

Arabian Cement Company S.A.E.

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

For the six months ended June 30, 2021

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Limited Review Report
For the Condensed Consolidated Interim Financial Statements

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

Introduction

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

Scope of Review

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

Conclusion

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

Cairo, August 10, 2021

Kamel Magdy Saleh FCA, FESAA

RAA 8510

EFSA 69



Arabian Cement Company S.A.E.

Condensed consolidated statement of financial position at June 30, 2021

EGP	Notes	June 30, 2021	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	2 101 124 459	2 202 003 667
Assets under construction	11	6 563 562	7 800 244
Intangible assets	12	234 701 802	254 049 586
Right of use	27.1	564 012	1 047 456
Investments in a joint venture	13	2 511 064	2 454 486
TOTAL NON-CURRENT ASSETS		2 345 464 899	2 467 355 439
CURRENT ASSETS			
Inventories	14	262 440 574	176 470 491
Trade receivables	15	53 270 278	15 938 789
Debtors and other debit balances	16	169 284 879	136 384 081
Cash and bank balances	17	99 150 481	67 032 927
TOTAL CURRENT ASSETS		584 146 212	395 826 288
TOTAL ASSETS		2 929 611 111	2 863 181 727

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

EGP	Notes	June 30, 2021	December 31, 2020
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	257 830 772	257 830 772
Retained (loss) / earnings		(11 842 696)	18 551 721
Equity attributable to owners of the Parent Company		1 003 467 476	1 033 861 893
Non-controlling interests	20	33 969	31 108
TOTAL EQUITY		1 003 501 445	1 033 893 001
NON-CURRENT LIABILITIES			
Borrowings	21	332 184 783	387 454 349
Deferred tax liabilities	8.3	315 599 051	323 765 007
Notes Payable	22	10 134 934	11 021 813
TOTAL NON-CURRENT LIABILITIES		657 918 768	722 241 169
CURRENT LIABILITIES			
Trade payables	22	612 647 406	459 805 964
Credit facilities	21	311 104 608	340 110 399
Current income tax payable	8-2	7 266 307	438 220
Current portion of long-term borrowings	21	109 104 346	99 165 216
Current portion of long-term other liabilities	24	—	769 250
Creditors and other credit balances	25	178 100 513	180 575 890
Finance leasing	2-27	597 119	915 298
Due to related parties	26	30 060 576	6 767 033
Provisions	23	19 310 023	18 500 287
TOTAL CURRENT LIABILITIES		1 268 190 898	1 107 047 557
TOTAL LIABILITIES		1 926 109 666	1 829 288 726
TOTAL EQUITY AND LIABILITIES		2 929 611 111	2 863 181 727

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of profit or loss for the six month ended June 30, 2021

EGP	Notes	Three months ended		Six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Sales revenue	3	532 424 058	621 104 957	964 865 873	1 323 909 451
Cost of sales	4	(541 194 491)	(586 099 250)	(943 504 919)	(1 241 887 975)
GROSS PROFIT		(8 770 433)	35 005 707	21 360 954	82 021 476
General and administration expenses	5	(19 888 407)	(20 445 328)	(36 972 419)	(39 868 041)
Provisions	23	(392 000)	(434 000)	(809 736)	(784 000)
Interest income		157 169	364 029	310 560	1 005 941
Other income		23 232 838	379 499	26 623 698	567 578
Finance costs	6	(17 872 207)	(20 423 789)	(35 676 682)	(42 988 242)
Capital Gain		--	--	--	142 466
Share of profit of a joint venture		46 326	101 177	56 578	198 957
Foreign currency exchange gain / (losses)		80 700	(16 070 736)	923 883	(1 552 416)
(LOSS) FOR THE PERIOD BEFORE TAX		(23 406 014)	(21 523 441)	(24 183 164)	(1 256 281)
Income tax	8.1	6 455 496	(20 411)	899 650	(4 379 344)
(LOSS) FOR THE PERIOD AFTER TAX		(16 950 518)	(21 543 852)	(23 283 514)	(5 635 625)
Loss attributable to:					
Owners of the Parent Company		(16 952 110)	(21 533 072)	(23 286 375)	(5 623 181)
Non-controlling interests	20	1 592	(10 780)	2 861	(12 444)
		(16 950 518)	(21 543 852)	(23 283 514)	(5 635 625)
Earnings per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	(0.05)	(0.06)	(0.07)	(0.02)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of comprehensive income for the six month ended June 30, 2021

