

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review report

For the Six months ended June 30, 2022

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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, 2022, 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 review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements does not present fairly, in all material respects, the financial position of the company as of June 30, 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, August 11, 2022


Farid Samir Farid, CPA
F.R.A. No. (210)
R.A.A. 8739



Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at June 30, 2022

EGP	Notes	June 30, 2022	December 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1 921 665 595	2 019 945 189
Assets under construction	11	3 261 312	3 261 312
Intangible assets	12	205 462 200	219 424 613
Right of use assets	26.1	14 836 035	17 631 358
Investments in a joint venture	13	2 604 743	2 523 361
TOTAL NON-CURRENT ASSETS		2 147 829 885	2 262 785 833
CURRENT ASSETS			
Inventories	14	749 309 556	369 730 638
Trade receivables	15	129 302 403	58 876 151
Debtors and other debit balances (Net)	16	243 641 263	153 272 743
Due from related parties	25	55 071	--
Cash and bank balances	17	271 233 033	128 250 456
TOTAL CURRENT ASSETS		1 393 541 326	710 129 988
TOTAL ASSETS		3 541 371 211	2 972 915 821

Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position at June 30, 2022

EGP	Notes	June 30, 2022	December 31, 2021
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	260 543 120	257 830 772
Retained earnings		155 480 165	45 625 489
Equity attributable to owners of the Parent Company		1 173 502 685	1 060 935 661
Non-controlling interests	20	46 364	38 681
TOTAL EQUITY		1 173 549 049	1 060 974 342
NON-CURRENT LIABILITIES			
Borrowings	21	229 782 611	272 760 907
Deferred tax liabilities	8.3	289 972 396	301 472 827
Notes Payable	22	6 036 757	7 610 691
Finance leasing	26.2	5 899 639	6 979 776
TOTAL NON-CURRENT LIABILITIES		531 691 403	588 824 201
CURRENT LIABILITIES			
Trade and notes payables	22	1 058 467 358	693 703 628
Credit facilities	21	116 819 996	240 386 963
Current income tax payable	8-2	100 211 401	43 280 867
Current portion of long-term borrowings	21	132 826 086	114 334 781
Creditors and other credit balances	24	319 108 571	184 254 394
Finance leasing	2-26	10 522 684	9 566 342
Due to related parties	25	1 872 333	11 792 907
Provisions	23	96 302 330	25 797 396
TOTAL CURRENT LIABILITIES		1 836 130 759	1 323 117 278
TOTAL LIABILITIES		2 367 822 162	1 911 941 479
TOTAL EQUITY AND LIABILITIES		3 541 371 211	2 972 915 821

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of profit or loss for the six months ended June 30, 2022

EGP	Notes	Three months ended		Six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Sales revenue	3	1 068 433 636	532 424 058	2 129 458 953	964 865 873
Cost of sales	4	(874 859 186)	(541 194 491)	(1 704 834 656)	(943 504 919)
GROSS PROFIT / LOSS		193 574 450	(8 770 433)	424 624 297	21 360 954
General and administration expenses	5	(28 126 583)	(19 888 407)	(52 000 316)	(36 972 419)
Provisions	23	(44 792 000)	(392 000)	(91 429 423)	(809 736)
Interest income		850 603	157 169	1 064 067	310 560
Other income		448 101	23 232 838	16 138 556	26 623 698
Finance costs	6	(11 285 577)	(17 872 207)	(25 771 475)	(35 676 682)
Share of profit of a joint venture		33 580	46 326	81 382	56 578
Foreign exchange differences		(13 391 676)	80 700	(64 493 972)	923 883
PROFIT / (LOSS) FOR THE PERIOD BEFORE TAX		97 310 898	(23 406 014)	208 213 116	(24 183 164)
Income tax	8.1	(36 662 374)	6 455 496	(88 710 970)	899 650
PROFIT / (LOSS) FOR THE PERIOD AFTER TAX		60 648 524	(16 950 518)	119 502 146	(23 283 514)
Profit / Loss attributable to:					
Owners of the Parent Company		60 643 742	(16 952 110)	119 494 463	(23 286 375)
Non-controlling interests	20	4 782	1 592	7 683	2 861
		60 648 524	(16 950 518)	119 502 146	(23 283 514)
Earnings/(Losses) per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.16	(0.05)	0.31	(0.07)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Condensed consolidated statement of comprehensive income for the six months ended June 30, 2022

