor of the facility.
- The Borrower undertakes that the debt service ratio "DSR" shall not to fall below (1.3) throughout the tenor of the facility. The company obtained prior to the date of the financial statements the approval of the lender to waive the fulfilment of that commitment for the fiscal year ending on December 31, 2020.
- The Borrower undertakes that the capital expenditures in excess of EGP 100m. annually to be financed through equity injections and/or subordinated shareholders subject to the Lender's notification and presenting a revised business plan. the aforementioned is subject to the Borrower's compliance with all financial covenant for the fiscal year and will not be breach of any financial covenants as a result of such capital expenditures.
- The Borrower undertakes that the Net financial Debt to EBITDA shall not exceed 2.5x. The company obtained prior to the date of the financial statements the approval of the lender to waive the fulfilment of that commitment for the fiscal year ending on December 31, 2020.
- The main shareholder undertakes an irrevocable and unconditional undertaking not to waive any portion of the controlling interest that is less than 50% plus (1) share without obtaining the bank's prior written consent.

Second: European Bank for Reconstruction and Development "EBRD"

As mentioned above, a financing contract was signed with the European Bank on 3 December 2018. Under this contract, the Bank agreed to lend the company a sum of not more than $ 25 million with interest calculated at the Six-month Libor plus a Margin 4.35% for the purpose of refinancing the current debtor's debt in US dollars, which was partially used for the following purposes:

A- As a facilitation of funding for Lack of investments related to energy efficiency.

B- Financing and renewing the current cement production plan.

Commitments to the Loan Contract other than the guarantees and undertakings referred to above include:

- The Borrower undertakes that the debt service ratio "DSR" shall not to fall below 1:3. The company obtained prior to the date of the financial statements the approval of the lender to waive the fulfilment of that commitment for the fiscal year ending on December 31, 2020.
- The Borrower undertakes that net bank debt shall not to fall below 2.5 times the net profit before revenue, taxes, depreciation and depreciation. The company obtained prior to the date of the financial statements the approval of the lender to waive the fulfilment of that commitment for the fiscal year ending on December 31, 2020.
- The Borrower undertakes that the net bank debt not to exceed the (1.3) times the equity.

According to the loan agreement with the European Bank, the Borrower has agreed to provide an additional grant of no more than 17% of the costs associated with the design, supply, installation and operation of the items to be financed and provided for in the contract or EUR 170,000 whichever is lower. During the month of January 2020, the company obtained a grant of 170,000 euros in accordance with the loan contract, equivalent to an amount of 3 074 212 Egyptian pounds. The grant has been treated according to the Egyptian accounting standard Number (12) by using revenue accounting for the grant as it recoded as deferred revenues on the other credit balances and to be recorded on the statement of profits or losses for the remaining useful life of the related asset. The part charged to the income statement during the year 2020 amounted to the amount of 301 764 Egyptian pounds, which was included in other revenues, and the rest of the amount of 2 772 448 Egyptian pounds was included in the other credit balances (note 27).

In accordance with the previous contract with the National Bank of Egypt (NBE) dated 30 June 2013, this contract included the fact that the Borrower has 20% of the amount of financing granted by the Bank after full-filament of several conditions which were fully met during 2018. Thus the grant which is with total amount of EGP 13.6 million has been treated according to the Egyptian accounting standard Number (12) by using revenue accounting for the grant as it recoded as deferred revenues on the other credit balances and to be recorded on the statement of profits or losses for the remaining useful life of the related asset (Alternative fuel line),and the amount recorded on the statement of profits or losses for 2020 is EGP 718 742 recorded as other income and the remaining amount of EGP 11 499 874 recorded in other credit balance refer to (note 27)

The previous mortgage in favour of the National Bank of Egypt (NBE) has been cancelled on company commercial register on February 24, 2019.