EGP	Notes	Three months ended		Six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
LOSS FOR THE PERIOD, NET OF INCOME TAX		(16 950 518)	(21 543 852)	(23 283 514)	(5 635 625)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(16 950 518)	(21 543 852)	(23 283 514)	(5 635 625)
Total comprehensive income attributable to:					
Owners of the Parent Company		(16 952 110)	(21 533 072)	(23 286 375)	(5 623 181)
Non-controlling interests	20	1 592	(10 780)	2 861	(12 444)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of changes in equity for the six month ended June 30, 2021

EGP	Issued Capital	Legal reserve	Retained (loss) / earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
Balance at January 1, 2020	757 479 400	254 820 827	151 416 266	1 163 716 493	30 980	1 163 747 473
Transferred to legal reserve	--	3 009 945	(3 009 945)	--	--	--
Dividends distributed	--	--	(7 066 424)	(7 066 424)	--	(7 066 424)
Total comprehensive income for the period after income tax	--	--	(5 623 181)	(5 623 181)	(12 444)	(5 635 625)
Balance at June 30, 2020	757 479 400	257 830 772	135 716 716	1 151 026 888	18 536	1 151 045 424
Balance at January 1, 2021	757 479 400	257 830 772	18 551 721	1 033 861 893	31 108	1 033 893 001
Dividends distributed	--	--	(7 108 042)	(7 108 042)	--	(7 108 042)
Total comprehensive income for the period after income tax	--	--	(23 286 375)	(23 286 375)	2 861	(23 283 514)
Balance at June 30, 2021	757 479 400	257 830 772	(11 842 696)	1 003 467 476	33 969	1 003 501 445

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six month
Ended June 30, 2021

EGP	Notes	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		(24 183 164)	(1 256 281)
Adjusted by:			
Finance costs recognized in profit or loss	6	35 676 682	42 988 242
Interest income		(310 560)	(1 005 941)
Share of profit of a joint venture		(56 578)	(198 957)
Capital gain		--	(142 466)
Depreciation of property, plant and equipment	10	103 737 456	104 706 614
Amortization of intangible assets	12	19 347 784	21 135 056
Amortization of other assets		--	11 951
Amortization of right of use		483 444	1 250 305
Foreign currency exchange losses / (gain)		(847 826)	1 478 262
Provisions formed	23	809 736	784 000
(Increase) in inventories		(85 970 083)	(71 459 220)
(Increase) in debtors and other debit balances		(32 900 798)	(20 367 268)
(Increase) in trade receivables		(37 331 489)	(28 079 240)
(Decrease) in creditors and other credit balances		(2 192 849)	(22 125 478)
Increase / (decrease) in trade payables		151 954 563	(141 535 249)
Increase / (decrease) in due to related parties		23 293 545	(869 039)
Cash generated by operations		151 509 863	(114 684 709)
Interest paid		(35 959 211)	(53 040 039)
Income taxes paid		(438 220)	--
Net cash generated by (used in) operations		115 112 432	(167 724 748)

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six month
Ended June 30, 2021

EGP	Notes	June 30, 2021	June 30, 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(1 621 566)	(1 684 946)
Proceeds from selling property, plant and equipment		--	191 600
Payments for assets under construction		--	(2 785 622)
Interest income		310 560	1 005 941
Cash (used in) investing activities		(1 311 006)	(3 273 027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(44 482 610)	(45 178 262)
(Paid)/Proceeds from credit facilities		(29 005 791)	238 366 103
Repayment of finance lease		(318 179)	(1 066 600)
Payment of dividends		(7 108 042)	(7 066 424)
Repayment of other liabilities		(769 250)	(6 923 250)
Cash (used in) generated by financing activities		(81 683 872)	178 131 567
Increase in cash and cash equivalents		32 117 554	7 133 792
Cash and cash equivalents at the beginning of the period		67 032 927	101 331 254
Cash and cash equivalents at the end of the period	17	99 150 481	108 465 046

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30, 2021

1. The Company's general information

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

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

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

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

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

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

Arabian Cement Company: a cement producer with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.

