

Arabian Cement Company S.A.E.

Condensed separate 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 Separate Interim Financial Statements

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

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of June 30, 2022, and the related condensed separate 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 separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate 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 Samir Farid, CPA

F.R.A. No. (210)

R.A.A. 8739



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

EGP	Notes	June 30, 2022	December 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment (Net)	10	1 896 359 699	1 994 319 312
Assets under construction	11	3 261 312	3 261 312
Intangible assets (Net)	12	205 462 200	219 424 613
Right of use assets	1-26	14 836 035	17 550 790
Investments in subsidiaries	13	47 476 057	47 476 057
Investments in a joint venture	14	125 000	125 000
TOTAL NON-CURRENT ASSETS		2 167 520 303	2 282 157 084
CURRENT ASSETS			
Inventories	15	739 736 728	362 789 722
Trade receivables	17	94 310 872	12 292 593
Debtors and other debit balances (Net)	16	228 514 151	139 029 306
Due from related parties	25	16 850 590	17 668 523
Cash and bank balances	18	258 305 543	117 292 968
TOTAL CURRENT ASSETS		1 337 717 884	649 073 112
TOTAL ASSETS		3 505 238 187	2 931 230 196

- Limited review report is attached

Arabian Cement Company S.A.E.
Condensed Separate 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	19	757 479 400	757 479 400
Legal reserve	20	260 452 502	257 740 154
Retained earnings		154 064 868	57 749 903
TOTAL EQUITY		1 171 996 770	1 072 969 457
NON-CURRENT LIABILITIES			
Borrowings	22	229 782 611	272 760 907
Deferred tax liabilities	8-3	287 931 453	299 493 767
Lease Liability	26-2	5 899 639	6 979 776
Notes Payable	21	6 036 757	7 610 691
TOTAL NON-CURRENT LIABILITIES		529 650 460	586 845 141
CURRENT LIABILITIES			
Trade and notes payables	21	1 038 294 783	656 839 369
Credit facilities	22	116 819 996	240 386 963
Current income tax payable	8-2	96 629 654	42 189 962
Current portion of long-term borrowings	22	132 826 086	114 334 781
Lease liability	26-2	10 522 684	9 566 342
Creditors and other credit balances	24	311 766 664	173 209 979
Due to related parties	25	1 872 333	10 450 379
Provisions	23	94 858 757	24 437 823
TOTAL CURRENT LIABILITIES		1 803 590 957	1 271 415 598
TOTAL LIABILITIES		2 333 241 417	1 858 260 739
TOTAL EQUITY AND LIABILITIES		3 505 238 187	2 931 230 196

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.
Condensed Separate 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	1 041 254 465	512 328 164	2 061 579 494	926 320 761
Cost of sales	4	(849 025 289)	(514 278 191)	(1 637 802 867)	(890 393 938)
GROSS PROFIT / LOSS		192 229 176	(1 950 027)	423 776 627	35 926 823
General and administration expenses	5	(35 897 365)	(26 481 757)	(68 176 501)	(49 397 970)
Provisions	23	(44 750 000)	(350 000)	(91 345 423)	(700 000)
Interest income		765 778	74 120	892 250	147 434
Other income		448 101	23 232 838	16 138 556	26 623 698
Finance costs	6	(11 285 576)	(17 854 717)	(25 769 445)	(35 636 367)
Foreign currency exchange differences		(13 391 676)	80 700	(64 493 972)	925 937
PROFIT / (LOSS) FOR THE PERIOD BEFORE TAX		88 118 438	(23 248 843)	191 022 092	(22 110 445)
Income tax	8.1	(35 446 926)	6 559 428	(85 067 340)	1 026 524
PROFIT / (LOSS) FOR THE PERIOD AFTER TAX		52 671 512	(16 689 415)	105 954 752	(21 083 921)
Earnings / Losses per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.13	(0.05)	0.27	(0.07)

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Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.
 Condensed Separate statement of comprehensive income
 For the six months ended June 30, 2022

EGP	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	52 671 512	(16 689 415)	105 954 752	(21 083 921)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	52 671 512	(16 689 415)	105 954 752	(21 083 921)

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Sergio Alcantarilla Rodriguez
 Chief Executive Officer

Salvador Cabañas Lopez
 Chief Financial Officer

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

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at January 1, 2021	757 479 400	257 740 154	37 734 467	1 052 954 021
Dividends	--	--	(7 108 042)	(7 108 042)
Total comprehensive income	--	--	(21 083 921)	(21 083 921)
Balance at June 30, 2021	757 479 400	257 740 154	9 542 504	1 024 762 058
Balance at January 1, 2022	757 479 400	257 740 154	57 749 903	1 072 969 457
Transfer to Legal reserve	--	2 712 348	(2 712 348)	--
Dividends	--	--	(6 927 439)	(6 927 439)
Total comprehensive income	--	--	105 954 752	105 954 752
Balance at June 30, 2022	757 479 400	260 452 502	154 064 868	1 171 996 770