23. Trade and notes payable

	Current		Non-current	
EGP	2020	2019	2020	2019
Local trade payable	259 997 582	336 471 383	--	--
Foreign trade payable	181 838 866	341 866 363	--	--
Notes payable*	3 794 873	--	11 021 813	--
Total	**445 631 321**	**678 337 746**	**11 021 813**	**--**

* The value of the notes payable represents the value of the checks issued in favour of City Gas, which resulted from the settlement of the previous dispute with the company regarding the differences in gas consumption, and a settlement agreement was reached whereby the company charged 19 847 553 EGP, which was paid with notes payables until 2025 recognized at net present value, The undiscounted value of the notes payables obligation at the end of the year amounted to EGP 18 847 553, and these amount have been charged to other general and administrative expenses.

24. Provisions

EGP	Provision for claims
Balance at 1 January 2020	**11 749 924**
Additional provisions recognized	7 760 240
Used during the year	(2 201 450)
Balance at 31 December 2020	**17 308 714**

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

25. Other liabilities

	Current		Non-current	
EGP	2020	2019	2020	2019
Electricity contract	769 250	12 308 000	--	--
Total	**769 250**	**12 308 000**	--	--

26. Dividends payable

On June 10, 2020, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2019. The Ordinary General Assembly was approved by General Authority for Investment and Free Zones (GAFI) on September 1, 2020.

In respect of the current year ended December 31, 2020, the Board of Directors proposed a dividend to the shareholders at the Annual General Meeting according to the below table:

EGP	2020	2019
Net profit for the year	(116 213 393)	30 099 450
Retained earnings at beginning of the year	153 947 860	133 924 777
Distributable net profits	**37 734 467**	**164 024 227**
To be distributed as follows:		
Legal reserve	--	3 009 945
Profit attributable to employees – note (17)	7 108 042	7 066 422
Retained earnings at end of the year	**30 626 425**	**153 947 860**

27. Creditors and other credit balances

EGP	2020	2019
Advances from customers	57 765 886	45 676 860
Accrued expenses	10 099 030	7 945 034
Accrued development fees	12 423 454	18 111 127
Accrued customers rebates	64 339 746	63 136 807
Accrued taxes	6 936 356	42 934 058
Accrued interest	1 992 014	12 583 589
Deferred Revenue - Grant (note 22)	14 272 322	12 218 616
Retention	5 179 130	5 202 664
Total	**173 007 938**	**207 808 755**

28. Financial instruments

28.1 Capital risk management

The Company manages its capital to ensure that will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the entity consists of net debt (borrowings and other liabilities, offset by cash and bank balances (note 18) and equity of the Company (comprising issued capital, legal reserve and retained).

The Company is not subject to any externally imposed capital requirements.

Company is targeting to achieve gearing ratio range between 50% to 70% based on net debt to equity ratio.

The gearing ratio at 31 December 2020 of 74% (see below) decreased mainly due to increasing in debts as a result of proceeds from overdraft and decreasing in equity due to loss for the year.

The gearing ratio at the end of the reporting period was as follows:

EGP	2020	2019
Debt (i)	827 499 214	656 536 779
Cash and bank balances	(51 720 149)	(86 186 000)
Net debt	**775 779 065**	**570 350 779**
Equity (ii)	**1 052 954 021**	**1 176 233 836**
Net debt to equity ratio	**74%**	**48%**

(i) Debt is defined as long-and short-term borrowings and other liabilities, as detailed in (note 22 and 25).

(ii) Equity includes all capital, legal reserve and retained earnings of the Company (note 19, 20 and 21).

28.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.17 Financial instruments.

28.3 Categories of financial instruments

EGP	2020	2019
Financial assets (i)		
Cash and bank balances (note 18)	51 720 149	86 186 000
Other debit balances –deposits with others (note 17)	78 811 267	61 444 003
Financial liabilities (ii)		
Loans current and non-current (note 22)	486 619 565	582 193 478
Credit facilities (note 22)	340 110 399	62 035 301
Other liability (note 25)	769 250	12 308 000
Finance lease (note 31)	--	8 540
Trade payable (note 23)	456 653 134	678 337 746
Creditors and other credit balances (note 27)	12 091 044	20 528 623

(i) A total of EGP 239 million (2019: EGP 215 million) of other current assets does not meet the definition of a financial asset.