Andalus Concrete Company: a producer of concrete products and other constructions materials. The company owns 99.99% of the issued and paid up capital of Andalus Concrete Company.

ACC Management and Trading Company: providing managerial restructuring services for companies, transportation of goods, projects management, general trading and preparation of feasibility studies. The Company owns 99% of the issued and paid up capital of ACC Management and Trading Company.

Evolve for Investment and Project Management Principal Activities is Alternative Fuel - Construct and operate factories for recycling. The Company owns 99.99% of the issued and paid up capital of Evolve for Investment and Project Management.

Egypt Green for environmental services, clean energy production and development: establishment and operate factory for recycle for the wastes of production and services activity. The Company owns 99.99% of the issued and paid up capital of Egypt Green.

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August 10, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed consolidated interim financial statements do not include all the information required in the preparation of the full set annual consolidated financial statements and must be read in conjunction with the annual consolidated financial statements as of December 31, 2019.

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30, 2021

2.2 Basis of preparation

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

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

The principal accounting policies are set out below.

2.3 Basis of consolidation

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

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

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

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

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

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

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

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

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

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30, 2021

3. Sales revenue

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Local sales	415 412 609	560 170 066	793 946 762	1 160 785 819
Export sales	83 897 491	31 316 404	117 846 256	96 591 682
Services	33 113 958	29 618 487	53 072 855	66 531 950
TOTAL	532 424 058	621 104 957	964 865 873	1 323 909 451

4. Cost of sales

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Raw materials	412 298 423	461 974 819	697 603 885	984 093 767
Manufacturing depreciation	51 572 735	51 451 377	102 586 476	103 018 986
Electricity supply agreement amortization	9 727 339	9 700 762	19 347 784	21 135 057
Amortization of right of use	241 722	346 818	483 444	1 250 305
Transportation cost	26 360 579	18 535 619	35 644 429	42 712 255
Overhead cost	40 993 693	44 089 855	87 838 901	89 677 605
TOTAL	541 194 491	586 099 250	943 504 919	1 241 887 975

5. General and administration expenses

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2020
Professional fees	4 226 745	4 201 559	8 066 459	6 033 295
Salaries and wages	7 266 630	8 006 880	14 063 680	16 903 279
Security and cleaning services	438 192	386 271	673 707	779 042
Rentals	711 735	479 658	1 176 546	958 491
Transportation	314 024	214 851	544 569	576 922
Advertising	111 473	135 000	925 323	915 875
Administration depreciation	588 570	832 504	1 150 980	1 687 628
Other expenses	6 231 038	6 188 605	10 371 155	12 013 509
TOTAL	19 888 407	20 445 328	36 972 419	39 868 041

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30, 2021

6. Finance costs

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Interest expense on loans	9 092 693	11 746 095	18 319 296	25 880 107
Electricity agreement interest expense	--	1 719 150	572 750	4 788 750
Finance lease	17 490	67 493	40 315	151 380
Bank overdraft interest expense	8 216 742	6 891 051	15 689 464	12 168 005
Other finance cost	545 282	--	1 054 857	--
TOTAL	17 872 207	20 423 789	35 676 682	42 988 242

7. Compensation of key management personnel

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

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

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
CURRENT TAX				
Current tax expense for the current period	(2 363 147)	4 395 575	7 266 306	11 790 750
DEFERRED TAX				
Net deferred tax recognized in the current period	(4 092 349)	(4 375 164)	(8 165 956)	(7 411 406)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	(6 455 496)	20 411	(899 650)	4 379 344

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review Report

For the six months ended June 30, 2021

8.2 Current tax liabilities

EGP	June 30, 2021	December 31, 2020
Current tax liabilities	7 266 306	438 220
CURRENT TAX LIABILITIES	7 266 306	438 220