EGP	Notes	Three months ended		Six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
PROFIT / (LOSS) FOR THE PERIOD, NET OF INCOME TAX		60 648 524	(16 950 518)	119 502 146	(23 283 514)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		60 648 524	(16 951 518)	119 502 146	(23 283 514)
Total comprehensive income attributable to:					
Owners of the Parent Company		60 643 742	(16 952 110)	119 494 463	(23 286 375)
Non-controlling interests	20	4 782	1 592	7 683	2 861

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer


Arabian Cement Company S.A.E.
Condensed consolidated statement of changes in equity for the six months ended June 30, 2022

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interests	Total
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	--	--	(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
Balance at January 1, 2022	757 479 400	257 830 772	45 625 489	1 060 935 661	38 681	1 060 974 342
Transfer to Legal Reserve	--	2 712 348	(2 712 348)	--	--	--
Dividends distributed	--	--	(6 927 439)	(6 927 439)	--	(6 927 439)
Total comprehensive income for the period	--	--	119 494 463	119 494 463	7 683	119 502 146
Balance at June 30, 2022	757 479 400	260 543 120	155 480 165	1 173 502 685	46 364	1 173 549 049

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

Sergio Alcantarilla Rodríguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer



Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six months
Ended June 30, 2022

EGP	Notes	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / Profit for the year before taxes		208 213 116	(24 183 164)
Adjusted by:			
Finance costs recognized in profit or loss	6	25 771 475	35 676 682
Interest income		(1 064 067)	(310 560)
Share of profit of a joint venture		(81 382)	(56 578)
Depreciation of property, plant and equipment	10	102 995 393	103 737 456
Amortization of intangible assets	12	13 962 413	19 347 784
Amortization of right of use assets	26.1	2 795 323	483 444
Unrealized foreign currency exchange loss /(gain)		30 130 436	(847 826)
Provisions formed	23	91 429 423	809 736
(Increase) in inventories		(379 578 918)	(85 970 083)
(Increase) in debtors and other debit balances		(114 267 332)	(32 900 798)
(Increase) in trade receivables		(70 426 252)	(37 331 489)
(Increase) in due from related parties		(55 071)	--
Increase/(Decrease) in creditors and other credit balances		134 566 812	(2 192 849)
Increase in trade payables		363 189 796	151 954 563
(Decrease) / Increase in due to related parties		(9 920 574)	23 293 545
Provision Used	23	(20 924 489)	--
Cash generated by operations		376 736 102	151 509 863
Interest paid		(24 889 005)	(35 959 211)
Income tax Repayments		(19 382 055)	(438 220)
Net cash flows generated by operating activities		332 465 042	115 112 432

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows for the six months
Ended June 30, 2022

EGP	Notes	June 30, 2022	June 30, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(4 715 799)	(1 621 566)
Interest income		1 064 067	310 560
Net cash flows (used in) investing activities		(3 651 732)	(1 311 006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(54 617 427)	(44 482 610)
(Paid) to credit facilities		(123 566 967)	(29 005 791)
Repayment of finance lease		(718 900)	(318 179)
Payment of dividends		(6 927 439)	(7 108 042)
Repayment of other liabilities		--	(769 250)
Net cash flows (used in) financing activities		(185 830 733)	(81 683 872)
Increase in cash and cash equivalents		142 982 577	32 117 554
Cash and cash equivalents at the beginning of the period		128 250 456	67 032 927
Cash and cash equivalents at the end of the period		271 233 033	99 150 481

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

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 11, 2022.