(ii) A total of EGP 504 million (2019: EGP 557 million) of other current and non-current liabilities does not meet the definition of a financial liability.

28.4 Financial risk management objectives

In the course of its business, the Company is exposed to a number of financial risks. This note presents the Company objectives, policies and processes for managing its financial risks and capital. These risks include market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks mainly through operational and finance activities.

28.5 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 28.6 below) and interest rates (see note 28.7 below).

28.6 Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The currencies, in which these transactions primarily are denominated, are U.S. Dollar (USD), and Euro (EUR).

The Company's main foreign exchange risk arises from purchases of raw materials in foreign currency and the USD loans used to finance the construction of the production facility (the Cement Plant) of the Company.

The following table shows the carrying amounts of borrowings (EBRD loan), at the end of the reporting period, in the major currencies in which they are issued.

Borrowings

EGP	2020	2019
USD	257 119 565	332 293 478
Total	**257 119 565**	**332 293 478**

At the end of the reporting period, the carrying amounts of the Company's major foreign currency denominated monetary assets (mainly receivables and cash at banks) and monetary liabilities (mainly foreign suppliers and due to related parties), at which the entity is exposed to currency rate risk, are as follows:

EGP	Liabilities		Assets	
	2020	2019	2020	2019
Currency-USD	438 958 431	674 159 842	31 122 727	8 048 188
Currency-EUR	--	--	10 918	103 717

28.6.1 Foreign currency sensitivity analysis

As discussed above, the Company is mainly exposed to the U.S. Dollar (USD), and Euro (EUR) arising from purchases of raw materials in foreign currency and the USD loans used to finance the construction of the production facility (the Cement Plant) of the Company.

The following table details the entity's sensitivity to a 10% increase and decrease in EGP against the relevant foreign currencies. The (10%) is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes outstanding borrowings, cash at bank, trade receivables, other debit balances, due to related parties and foreign suppliers within the entity.

A positive number below indicates an increase in profit or equity where the EGP strengths 10% against the relevant currency. For a 10% weakening of the EGP against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

EGP	Currency USD Impact		Currency EUR Impact	
	2020	2019	2020	2019
Profit or loss	**40 783 570**	**66 611 165**	**1 092**	**10 372**

28.7 Interest rate risk management

The Company is exposed to interest rate risk because entities in the entity borrow funds at floating interest rates.

28.7.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year. A '100 basis point' (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the entity's profit for the year ended 31 December 2020 would decrease / increase by EGP 8 267 300 million (2019: decrease / increase by EGP 6 442 288 million). This is mainly attributable to the entity's exposure to interest rates on its variable rate borrowings.

28.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company credit risk arises from transactions with counterparties, mainly individual customers and corporations. The Company is dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure to credit risk is, to a great extent, influenced by the individual characteristics of each customer. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience, other publicly available financial information, its own trading records and other factors, where appropriate, as a means of mitigating the risk of financial loss from defaults. The entity's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables do not consist of a large number of customers. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral, if any.

28.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

28.10 Fair value measurement

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the separate financial statements approximate their fair values.

29. Related party transactions

A party (a company or individual) is related to an entity if:

a)Directly, or indirectly through one or more intermediaries, the party:

i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

ii. Has an interest in the entity that gives it significant influence over the entity; or

iii. Has joint control over the entity;

b) The party is an associate of the entity or a joint venture in which the entity is a venture (both defined in EAS 43 Investments in Associates and Joint Ventures);

c) The party is a member of the key management personnel of the entity or its parent;

d) The party is a close member family of any individual referred to in (a) or (b);

e) The party is an entity that is controlled, jointly controlled or significantly influenced by, or which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (a) or (b); or

f) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

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

EGP	Relation type	Transaction nature	Volume of the transactions 2020	2019
Andalus Concrete Company	Subsidiary	Sales	9 520 571	20 807 536
ACC for Management and Trading Company	Subsidiary	Services	53 029 344	48 610 751
Evolve Investment & Projects Management Company	Subsidiary	Purchases	12 623 702	11 165 287
Cementos La Union-Spain company	Subsidiary of the parent	Services	3 791 258	--
Andalus Reliance for Mining Company	Joint Venture	Purchases	30 543 712	42 029 275