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	323 765 007	(8 165 956)	315 599 051
NET DEFERRED TAX LIABILITY	323 765 007	(8 165 956)	315 599 051
December 31, 2020	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	338 826 864	(15 061 857)	323 765 007
NET DEFERRED TAX LIABILITY	338 826 864	(15 061 857)	323 765 007

9. Earnings per share

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

EGP	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
EARNINGS (for basic and diluted earnings per share)				
Loss for the period attributable to owners of the parent	(16 952 110)	(21 533 072)	(23 286 375)	(5 623 181)
Employees share in distributable profits	(1 769 779)	(1 750 702)	(3 551 931)	(3 490 211)
Distributable profit for the period	(18 721 889)	(23 283 774)	(26 838 306)	(9 113 392)
NUMBER OF SHARES (for basic and diluted earnings per share)				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
(LOSS) PER SHARE	(0.05)	(0.06)	(0.07)	(0.02)

Arabian Cement Company S.A.E.
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For the six months ended June 30, 2021

10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 2020	50 243 436	636 144 946	2 872 867 397	46 045 565	15 591 598	302 865 108	21 344 870	3 945 102 920
Additions	--	86 172	870 927	341 485	34 100	299 328	52 934	1 684 946
Disposals	--	--	--	(245 000)	--	--	--	(245 000)
Balance at June 30, 2020	50 243 436	636 231 118	2 873 738 324	46 142 050	15 625 698	303 164 436	21 397 804	3 946 542 866
Balance at January 1, 2021	50 243 436	636 361 640	2 875 171 703	46 283 623	15 765 021	303 179 492	21 679 132	3 948 684 047
Additions	--	430 253	17 000	736 723	71 450	216 000	150 140	1 621 566
Disposals	--	--	--	--	--	--	--	--
Transfer from PUC	--	--	1 236 682	--	--	--	--	1 236 682
Balance at June 30, 2021	50 243 436	636 791 893	2 876 425 385	47 020 346	15 836 471	303 395 492	21 829 272	3 951 542 295
Accumulated Depreciation								
Balance at January 1, 2020	--	235 472 259	1 131 111 677	23 630 546	6 965 216	120 551 287	19 271 736	1 537 002 721
Disposal Depreciation	--	--	--	(195 866)	--	--	--	(195 866)
Depreciation expense	--	14 222 647	77 828 610	2 574 312	886 711	8 393 417	800 917	104 706 614
Balance at June 30, 2020	--	249 694 906	1 208 940 287	26 008 992	7 851 927	128 944 704	20 072 653	1 641 513 469
Balance at January 1, 2021	--	264 074 326	1 287 635 013	28 141 018	8 727 368	137 353 393	20 749 262	1 746 680 380
Disposal Depreciation	--	--	--	--	--	--	--	--
Depreciation expense	--	14 183 059	77 619 126	2 505 482	774 424	8 278 808	376 556	103 737 456
Balance at June 30, 2021	--	278 257 385	1 365 254 139	30 646 500	9 501 792	145 632 201	21 125 818	1 850 417 836
CARRYING AMOUNT								
At June 30, 2021	50 243 436	358 534 508	1 511 171 246	16 373 846	6 334 679	157 763 291	703 454	2 101 124 459
At June 30, 2020	50 243 436	386 536 212	1 664 798 037	20 133 058	7 773 771	174 219 732	1 325 151	2 305 029 397
At December 31, 2020	50 243 436	372 287 314	1 587 536 690	18 142 605	7 037 653	165 826 099	929 870	2 202 003 667

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

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

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

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11. Assets under construction

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

12. Intangible assets

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

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 2 814 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

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

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

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:

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15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments in a joint venture

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

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held by the Group	EGP	
			June 30, 2021	December 31, 2020
Andalus Reliance for mining Company	Egypt	50%	2 511 064	2 454 486
TOTAL			2 511 064	2 454 486

14. Inventories

EGP	June 30, 2021	December 31, 2020
Raw materials	63 432 989	102 376 435
Packing materials	9 342 483	12 224 129
Spare parts	11 257 575	8 976 605
Work in progress	3 645 285	3 121 477
Finished goods	174 762 242	49 771 845
TOTAL	262 440 574	176 470 491