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, 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.

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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Local sales	853 860 470	415 412 609	1 770 217 696	793 946 762
Export sales	167 109 291	83 897 491	247 109 648	117 846 256
Services	47 463 875	33 113 958	112 131 609	53 072 855
TOTAL	1 068 433 636	532 424 058	2 129 458 953	964 865 873

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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Raw materials	727 999 056	412 298 423	1 385 635 808	697 603 885
Manufacturing depreciation	51 179 692	51 572 735	101 822 635	102 586 476
Electricity supply agreement amortization	7 019 778	9 727 339	13 962 414	19 347 784
Amortization of right of use assets	1 357 372	241 722	2 795 323	483 444
Transportation costs	30 008 753	26 360 579	81 803 505	35 644 429
Overhead costs	57 294 535	40 993 693	118 814 971	87 838 901
TOTAL	874 859 186	541 194 491	1 704 834 656	943 504 919

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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Professional fees	5 118 660	4 226 745	9 128 730	8 066 459
Salaries and wages	9 084 655	7 266 630	17 034 238	14 063 680
Security and cleaning services	298 756	438 192	556 802	673 707
Rentals	353 729	711 735	372 610	1 176 546
Transportation	716 941	314 024	1 272 978	544 569
Advertising	553 995	111 473	1 260 045	925 323
Administration depreciation	581 497	588 570	1 172 758	1 150 980
Other expenses	11 418 350	6 231 038	21 202 155	10 371 155
TOTAL	28 126 583	19 888 407	52 000 316	36 972 419

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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Interest expense on loans	8 685 730	9 092 693	16 416 359	18 319 296
Electricity agreement interest expense	--	--	--	572 750
Interest on lease liability	244 971	17 490	597 135	40 315
Interest on Credit facilities	2 218 999	8 216 742	8 508 984	15 689 464
Interest on notes payable	135 877	545 282	248 997	1 054 857
TOTAL	11 285 577	17 872 207	25 771 475	35 676 682

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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Board of directors' allowance	2 395 872	2 037 288	4 435 776	4 079 358
Board of directors' salaries	2 883 920	2 452 320	5 339 360	4 910 360
TOTAL	5 279 792	4 489 608	9 775 136	8 989 718

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
CURRENT TAX				
Current tax expense for the current period	43 074 783	(2 363 147)	100 211 401	7 266 306
DEFERRED TAX				
Net deferred tax recognized in the current period	(6 412 409)	(4 092 349)	(11 500 431)	(8 165 956)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	36 662 374	(6 455 496)	88 710 970	(899 650)

8.2 Current tax liabilities

EGP	June 30, 2022	December 31, 2021
Current tax liabilities	100 211 401	43 280 867
CURRENT TAX LIABILITIES	100 211 401	43 280 867

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30, 2022	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	301 472 827	(11 500 431)	289 972 396
NET DEFERRED TAX LIABILITY	301 472 827	(11 500 431)	289 972 396
December 31, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	323 765 007	(22 292 180)	301 472 827
NET DEFERRED TAX LIABILITY	323 765 007	(22 292 180)	301 472 827

9. Earnings per share

Basic earnings per share are 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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
EARNINGS / LOSSES (for basic and diluted earnings per share)				
Profit/loss for the period attributable to owners of the parent	60 643 742	(16 952 110)	119 494 463	(23 286 375)
Employees share in distributable profits	(1 746 307)	(1 769 779)	(3 444 644)	(3 551 931)
Distributable profit / loss for the period	58 897 435	(18 721 889)	116 049 819	(26 838 306)
NUMBER OF SHARES (for basic and diluted earnings per share)				
Weighted average number of ordinary shares for the purposes of EPS/(loss)	378 739 700	378 739 700	378 739 700	378 739 700
EARNINGS/(LOSSES) PER SHARE	0.16	(0.05)	0.31	(0.07)