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.
Condensed Separate 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		191 022 092	(22 110 445)
Adjusted by:			
Finance costs	6	25 769 445	35 636 367
Interest income		(892 250)	(147 434)
Depreciation of property, plant and equipment	10	100 661 292	101 562 611
Amortization of intangible assets	12	13 962 413	19 347 784
Amortization of right of use assets	26-1	2 714 755	--
Unrealized foreign currency exchange loss /(gain)		30 130 436	(847 826)
Provisions formed	23	91 345 423	700 000
(Increase) in inventories		(376 947 006)	(85 609 157)
(Increase) in debtors and other debit balances		(113 145 861)	(32 221 473)
Decrease in due from related parties		817 933	4 155 589
(Increase) in trade receivables		(82 018 279)	(31 479 793)
Increase in trade payables		379 881 480	144 056 400
(Decrease) / Increase in due to related parties		(8 578 046)	23 712 832
Increase in creditors and other credit balances		138 269 320	195 077
Provision used	23	(20 924 489)	--
Cash generated by operations		372 068 658	156 950 532
Interest Paid		(24 886 975)	(35 918 896)
Income tax paid		(18 528 946)	--
Net cash flows generated by operating activities		328 652 737	121 031 636

Arabian Cement Company S.A.E.
Condensed Separate statement 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	(2 701 679)	(494 213)
Interest income		892 250	147 434
Net cash flows (used in) investing activities		(1 809 429)	(346 779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		(54 617 427)	(44 482 610)
(Payments) from other liabilities		--	(769 250)
(Payments) of credit facilities		(123 566 967)	(29 005 791)
Payments of lease liability		(718 900)	--
Dividends distribution	16	(6 927 439)	(7 108 042)
Net cash flows (used in) financing activities		(185 830 733)	(81 365 693)
Net increase in cash and cash equivalents		141 012 575	39 319 164
Cash and cash equivalents at the beginning of the period		117 292 968	51 720 149
Cash and cash equivalents at the end of the period		258 305 543	91 039 313

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Cabañas Lopez
Chief Financial Officer

Arabian Cement Company S.A.E
Condensed separate interim financial statements
Together with limited review Report
For the Six months ended June 30, 2022

1. The Company's 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.

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

3. Sales revenue

An analysis of the Company'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	832 109 989	397 490 105	1 713 422 389	759 508 114
Export sales	167 109 291	83 897 491	247 109 648	117 846 256
Services	42 035 185	30 940 568	101 047 457	48 966 391
TOTAL	1 041 254 465	512 328 164	2 061 579 494	926 320 761

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4. Cost of sales

An analysis of the Company'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	730 371 094	402 375 512	1 376 746 231	683 217 647
Manufacturing depreciation	49 990 063	50 491 307	99 499 864	100 444 887
Electricity supply agreement amortization	7 019 778	9 727 339	13 962 414	19 347 784
Amortization of right of use assets	1 357 377	--	2 714 754	--
Transportation costs	27 717 624	25 213 875	78 048 213	34 307 033
Overhead costs	32 569 356	26 470 158	66 831 394	53 076 593
TOTAL	849 025 289	514 278 191	1 637 802 867	890 393 938

5. General and administration expenses

An analysis of the Company'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 services	13 910 525	11 534 132	27 443 872	21 713 859
Salaries and wages	8 508 652	6 881 746	16 414 154	13 678 798
Security and cleaning services	298 756	438 192	556 802	673 707
Rentals	41 577	436 813	60 458	901 624
Transportation	715 700	312 424	1 270 645	538 569
Advertising	553 995	111 473	1 210 205	925 188
Administrative depreciation	578 710	569 832	1 161 431	1 117 724
Other expenses	11 289 450	6 197 145	20 058 934	9 848 503
TOTAL	35 897 365	26 481 757	68 176 501	49 397 971

6. Finance costs

An analysis of the Company'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	244 970	--	595 105	--
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	11 285 576	17 854 717	25 769 445	35 636 367

7. Compensation of key management personnel *

An analysis of the Company'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

* Included in salaries and wages in general and administration expenses.