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

EGP	Due from related parties 2020	2019	Due to related parties 2020	2019
Andalus Concrete Company	13 187 492	13 153 101	--	--
Evolve Investment & Projects Management Company	5 338 890	3 774 410	--	--
ACC for Management and Trading Company	4 426 634	--	--	378 020
Cementos La Union – Spain Company	--	--	1 818 586	24 550
Andalus Reliance for Mining Company	--	--	1 922 249	7 761 397
Total	**22 953 016**	**16 927 511**	**3 740 835**	**8 163 967**

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Evolve Investment & Projects Management Company supplied the raw materials for Arabian Cement Company.

30. Contingent liability

Contingent liabilities during the year amounted to USD 1.3 million, which is represented by the value of letters of guarantee issued by the Commercial International Bank.

31. Lease

31.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
Cost			
Cost as of January 1, 2020	**2 332 460**	**1 225 954**	**3 558 414**
Additions during period	--	--	--
Cost as of December 31, 2020	**2 332 460**	**1 225 954**	**3 558 414**
Less: - Accumulated amortization			
Accumulated amortization as of January 1, 2020	**2 319 139**	**1 225 954**	**3 545 039**
Amortization for the period	13 321	--	**13 321**
Total accumulated amortization as of December 31, 2020	**2 332 460**	**1 225 954**	**3 558 414**
Net book value December 31, 2020	--	--	--

31.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

	Current		Non-current	
EGP	2020	2019	2020	2019
lease liability	--	8 540	--	--
TOTAL	--	**8 540**	--	--

Undiscounted contractual obligations of finance leases

EGP	2020	2019
No longer than 1 year	--	8 540
TOTAL	--	**8 540**

32. Capital Commitments

No capital commitment for the year ended 31 December 2020.

33. Tax position

Below is a summary for the tax position of the company:

Corporate income tax

The Company was enjoying a tax exemption for a period of 5 years starting from the fiscal year following the start-up of the production of the Company's operation. This period was determined by the General Authority for Free Zones and Investments to start from April 22, 2008, consequently, the Company was exempted from corporate tax for the period from January 1, 2009 till December 31, 2013.

-The tax return for the year 2005 was approved by the tax authority.

The years for 2006 to 2008 was inspected. The tax differences have been transferred to the Committee of Dispute Resolution. The dispute was resolved in a compromise with the key taxpayer center.

The year for 2009 not requested for inspection.

The year for 2010 was inspected. And the Authority amended the net tax base from the company's tax return from EGP 15.6 million to EGP LE 160 million. The dispute has been diverted to Dispute Settlement Committee. The dispute was resolved by conciliation on the key taxpayer center, with some items referred for re-examination.
Regarding the years from 2011 and 2012, the company was notified of the form 19, on deemed basis, and an appeal was made. A decision was issued to re-examine the company's actual accounts by the tax authority, and the file was referred to the appeal committee by the tax authority.

Regarding the years from 2013 to 2016, the company was notified with a form 19, on deemed basis, and an appeal was made, and a decision was issued to re-examine the company's actual accounts by the tax authority.

The years from 2017 till 2019, the Company submits its tax return and paid due taxes on due date and no tax inspection performed on those years.

Sales tax and VAT

The sales tax was inspected and settled until December 2015.

The Company submits its sales tax / VAT returns for 2020 in their due dates.

Stamp tax

The Company's books were inspected, and taxes were assessed and settled until 2014.