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 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
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
Balance at January 1, 2022	50 243 436	662 066 259	2 882 498 314	47 674 756	15 836 471	303 432 827	22 362 299	3 984 114 362
Additions	--	850 000	466 996	1 981 180	8 250	538 685	870 688	4 715 799
Balance at June 30, 2022	50 243 436	662 916 259	2 882 965 310	49 655 936	15 844 721	303 971 512	23 232 987	3 988 830 161
Accumulated Depreciation								
Balance at January 1, 2021	--	264 074 326	1 287 635 013	28 141 018	8 727 368	137 353 393	20 749 262	1 746 680 380
Depreciation for the period	--	14 183 059	77 619 126	2 505 482	774 424	8 278 808	376 556	103 737 455
Balance at June 30, 2021	--	278 257 385	1 365 254 139	30 646 500	9 501 792	145 632 201	21 125 818	1 850 417 835
Balance at January 1, 2022	--	302 016 098	1 444 187 878	32 508 527	10 209 528	153 874 930	21 372 212	1 964 169 173
Depreciation for the period	--	14 019 131	77 788 606	2 117 424	648 153	7 892 132	529 947	102 995 393
Balance at June 30, 2022	--	316 035 229	1 521 976 484	34 625 951	10 857 681	161 767 062	21 902 159	2 067 164 566
CARRYING AMOUNT								
At June 30, 2022	50 243 436	346 881 030	1 360 988 826	15 029 985	4 987 040	142 204 450	1 330 828	1 921 665 595
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	2 101 124 460
At December 31, 2021	50 243 436	360 050 161	1 438 310 436	15 166 229	5 626 943	149 557 897	990 087	2 019 945 189

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

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

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

11. Assets under construction

EGP	June 30, 2022	December 31, 2021
Balance as of January 1	3 261 312	7 800 244
Transfer to fixed assets	--	(3 427 052)
Adjustments	--	(1 111 880)
Total	3 261 312	3 261 312
Projects under construction are represented in the following categories:		
Machinery and equipment	3 261 312	3 261 312
TOTAL	3 261 312	3 261 312

12. Intangible assets

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1, 2022	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of June 30, 2022	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2022	(343 780 100)	(225 200 000)	(568 980 100)
Amortization for the period	(13 962 413)	--	(13 962 413)
Total accumulated amortization as of June 30, 2022	(357 742 513)	(225 200 000)	(582 942 513)
Net book value June 30, 2022	205 462 200	--	205 462 200
Net book value December 31, 2021	219 424 613	--	219 424 613

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 monthly was fully paid however, the legal dispute 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 day of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first day 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, 2022	December 31, 2021
Andalus Reliance for Mining Company	Egypt	50%	2 604 743	2 523 361
TOTAL			2 604 743	2 523 361

14. Inventories

EGP	June 30, 2022	December 31, 2021
Raw materials	320 398 006	63 516 280
Packing materials	28 021 601	7 133 235
Spare parts	14 012 833	12 382 290
Work in progress	3 167 709	2 230 592
Finished goods	383 709 407	284 468 241
TOTAL	749 309 556	369 730 638

15. Trade receivables

EGP	June 30, 2022	December 31, 2021
Trade receivables	131 815 123	61 388 871
Less: Expected credit loss	(2 512 720)	(2 512 720)
TOTAL	129 302 403	58 876 151

16. Debtors and other debit balances

EGP	June 30, 2022	December 31, 2021
Advance payments to suppliers	138 021 259	22 100 397
Withholding tax	14 230 697	30 039 410
Deposit with others	79 316 179	79 568 635
Value added tax	--	6 782 626
Real Estate Tax	1 572 127	1 572 127
Employees dividends paid in advance	3 444 644	6 927 441
Letters of guarantee – cash margin	2 903 852	1 868 851
Cash imprest	3 774 605	4 310 664
Other debit balances	2 573 990	2 298 682
Less: Expected credit loss	(2 196 090)	(2 196 090)
Total	243 641 263	153 272 743