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8. Income taxes

8.1 Income tax 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	41 920 926	(2 419 202)	96 629 654	7 161 573
DEFERRED TAX				
Net deferred tax recognized in the current period	(6 474 000)	(4 140 226)	(11 562 314)	(8 188 097)
TOTAL INCOME TAX (GAIN) / LOSS RECOGNIZED IN THE CURRENT PERIOD	35 446 926	(6 559 428)	85 067 340	(1 026 524)

8.2 Current tax liabilities

EGP	June 30, 2022	December 31, 2021
Current tax expense (note 8.1)	96 629 654	42 189 962
CURRENT TAX LIABILITIES	96 629 654	42 189 962

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)			
Temporary differences			
Property, plant & equipment	(299 493 767)	11 562 314	(287 931 453)
NET DEFERRED TAX LIABILITY	(299 493 767)	11 562 314	(287 931 453)
December 31, 2021	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(321 893 851)	22 400 084	(299 493 767)
NET DEFERRED TAX LIABILITY	(321 893 851)	22 400 084	(299 493 767)

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:

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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	52 671 512	(16 689 415)	105 954 752	(21 083 921)
Employees' share in distributable profits (note 16)	(1 755 307)	(1 769 779)	(3 444 644)	(3 551 931)
Distributable profit / Loss	50 916 205	(18 459 194)	102 510 108	(24 635 852)
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
PROFIT / (LOSS) PER SHARE	0.13	(0.05)	0.27	(0.07)

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10. Property, plant and equipment (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2021	50 243 436	633 139 535	27 691 784	2 849 783 583	14 998 065	302 171 628	20 776 284	3 898 804 315
Additions	--	--	56 623	--	71 450	216 000	150 140	494 213
Balance at June 30, 2021	50 243 436	633 139 535	27 748 407	2 849 783 583	15 069 515	302 387 628	20 926 424	3 899 298 528
Balance at January 1, 2022	50 243 436	658 393 762	27 947 207	2 855 598 819	15 069 515	302 387 628	21 459 451	3 931 099 818
Additions	--	850 000	41 505	422 556	--	516 930	870 688	2 701 679
Balance at June 30, 2022	50 243 436	659 243 762	27 988 712	2 856 021 375	15 069 515	302 904 558	22 330 139	3 933 801 497
ACCUMULATED DEPRECIATION								
Balance at January 1, 2021	--	263 902 811	15 476 390	1 279 406 452	8 143 420	136 451 836	19 844 429	1 723 225 338
Depreciation for the period	--	14 147 425	1 794 496	76 281 028	744 264	8 221 938	373 460	101 562 611
Balance at June 30, 2021	--	278 050 236	17 270 886	1 355 687 480	8 887 684	144 673 774	20 217 889	1 824 787 949
Balance at January 1, 2022	--	301 771 957	18 834 984	1 433 259 629	9 565 335	152 884 838	20 463 763	1 936 780 506
Depreciation for the period	--	13 982 708	1 257 540	76 428 642	631 483	7 830 972	529 947	100 661 292
Balance at June 30, 2022	--	315 754 665	20 092 524	1 509 688 271	10 196 818	160 715 810	20 993 710	2 037 441 798
CARRYING AMOUNT								
At June 30, 2022	50 243 436	343 489 097	7 896 188	1 346 333 104	4 872 697	142 188 748	1 336 429	1 896 359 699
At June 30, 2021	50 243 436	355 089 299	10 477 521	1 494 096 103	6 181 831	157 713 854	708 535	2 074 510 579
At December 31, 2021	50 243 436	356 621 805	9 112 223	1 422 339 190	5 504 180	149 502 790	995 688	1 994 319 312

- 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).

- 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 in his capacity as the (Security agent), and the bank is the first priority and only beneficiary of this insurance policy.

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11. Projects under construction

EGP	June 30, 2022	December 31, 2021
Balance as of January 1	3 261 312	6 563 562
Transfer to fixed assets	--	(2 703 870)
Adjustments	--	(598 380)
TOTAL	3 261 312	3 261 312
Assets 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 (Net)

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 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 monthly was fully paid however, the legal dispute which is currently at the court.

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Electricity contract

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:
 15% advance payment equivalent to EGP 32.58 million.
 120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.
 120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.
 In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

13. Investments in subsidiaries

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

Company name EGP	Domicile	Share/ paid-in capital	June 30, 2022	December 31, 2021	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	30 926 807	30 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99.99	49 500	49 500	Providing managerial services	99%
TOTAL			47 476 057	47 476 057		

14. Investments in joint venture

Details of the Company's joint venture at the end of the reporting period are as follows:

Name of joint venture EGP	Place of incorporation	Proportion of ownership interest and voting power held by the company	June 30, 2022	December 31, 2021
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