The years for 2015/2019 have not been inspected yet.

Payroll tax

Payroll tax was inspected, and taxes were settled until 2014.

The years from 2015/2018 the documents and analysis for examination are under processing.

Real estate tax

The value of real estate tax claims until 2019 under the decision of the appeal committee was EGP 13 106 881. The company paid EGP 7 million down payment, noting that a request for conciliation was submitted to the dispute settlement committees.

Development fee

The Company pays the due development fee for the cement produced from local clinker only. The Company has received claims for the payment of development fee differences, represented as follows:

The development fee due and the delay penalties have been paid until 2016.

The company was claimed for the development fee difference for the year 2017 and 2018, at EGP 3 783 062, and the file was referred to the Appeal Committee.

The Company paid all development fees on cement produced from local clinker till December 2020.

Additional sales tax

The Company did not pay the additional sales tax on fixed assets amounting to EGP 11 487 312, and currently there is a dispute with the Minister of Finance. The company has been exempted from tax in accordance with the provisions of Article 1 of Law No. 173 of 2020 regarding overtaking the delay fee, according to a certificate of the tax position issued on November 26, 2020 from the Tax Authority.

Withholding Tax

- The company was inspected for the years 2013/2016 and the tax has been paid.

34. 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 work will start to gradually return in all sectors of the country as of mid-June with an emphasis on commitment by applying precautionary and preventive measures, and will announce this successively during the next stage

On June 20, 2020, a number of decisions were approved, including agreeing to cancel the partial prohibition of movement from Saturday, June 27, 2020, and agreeing to reopen restaurants, gyms, and cafes, but only 25% of its capacity is allowed, as well as closing all stores at nine in the evening, provided that restaurants and cafes continue until ten in the evening, with the continued closure of parks, gardens and public beaches, as it was agreed to continue the work of public transportation until midnight, in addition to opening places of worship as included in the decisions, to agree to open cultural facilities Cinemas and theaters, but with a rate of 25% of its absorptive capacity, and decisions also included that ministries, governorates, entities and bodies provide all their services to citizens, according to what the competent authority estimates in each entity, and taking into account commitment to all precautionary measures and health precautions, as well as the commitment of citizens to wear protective masks while they are By all means of mass transportation, whether public or private, while they are visiting all governmental or private establishments, banks or places of worship. International aviation has also resumed as of July 1, 2020

On September 21, 2020 a package of new decisions that will be implemented which include approval of holding funeral , agreed to allow the resumption of holding weddings in open areas, in hotels that have a health safety certificate, with a maximum of 300 people, and the same decision applies to meetings and conferences with an attendance rate of 50% and a maximum of 150 people, and approval of organizing cultural exhibitions is implemented in Open areas, with an attendance rate not exceeding 50%, with the application of the precautionary measures

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

- Management of the company decreased dependence on other countries through the purchase of coal-petcock from local market, accordingly no expectation for any disruption in business operations, even if the situation extends for 2-3 months.
- Other costs are decreasing such as electricity and petrol due to the current situation, which supports the enhancement of earnings before interest, taxes, depreciation, and amortization.
- The Company remains one of the main cement exporters in Egypt, who contributes in achieving returns in United States dollars.
- Management monitors the cash flows on a monthly basis and concluded that the expected cash flows will be positive during the coming months with no current cash flow issues, accordingly management decided to settle all bank installments on time without benefit from the initiative the Central Bank by postponing the installments for a period of six months.

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

- Risks of impairment in Property, Plant & Equipment
- Risks of inventory write down due to slow moving items in Inventory
- Risks of default in payment of liabilities due to banks, creditors and employees in their due date.
- Risks that may rise from any claims may resulting from any lawsuits

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

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

35. Approval of financial statements

The separate financial statements were approved by the directors and authorized for issue on February 27, 2021.

Sergio Alcantarilla Rodriguez	**Salvador Lopez**
Chief Executive Officer	Chief Financial Officer