17. Cash and bank balances

EGP	June 30, 2022	December 31, 2021
Cash on hand	2 751 673	2 074 616
Current account – local currency	123 275 850	41 090 674
Current account – foreign currency	5 425 259	9 699 527
Deposits at banks	139 780 251	75 385 639
Total	271 233 033	128 250 456

18. Capital

EGP	June 30, 2022	December 31, 2021
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital and paid-up 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, 2022	December 31, 2021
Balance at beginning of period	38 681	31 108
Gain of period	7 683	7 573
Balance at end of period	46 364	38 681

21. Borrowings

EGP	Current		Non-current	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
First: Credit facilities				
Credit facilities – CIB	116 819 996	240 386 963	--	--
Total Facilities	116 819 996	240 386 963	--	--
Second: Bank loans				
Bank loans – CIB	51 000 000	45 900 000	127 500 000	153 000 000
Bank loans - EBRD	81 826 086	68 434 781	102 282 611	119 760 907
Total bank Loans	132 826 086	114 334 781	229 782 611	272 760 907

22. Trade payables

EGP	Current		Non-current	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Local trade payables	516 437 784	418 976 540	--	--
Foreign trade payables	538 795 520	271 315 966	--	--
Notes payable	3 234 054	3 411 122	6 036 757	7 610 691
Total	1 058 467 358	693 703 628	6 036 757	7 610 691

23. Provisions

EGP	Provision for claims
Balance at January 1, 2022	25 797 396
Additional provisions recognized	91 429 423
Provision used during the period	(20 924 489)
Balance at June 30, 2022	96 302 330

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

24. Creditors and other credit balances

EGP	June 30, 2022	December 31, 2021
Advances from customers	201 388 463	67 954 027
Accrued development duty	11 480 650	11 290 171
Accrued customers rebates	35 357 846	54 422 249
Accrued expenses	14 064 998	12 544 736
Retention	5 096 332	5 096 330
Accrued interest	1 714 709	1 427 344
Accrued taxes	34 642 951	14 438 738
Deferred revenue – Grant	12 730 120	13 240 502
Other	2 632 501	3 840 297
TOTAL	319 108 570	184 254 394

25. 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, 2022	June 30, 2021
Andalus Reliance for Mining Company	Joint Venture	Purchases	12 291 410	17 876 508
Cementos la Union – Spain Company		Sales	29 987 534	--
Cementos la Union – Spain Company	Subsidiary of the parent	Services	9 178 528	--
Cementos la Union – Spain Company		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, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Cementous la Union – Spain Company	55 071	--	--	2 229 273
Andalus Reliance for Mining Company	--	--	1 872 333	9 563 634
Total	55 071	--	1 872 333	11 792 907

26. Lease contract

26.1 Right of Use assets

EGP	Land & Buildings	Machinery & Equipment	Total
<u>Cost</u>			
Cost as of January 1, 2022	22 486 750	16 900 557	39 387 307
Additions during period	--	--	--
Cost as of June 30, 2022	22 486 750	16 900 557	39 387 307
<u>Less:- Accumulated amortization</u>			
Accumulated amortization as of January 1, 2022	4 935 960	16 819 989	18 485 819
Amortization for the period	2 714 755	80 568	2 795 323
Total accumulated amortization as of June 30, 2022	7 650 715	16 900 557	24 551 272
Net book value June 30, 2022	14 836 035	--	14 836 035

26.2 lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
lease liability	10 522 684	9 566 342	5 899 639	6 979 776
TOTAL	10 522 684	9 566 342	5 899 639	6 979 776

* The interest expenses on lease liability for the period amounted to EGP 597 135 (refer to note 6)

EGP	June 30, 2022	December 31, 2021
Beginning balance	16 546 118	--
Additions	--	19 998 237
Interest expenses	597 135	2 488 513
Repayments of finance leasing	(718 900)	(5 940 632)
Ending balance	16 424 353	16 546 118

27. Tax position

Arabian Cement Company

Corporate income tax

The profits of the company are subject to tax on the income in accordance with the provisions of the Income Tax Law No. 91 of 2005 and its executive regulations and amendments.

-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 all due taxes settled.

With regard to the years 2011 to 2016, the company's accounts were actually re-inspected by the Tax Authority, and the re-inspection resulted in tax differences amounting to EGP 33 million the company paid an amount of EGP 21 million in advance and the remaining amount is EGP 12 million and the file is being finalized, the company's management made the necessary provisions to meet this obligation.

With regard to the years from 2017 to 2020, documents are being prepared for the inspection for those years. The company's management has made the necessary provisions to meet this obligation.

Value added tax / Sales tax

The sales tax was inspected and settled until 31 December 2015.

- With regard to the years from 2016 to 2020, the company's books were inspected for those years. The preliminary results of the inspection showed that there were tax differences in the amount of EGP 54.8 million. The tax authority is being discussed in the areas of disagreement. Accordingly, the decision of the Internal Committee was issued to reduce the differences to an amount of EGP 22.7 million, the company's management made the necessary provisions to meet this obligation.

Stamp tax

Stamp tax was inspected till 2019, and all due taxes and differences resulted from the inspection were settled.

The year 2020 have not been inspected yet.

Payroll tax

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

The company's books for the years from 2015 till 2019 currently under inspection and no claim received yet.

The tax return was submitted on the electronic system of the Egyptian Tax Authority for the years 2020/2021, as well as the submission of quarterly returns on the due dates.

Real estate tax

The value of the real estate tax claims until 2020 on the company's factory in Suez amounted to 5,427,873 EGP, and the company has paid 7 million pounds, and the company has a debit balance of EGP 1,527,127.

The Tax Authority estimated a real estate tax on the company's administrative building in Cairo Governorate at EGP 403 920, and this estimate was challenged. The Appeal Committee issued its decision to reduce the tax to EGP 256,000 for the years 2020/2021.

The company appealed the decision before the Court of Justice administrative.

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 in the amount of EGP 3,783,062 and the file was referred to the Appeal Committee. The decision of the Appeal Committee was issued for the year 2018, whereby the company is owed a tax of EGP 94,860, and there is still a dispute over the development fee due for the year 2017, amounting to EGP 1,196,265.

The Company paid all development fees on cement produced from local clinker till December 2021.

Withholding Tax

- The company was inspected for the years 2013/2016 and the tax has been paid.
- The company pay the withholding tax amounts on a regular basis every 3 months.

28. Significant Events during the current period

The Monetary Policy Committee of the Central Bank of Egypt decided at its extraordinary meeting on Monday, March 21, 2022, to increase the overnight deposit and lending rates and the central bank's main operation rate by 100 basis points to reach 9.25%, 10.25% and 9.75%, respectively. The discount rate was also increased by 100 basis points to 9.75%.

During March 2022, the Central Bank of Egypt moved the exchange rate of the Egyptian pound against the US dollar, and this move resulted in a decrease in the value of the Egyptian pound against the US dollar by more than 18%, which resulted in the companies that have balances of significant liabilities dominated in foreign currency being affected by significant losses as a result of a re-evaluation Those balances according to the exchange rate after moving it.

On April 27, 2022, the Prime Minister's decision 1568 of 2022 was issued to amend some provisions of the Egyptian Accounting Standards by adding Annex (B) to the amended Egyptian Accounting Standard No. (13) 2015 Effects of changes in foreign exchange rates, which includes a special accounting treatment to deal with the effects of the Moving foreign exchange rates. At the present time, the company is studying the impact of applying the standard on the company's financial statements.

The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on Thursday, May 19, 2022, to increase the overnight deposit and lending rates and the central bank's main operation rate by 200 basis points to reach 11.25%, 12.25% and 11.75%, respectively. The discount rate was also increased by 200 basis points to 11.75%.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