15. Trade receivables

EGP	June 30, 2021	December 31, 2020
Trade receivables	55 782 998	18 451 509
Less:- Impairment in trade receivables	(2 512 720)	(2 512 720)
TOTAL	53 270 278	15 938 789

16. Debtors and other debit balances

EGP	June 30, 2021	December 31, 2020
Advance to suppliers	61 692 819	22 969 996
Withholding tax	20 287 650	16 980 899
Deposit with others	79 316 179	78 811 267
Value added tax	--	6 994 687
Employees dividends in advance *	3 551 931	7 108 042
Letters of guarantee – cash margin	340 612	495 845
Cash imprest	4 389 969	4 147 678
Other debit balances	1 901 809	1 071 757
Less: Impairment in other debit balance	(2 196 090)	(2 196 090)
TOTAL	169 284 879	136 384 081

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

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17. Cash and bank balances

EGP	June 30, 2021	December 31, 2020
Cash on hand	2 965 614	1 171 061
Current account – local currency	55 710 159	25 896 333
Current account – foreign currency	22 003 052	10 504 487
Bank deposits	18 471 656	29 461 046
Total	99 150 481	67 032 927

18. Capital

EGP	June 30, 2021	December 31, 2020
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	757 479 400	757 479 400

19. Legal reserve

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

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

20. Non-controlling interests

EGP	June 30, 2021	December 31, 2020
Balance at beginning of period	31 108	30 980
Gain of period	2 861	128
Balance at end of period	33 969	31 108

21. Borrowings

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

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22. Trade payables

EGP	Current		Non-current	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Local trade payables	335 384 572	274 172 225	--	--
Foreign trade payables	274 529 071	181 838 866	--	--
Notes payable	2 733 763	3 794 873	10 134 934	11 021 813
Total	612 647 406	459 805 964	10 134 934	11 021 813

23. Provisions

EGP	Provision for claims
Balance at January 1, 2021	18 500 287
Additional provisions recognized	809 736
Balance at June 30, 2021	19 310 023

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

24. Other liabilities

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

25. Creditors and other credit balances

EGP	June 30, 2021	December 31, 2020
Advances from customers	69 388 798	58 040 048
Accrued development fees	27 796 704	12 423 454
Accrued customers rebates	32 268 409	64 339 746
Accrued expenses	8 095 569	11 278 446
Retention	5 138 930	5 179 130
Accrued interest	1 709 485	1 992 014
Accrued taxes	18 883 695	10 218 637
Deferred revenue – Grant	13 912 951	14 272 322
Other	905 971	2 832 093
TOTAL	178 100 512	180 575 890

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26. Related party transactions

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

EGP	Nature of relationship	Nature of transaction	Amount of transaction	
			June 30, 2021	June 30, 2020
Andalus Reliance for Mining Company	Joint Venture	Purchases	17 876 508	20 599 867
Cementos la Union – Spain Company	Parent	Down payment for purchases	21 625 650	--

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

EGP	Due from related parties		Due to related parties	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cementos la Union – Spain Company	--	--	21 628 570	1 812 293
Andalus Reliance for Mining Company	--	--	8 432 008	4 954 740
Total	--	--	30 060 578	6 767 033

27. Lease contract

27.1 Right of Use

EGP	Vehicles	Machinery & Equipment	Total
Cost			
Cost as of January 1, 2021	2 632 718	16 900 557	19 533 275
Additions during period	--	--	--
Cost as of June 30, 2021	2 632 718	16 900 557	19 533 275
Less:- Accumulated amortization			
Accumulated amortization as of January 1, 2021	2 632 718	15 853 101	18 485 819
Amortization for the period	--	483 444	483 444
Total accumulated amortization as of June 30, 2021	2 632 718	16 336 545	18 969 263
Net book value June 30, 2021	--	564 012	564 012

27.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
lease liability	597 119	915 298	--	--
TOTAL	597 119	915 298	--	--

* The lease interest cost during period amounted to EGP 40 315 (refer to note 6)

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28. Significant Events during the current period

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer