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15. Inventories

EGP	June 30, 2022	December 31, 2021
Raw materials	314 260 116	61 649 387
Packing materials	28 021 601	7 133 235
Spare parts	10 590 807	9 690 202
Work in progress	3 167 709	2 230 592
Finished goods	383 696 495	282 086 306
TOTAL	739 736 728	362 789 722

16. Debtors and other debit balances

EGP	June 30, 2022	December 31, 2021
Advance payments to suppliers	136 843 586	21 433 885
Withholding tax	1 398 921	18 193 239
Value added tax	--	6 782 626
Real estate tax	1 572 127	1 572 127
Deposit held with others	79 316 179	79 568 635
Employees' dividends paid in advance	3 444 644	6 927 441
Letters of guarantee – cash margin	2 599 050	1 564 049
Cash imprest	2 749 020	2 457 775
Other debit balances	2 198 432	2 137 337
Less:- expected credit loss in other debit balance	(1 607 808)	(1 607 808)
TOTAL	228 514 151	139 029 306

17. Trade Receivables

EGP	June 30, 2022	December 31, 2021
Trade Receivables	94 310 872	12 292 593
Total	94 310 872	12 292 593

18. Cash and bank balances

EGP	June 30, 2022	December 31, 2021
Cash on hand	2 571 525	1 674 655
Current account – local currency	117 469 795	36 829 760
Current account – foreign currency	5 424 464	9 698 712
Deposits at banks	132 839 759	69 089 841
Total	258 305 543	117 292 968

19. 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

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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. Trade payables

EGP	Current		Non-current	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Local trade payable	496 265 209	382 112 281	--	--
Foreign trade payable	538 795 520	271 315 966	--	--
Notes payable	3 234 054	3 411 122	6 036 757	7 610 691
Total	1 038 294 783	656 839 369	6 036 757	7 610 691

22. 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

23. Provisions

EGP	Provision for claims
Balance at January 1, 2022	24 437 823
Additional provisions recognized	91 345 423
Provisions used during the period	(20 924 489)
Balance at June 30, 2022	94 858 757

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	201 064 383	67 317 657
Accrued expenses	13 664 810	11 700 407
Accrued development duty	11 480 650	11 290 171
Accrued customers rebates	35 357 846	54 422 249
Accrued taxes	30 657 814	8 715 319
Accrued interest	1 714 709	1 427 344
Deferred Revenue – Grant	12 730 120	13 240 502
Retention	5 096 332	5 096 330
TOTAL	311 766 664	173 209 979

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25. Related party transactions

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

EGP	Relation type	Transaction nature	Volume of the transactions	
			June 30, 2022	June 30, 2021
Andalus Concrete Company	Subsidiary	Sales	14 907 536	--
ACC for Management and Trading Company	Subsidiary	Services	32 179 029	24 536 964
Evolve	Subsidiary	Purchases	18 026 166	3 872 539
Cementos La union	Subsidiary of the parent	Sales	29 987 534	--
Cementos La union		Services	9 178 528	--
Cementos La union		Down payment for purchases	--	21 625 650
Andalus Reliance for Mining Company	Joint Venture	Purchases	12 291 410	17 876 508

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
Andalus Concrete Company	11 718 062	13 075 840	--	--
Evolve Investment & Projects Management Company	1 618 975	2 681 124	--	--
ACC for Management and Trading Company	3 458 482	1 911 559	--	--
Cementos La Union –Spain Company	55 071	--	--	2 229 273
Andalus Reliance for Mining Company	--	--	1 872 333	8 221 106
TOTAL	16 850 590	17 668 523	1 872 333	10 450 379

- 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 Company supplied alternative fuel for Arabian Cement Company.

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26 Lease contracts

26.1 Right of Use assets

EGP	Land and buildings	Total
Cost		
Cost as of January 1, 2022	22 486 750	22 486 750
Additions during period	--	--
Cost as of June 30, 2022	22 486 750	22 486 750
Less: - Accumulated amortization		
Accumulated amortization as of January 1, 2022	4 935 960	4 935 960
Amortization for the period	2 714 755	2 714 755
Total accumulated amortization as of June 30, 2021	7 650 715	7 650 715
Net book value June 30, 2022	14 836 035	14 836 035
Net book value December 31, 2021	17 550 790	17 550 790

The interest rate used is 9.25% and the lease term is between 2 and 5 years

26.2 Financial 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 595 105 (refer to note 6).

Amount EGP	June 30, 2022	December 31, 2021
Beginning balance	16 546 118	--
Additions	--	19 998 237
Interest expenses	595 105	2 488 513
Repayment of finance leasing	(718 900)	(5 940 632)
Ending Balances	16 422 323	16 546 118

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27. Tax position

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 the company's books 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.

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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

